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

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Board ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Series 2024A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2024A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2024 Bonds is exempt from State of California personal income taxes. Bond Counsel also observes that interest on the Series 2024B Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2024 Bonds. See "TAX MATTERS" herein.

$659,325,000
TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BONDS SERIES 2024A

$11,590,000
TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BONDS SERIES 2024B (TAXABLE)

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

The Trustees of the California State University Systemwide Revenue Bonds, Series 2024A (the "Series 2024A Bonds") and the Trustees of the California State University Systemwide Revenue Bonds, Series 2024B (Taxable) (the "Series 2024B Bonds" and, together with the Series 2024A Bonds, the "Series 2024 Bonds") are being issued by the Trustees of the California State University (the "Board") pursuant to an Indenture, dated as of April 1, 2002, as supplemented from time to time, including by a Thirty-Ninth Supplemental Indenture in respect of the Series 2024A Bonds and a Fortieth Supplemental Indenture in respect of the Series 2024B Bonds, each dated as of August 1, 2024 (collectively, the "Indenture"), between the Board and the Treasurer of the State of California, as trustee (the "State Treasurer"). The Series 2024 Bonds are being issued to finance and refinance the acquisition, construction, renovation and improvement of certain facilities of the California State University, including to pay costs of issuance of the Series 2024 Bonds and certain capitalized interest. See Appendix H—"PROJECTS FINANCED WITH SERIES 2024 BONDS."

The Series 2024 Bonds are being issued on a parity with other bonds of the Board that have been issued previously or may be issued in the future pursuant to the Indenture. The pledge of and lien on the Gross Revenues under the Indenture secures bonds issued under the Indenture on a parity basis and is senior to other indebtedness of the Board. See "SECURITY FOR THE SERIES 2024 BONDS— Parity Lien Indebtedness; No Senior Lien Indebtedness."

The Series 2024 Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof, and following their purchase by the Underwriters will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Series 2024 Bonds. Individual purchases will be made in book-entry form only, in principal amounts of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interests in the Series 2024 Bonds purchased. See "THE SERIES 2024 BONDS—Book Entry Only System."

Interest on the Series 2024 Bonds is payable semiannually on May 1 and November 1 of each year, commencing May 1, 2025. Principal of and interest on the Series 2024 Bonds are payable by the State Treasurer, as trustee, to DTC. DTC is required to remit such principal and interest to its Participants for subsequent disbursement to the Beneficial Owners of the Series 2024 Bonds, as described herein. See Appendix G—"BOOK-ENTRY ONLY SYSTEM."

The Series 2024 Bonds are subject to optional redemption and mandatory sinking account redemption as described herein. See "THE SERIES 2024 BONDS—Redemption."

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

THE SERIES 2024 BONDS ARE LIMITED OBLIGATIONS OF THE BOARD, PAYABLE FROM GROSS REVENUES AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE. NEITHER THE PAYMENT OF THE PRINCIPAL OF THE SERIES 2024 BONDS NOR ANY PART THEREOF, NOR ANY INTEREST THEREON, CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA. THE SERIES 2024 BONDS ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR OTHER ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE STATE OF CALIFORNIA OR OF THE BOARD, EXCEPT TO THE EXTENT OF THE AFOREMENTIONED PLEDGE. THE OWNERS OF THE SERIES 2024 BONDS HAVE NO RIGHT TO COMPEL THE EXERCISE OF ANY TAXING POWER OF THE STATE OF CALIFORNIA. THE BOARD HAS NO TAXING POWER.

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

The Series 2024 Bonds are offered when, as and if issued, subject to the approval of certain legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Board. Certain legal matters will be passed upon for the Board by its General Counsel and for the Underwriters by Hawkins Delafield & Wood LLP, as Underwriters' Counsel, and Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the Board. It is anticipated that the Series 2024 Bonds will be available for delivery to DTC in New York, New York, on or about August 29, 2024.

BofA Securities **Wells Fargo Corporate & Investment Banking**

Jefferies **Siebert Williams Shank & Co., LLC**

Academy Securities	**Amerivet Securities Inc.**	**Backstrom McCarley Berry & Co., LLC**
Barclays	**Cabrera Capital Markets, LLC**	**Goldman Sachs & Co. LLC**
Hilltop Securities Inc.	**Huntington Capital Markets**	**J.P. Morgan**
Loop Capital Markets	**Mischler Financial Group, Inc.**	**Morgan Stanley**
Piper Sandler & Co.	**RBC Capital Markets**	**Ramirez & Co., Inc.**
	Stifel	

Dated: August 7, 2024

MATURITY SCHEDULE

SERIES 2024A BONDS

Maturity (November 1)	Principal Amount	Interest Rate	Yield	CUSIP* (13077D)	Maturity (November 1)	Principal Amount	Interest Rate	Yield	CUSIP* (13077D)
2025	$ 855,000	5.000%	2.450%	TT9	2036	$16,730,000	5.000%	2.700%[C]	UE0
2026	6,575,000	5.000	2.370	TU6	2037	17,580,000	5.000	2.800[C]	UF7
2027	9,720,000	5.000	2.370	TV4	2038	18,490,000	5.000	2.840[C]	UG5
2028	10,635,000	5.000	2.360	TW2	2039	19,435,000	5.000	2.920[C]	UH3
2029	11,790,000	5.000	2.340	TX0	2040	20,430,000	5.000	3.020[C]	UJ9
2030	12,390,000	5.000	2.380	TY8	2041	21,475,000	5.000	3.140[C]	UK6
2031	13,025,000	5.000	2.430	TZ5	2042	22,580,000	5.000	3.230[C]	UL4
2032	13,695,000	5.000	2.450	UA8	2043	23,740,000	5.000	3.300[C]	UM2
2033	14,395,000	5.000	2.500	UB6	2044	24,960,000	5.000	3.360[C]	UN0
2034	15,135,000	5.000	2.520	UC4	2045	26,305,000	5.500	3.390[C]	UP5
2035	15,905,000	5.000	2.630[C]	UD2	2046	27,790,000	5.500	3.430[C]	UQ3

$56,830,000 4.000% Term Bond due November 1, 2049 Yield: 4.150%, CUSIP* 13077DUR1

$35,000,000 5.500% Term Bond due November 1, 2049 Yield: 3.570%[C], CUSIP* 13077DUS9

$55,000,000 4.000% Term Bond due November 1, 2055 Yield: 4.200%, CUSIP* 13077DUU4

$148,860,000 5.500% Term Bond due November 1, 2055 Yield: 3.650%[C], CUSIP* 13077DUT7

SERIES 2024B BONDS (TAXABLE)

Maturity (November 1)	Principal Amount	Interest Rate	Price	CUSIP* (13077D)	Maturity (November 1)	Principal Amount	Interest Rate	Price	CUSIP* (13077D)
2025	$3,500,000	4.505%	100%	UV2	2030	$280,000	4.509%	100%	VA7
2026	320,000	4.405	100	UW0	2031	295,000	4.529	100	VB5
2027	1,200,000	4.331	100	UX8	2032	305,000	4.691	100	VC3
2028	830,000	4.372	100	UY6	2033	320,000	4.741	100	VD1
2029	270,000	4.422	100	UZ3	2034	335,000	4.791	100	VE9

$1,960,000 5.041% Term Bond due November 1, 2039 Price: 100%, CUSIP* 13077DVF6

$1,975,000 5.300% Term Bond due November 1, 2043 Price: 100%, CUSIP* 13077DVG4

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[C] Yield computed to the first optional redemption date of November 1, 2034 at par.

* Subject to confirmation by the State Senate.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Board or the State of California.

Certain of the information set forth herein has been obtained from the State of California, the Board, and other sources which are believed to be reliable. Such information is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State of California or the California State University since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2024 Bonds and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the California State University.

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

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

This Official Statement is not to be construed as a contract with the purchasers of the Series 2024 Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

A wide variety of other information, including financial information, concerning the State of California and the California State University is available from State agencies, State agency publications and State agency internet sites. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement. The information contained on any website mentioned in this Official Statement is not incorporated in this Official Statement, whether or not the web address for such website appears as an active hyperlink. Any such website mentioned herein is for reference and convenience only, and does not constitute a part of this Official Statement. No website mentioned in this Official Statement is intended to be an active hyperlink. Readers should not rely upon information other than that provided in this Official Statement, including information presented on any such website, in determining whether to purchase the Series 2024 Bonds.

THE SERIES 2024 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2024 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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OFFICIAL STATEMENT

$659,325,000	$11,590,000
TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BONDS SERIES 2024A	TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BONDS SERIES 2024B (TAXABLE)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Series 2024 Bonds being offered and a brief description of the Official Statement. A full review should be made of the entire Official Statement including the Appendices hereto. All statements contained in this introductory section are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California or any other documents referred to herein do not purport to be complete, and such references are qualified in their entirety by reference to the complete provisions thereof.

General

The purpose of this Official Statement (the "Official Statement") is to set forth certain information concerning the Trustees of the California State University Systemwide Revenue Bonds, Series 2024A (the "Series 2024A Bonds") and the Trustees of the California State University Systemwide Revenue Bonds, Series 2024B (Taxable) (the "Series 2024B Bonds" and, together with the Series 2024A Bonds, the "Series 2024 Bonds"). The Series 2024 Bonds are authorized to be issued by the Trustees of the California State University (the "Board") pursuant to The State University Revenue Bond Act of 1947, Sections 90010 through 90081 of the Education Code of the State of California (the "Act") and an indenture, dated as of April 1, 2002 (as amended and supplemented, the "Indenture"), by and between the Board and the Treasurer of the State of California, as trustee (the "State Treasurer").

CSU and Systemwide Financing Program

The California State University (the "CSU") is an agency of the State of California (the "State") created by the Donahoe Higher Education Act in 1960, which reorganized higher education in California. At that time, twelve existing schools, previously under the jurisdiction of the State Board of Education, were brought under the stewardship of the Board. Today there are 23 campuses and seven off-campus centers in the CSU system. The campuses are geographically dispersed throughout the State to provide a wide spectrum of higher education services. During the Fall 2023 term, CSU provided instruction to approximately 402,300 undergraduate students, 10,700 post-baccalaureate students and 41,700 graduate students. See Appendix A for a general description of CSU and Appendix B for an overview of each CSU campus.

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

The Series 2024 Bonds represent the fortieth and forty-first series of bonds issued by the Board pursuant to a systemwide debt financing program adopted on March 13, 2002 (the "Systemwide Financing Program"). Before the establishment of the Systemwide Financing Program, the Board had financed various capital projects by issuing directly, or through auxiliary support organizations, separate series of bonds relating to individual projects, or one or more similar projects. The Systemwide Financing Program has a multi-source revenue pledge intended to create an efficient borrowing structure with a diverse revenue base. The Board retains the right to finance projects outside of the Systemwide Financing Program. The Board expects the Systemwide Financing Program to continue to be the primary long-term financing method for CSU revenue generating capital projects and also to be the primary long-term financing method for future academic, administrative and certain other non-revenue generating capital projects. See "—Capital Financing Authorities" below.

Revenues pledged under the Systemwide Financing Program have historically included student housing fees, student body center fees, parking fees, health center facility fees and continuing education fees derived from substantially all of the housing, parking, student union, student center, student health center and continuing education facilities owned or operated by the Board and other projects and revenues designated by the Board for inclusion in the Systemwide Financing Program. Those other projects and revenues include certain projects leased by the Board to certain auxiliary organizations of CSU and the California State University, Channel Islands Site Authority, a governmental entity related to CSU. The Tuition Fee (previously known as the State University Fee), which is the basic enrollment charge paid by all students who attend CSU, was added to the pledge of revenues under the Systemwide Financing Program as of April 20, 2016. See "—Capital Financing Authorities" below. See also "SECURITY FOR THE SERIES 2024 BONDS," "THE PROJECTS" and Appendix A – "CALIFORNIA STATE UNIVERSITY—SYSTEMWIDE REVENUE BOND PROGRAMS."

Security for the Series 2024 Bonds

The Series 2024 Bonds are limited obligations of the Board. The Series 2024 Bonds are being issued as Additional Bonds pursuant to the Indenture and will be secured on a parity with the $9,128,360,000 aggregate principal amount of revenue bonds that are issued and outstanding pursuant to the Indenture as of July 26, 2024 of which approximately $8,878,360,000 are fixed-rate Bonds and $250 million are Bonds which have fixed term rates through their November 1, 2026 mandatory tender date. These revenue bonds together with the Series 2024 Bonds and any additional series of revenue bonds that the Board may issue in the future from time to time in accordance with the Indenture are collectively referred to in this Official Statement as the "Systemwide Revenue Bonds." See "SECURITY FOR THE SERIES 2024 BONDS—Parity Lien Indebtedness; No Senior Lien Indebtedness."

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

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

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

Purposes of the Series 2024 Bonds

Proceeds of the Series 2024 Bonds will be used for the purposes of financing and refinancing the acquisition, construction, improvement and renovation of certain facilities of CSU, including to pay costs of issuance of the Series 2024 Bonds and certain capitalized interest. See "PLAN OF FINANCE," Appendix A—"CALIFORNIA STATE UNIVERSITY—CSU AND RELATED ENTITY INDEBTEDNESS—Commercial Paper" and Appendix H—"PROJECTS FINANCED WITH SERIES 2024 BONDS."

Capital Financing Authorities

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

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

As of April 20, 2016, the Tuition Fee, which is the basic enrollment charge paid by all students who attend CSU, was added to “Gross Revenues” pledged under the Indenture to secure all Systemwide Revenue Bonds (including prior issues). Going forward, the Systemwide Financing Program is expected to be the primary long-term financing vehicle for Academic Facilities.

Redemption

The Series 2024 Bonds are subject to optional and mandatory sinking account redemption as described herein. See “THE SERIES 2024 BONDS—Redemption.”

Continuing Disclosure

The Board will covenant for the benefit of the Holders and Beneficial Owners (as defined in the Continuing Disclosure Certificate) of the Series 2024 Bonds to provide certain financial information and operating data relating to the Series 2024 Bonds (the “Annual Report”) not later than the January 1 following the end of the Board’s fiscal year (which fiscal year currently ends June 30), commencing with the report for the fiscal year ending June 30, 2024, and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of the enumerated events will be filed with the Municipal Securities Rulemaking Board. See “CONTINUING DISCLOSURE.” The specific nature of the information to be contained in the Annual Report and in the notices of the enumerated events is set forth in Appendix E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants are made in order to assist the Underwriters of the Series 2024 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Forward Looking Statements

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

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Board does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur, except as described under the caption “CONTINUING DISCLOSURE” and in Appendix E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Certain Information Related to this Official Statement

This Official Statement contains brief descriptions of the Series 2024 Bonds, security for the Series 2024 Bonds, the Board, the Continuing Disclosure Certificate to be executed in respect of the Series 2024 Bonds and the Indenture. General information concerning CSU, including the Systemwide Financing Program, is contained in Appendices A and B. The audited Financial Statements of CSU for the fiscal year ended June 30, 2023 are contained in Appendix C. Gross Revenues and certain other financial information relating to the Systemwide Revenue Bond program are presented in the form of supplemental schedules to the combined financial statements of the Board. The summaries of the Indenture and the Continuing Disclosure Certificate contained herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the Indenture and the Continuing Disclosure Certificate. Copies of the Indenture, the Continuing Disclosure Certificate and other documents referenced herein are available for inspection and for delivery from the Board at the Chancellor’s Office, 401 Golden Shore, 5th Floor, Long Beach, California 90802-4210, Attention: Assistant Vice Chancellor, Financing, Treasury and Risk Management.

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this

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

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

THE SERIES 2024 BONDS

General

The Series 2024 Bonds are issued in fully registered form in denominations of $5,000 and any integral multiple thereof. The Series 2024 Bonds will bear interest from their date of delivery, and will mature on the dates and in the principal amounts set forth on the inside cover page hereof, subject to the rights of prior redemption described herein.

Interest on the Series 2024 Bonds is payable on May 1 and November 1 of each year, commencing May 1, 2025. The record date for the payment of such interest on the Series 2024 Bonds is the close of business on the fifteenth day of the month immediately preceding such interest payment date. As described in Appendix G—"BOOK-ENTRY ONLY SYSTEM," principal of and interest on the Series 2024 Bonds are payable directly to DTC (defined below) by the State Treasurer. Upon receipt of payments of principal and interest, DTC is to in turn remit such principal and interest to the Direct Participants in DTC for disbursement to the Beneficial Owners of the Series 2024 Bonds.

Book Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2024 Bonds. The ownership of one fully registered Series 2024 Bond for each maturity in each series set forth on the inside cover page hereof, in the aggregate principal amount of the Series 2024 Bonds maturing on that date, will be registered in the name of Cede & Co., as nominee of DTC. See Appendix G—"BOOK-ENTRY ONLY SYSTEM" for a description of DTC and the Book Entry Only System.

Redemption

Series 2024A Bonds and Series 2024B Bonds – Optional Redemption at Par. The Series 2024A Bonds maturing on or before November 1, 2034 are not subject to redemption prior to their respective stated maturities. The Series 2024 Bonds maturing on or after November 1, 2035 are subject to redemption prior to their respective stated maturities, at the option of the Board, from lawfully available funds deposited in the Optional Redemption Account, as a whole or in part on any date, on or after November 1, 2034 (in such order of maturity as shall be selected by the Board in a written order of the Board filed with the State Treasurer and by lot within a maturity) at a price of the par amount thereof, without premium, together with accrued interest to the date fixed for redemption.

Series 2024B Bonds – Make-Whole Optional Redemption. From the date of issuance of the Series 2024B Bonds to but not including November 1, 2034, the Series 2024B Bonds are subject to redemption prior to their respective stated maturities, at the option of the Board, from lawfully available funds deposited in the Optional Redemption Account, as a whole or in part (in such order of maturity as shall be selected by the Board in a written order of the Board filed with the State Treasurer and by lot within a maturity), on any date, at a redemption price equal to the greater of:

(1) 100% of the principal amount of such Series 2024B Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date or dates of such Series 2024B Bonds to be redeemed, not including any portion of those payments of

interest accrued and unpaid as of the date on which such Series 2024B Bonds are to be redeemed, discounted to the date on which such Series 2024B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 12.5 basis points,

plus, in each case, accrued interest on such Series 2024B Bonds to be redeemed to the redemption date.

"Treasury Rate" as such term is used in "Series 2024B Bonds – Make-Whole Optional Redemption" above means, with respect to any redemption date for a particular Series 2024B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days (but no more than 45 calendar days) prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2024B Bond to be redeemed (taking into account Mandatory Sinking Account Payments, if any); provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Calculation of Make-Whole Optional Redemption Price. At the request of the Board or the State Treasurer, the redemption price of the Series 2024B Bonds to be redeemed at the option of the Board as described in "Series 2024B Bonds – Make-Whole Optional Redemption" above will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Board at the Board's expense to calculate such redemption price. The Board and the State Treasurer may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Series 2024A Bonds – Sinking Account Redemption. The Series 2024A Bonds maturing on November 1, 2049 bearing interest at a rate of 4.000% are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from Mandatory Sinking Account Payments in the following amounts, commencing on November 1, 2047 according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2024A Bonds Maturing November 1, 2049 at 4.000%

Redemption Date (November 1)	Principal Amount
2047	$18,085,000
2048	18,930,000
2049*	19,815,000

* Maturity

The Series 2024A Bonds maturing on November 1, 2049 bearing interest at a rate of 5.500% are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from Mandatory Sinking Account Payments in the following amounts, commencing on November 1, 2047 according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2024A Bonds Maturing November 1, 2049 at 5.500%

Redemption Date (November 1)	Principal Amount
2047	$11,135,000
2048	11,660,000
2049*	12,205,000

* Maturity

The Series 2024A Bonds maturing on November 1, 2055 bearing interest at a rate of 4.000% are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from Mandatory Sinking Account Payments in the following amounts, commencing on November 1, 2050 according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2024A Bonds Maturing November 1, 2055 at 4.000%

Redemption Date (November 1)	Principal Amount
2050	$ 9,065,000
2051	9,540,000
2052	10,040,000
2053	10,565,000
2054	11,120,000
2055*	4,670,000

* Maturity

The Series 2024A Bonds maturing on November 1, 2055 bearing interest at a rate of 5.500% are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from Mandatory Sinking Account Payments in the following amounts, commencing on November 1, 2050 according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2024A Bonds Maturing November 1, 2055 at 5.500%

Redemption Date (November 1)	Principal Amount
2050	$24,540,000
2051	25,825,000
2052	27,170,000
2053	28,595,000
2054	30,090,000
2055*	12,640,000

* Maturity

Series 2024B Bonds – Sinking Account Redemption. The Series 2024B Bonds maturing on November 1, 2039 are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from Mandatory Sinking Account Payments in the following amounts, commencing on November 1, 2035 according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2024B Bonds Maturing November 1, 2039

Redemption Date (November 1)	Principal Amount
2035	$355,000
2036	370,000
2037	390,000
2038	410,000
2039*	435,000

* Maturity

The Series 2024B Bonds maturing on November 1, 2043 are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from

Mandatory Sinking Account Payments in the following amounts, commencing on November 1, 2040 according to the following schedule:

Schedule of Mandatory Sinking Account Payments
Series 2024B Bonds Maturing November 1, 2043

Redemption Date (November 1)	Principal Amount
2040	$455,000
2041	480,000
2042	505,000
2043*	535,000

* Maturity

Notice of Redemption. If DTC or its nominee is the registered owner of any Series 2024 Bond to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such Series 2024 Bond. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner of any Series 2024 Bond to be redeemed shall not affect the validity of the redemption of such Series 2024 Bond.

Notice of redemption shall be given by mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, to the respective registered owners of any Series 2024 Bonds designated for redemption at their addresses appearing on the bond registration books of the State Treasurer. Each notice of redemption shall state the date fixed for redemption, the place or places of redemption, and, as further described in the following paragraph, if such funds are not then held by the State Treasurer, that such redemption will be cancelled if the funds are not held by the State Treasurer on the date fixed for redemption, the maturities, and, if less than all of any such maturity, the distinctive numbers of the Series 2024 Bonds of such maturity, to be redeemed and, in the case of Series 2024 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall also state that on said date there will become due and payable on each of said Series 2024 Bonds the principal thereof or of said specified portion of the principal thereof, in the case of a Series 2024 Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such date interest thereon shall cease to accrue, and shall require that such Series 2024 Bonds be then surrendered.

With respect to any notice of optional redemption of Series 2024 Bonds, such notice may state that such redemption shall be conditional upon the receipt by the State Treasurer on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Series 2024 Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the State Treasurer shall not be required to redeem such Series 2024 Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the State Treasurer shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Notice of redemption of Bonds shall be given by the State Treasurer for and on behalf of the Board. Any failure of the State Treasurer to mail notice of redemption of any Series 2024 Bond to any Bondholder or any defect in such notice shall not affect the validity of the proceedings for redemption of any other Series 2024 Bond.

Selection of Series 2024 Bonds for Redemption. Under the Indenture, the Series 2024 Bonds that are subject to optional redemption may be selected for such redemption in such amounts and order of maturity or Mandatory Sinking Account Payment of Outstanding Series 2024 Bonds as shall be selected by the Board. Whenever provision is made in the Indenture for the redemption of the Series 2024 Bonds or a portion thereof by lot, and less than all of the Series 2024 Bonds or portion thereof are called for redemption, and if the Series 2024 Bonds are in book-entry form at the time of such redemption, the State Treasurer shall provide written notice to DTC in accordance with the Indenture and the DTC Letter of Representations of the Board on file with DTC. Notwithstanding the foregoing, if the Series 2024 Bonds of any maturity are to be redeemed prior to maturity and if the Series 2024 Bonds are not then in book-entry form at the time of such redemption, on each redemption date, the State Treasurer shall select the Series 2024 Bonds to be redeemed, from the Outstanding Series 2024 Bonds or portion thereof not previously called for redemption, by lot in any manner which the State Treasurer in the State Treasurer's sole discretion shall deem appropriate and fair.

As described in Appendix G—"BOOK-ENTRY ONLY SYSTEM," DTC shall select Series 2024 Bonds for redemption in accordance with its customary practices and procedures and neither the Board nor the State Treasurer shall have any responsibility to ensure that DTC has properly selected such Series 2024 Bonds for redemption.

Effect of Redemption of Series 2024 Bonds. Notice of redemption having been duly given as provided in the Indenture, and moneys for payment of the interest accrued to the date fixed for redemption on the Series 2024 Bonds (or portions thereof) so called for redemption being held by the State Treasurer, on the date fixed for redemption designated in such notice the Series 2024 Bonds (or portions thereof) so called for redemption shall become due and payable at the principal amount specified in such notice and interest accrued thereon to the date fixed for redemption, interest on the Series 2024 Bonds (or portions thereof) so called for redemption shall cease to accrue, said Series 2024 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Holders of said Series 2024 Bonds shall have no rights in respect thereof except to receive payment of said principal amount and accrued interest.

Defeasance

The Indenture provides that Series 2024 Bonds may be paid by the Board (i) by paying or causing to be paid the principal and interest on Outstanding Series 2024 Bonds as and when the same become due and payable; (ii) by depositing with the State Treasurer, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem Outstanding Series 2024 Bonds; or (iii) by delivering to the State Treasurer, for cancellation by it, Outstanding Series 2024 Bonds, provided in each case that the Board also pays or causes to be paid any other sums payable under the Indenture by the Board related to the Series 2024 Bonds. See Appendix D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance."

SECURITY FOR THE SERIES 2024 BONDS

Limited Obligations

As described in this section, the Series 2024 Bonds are limited obligations of the Board, payable from Gross Revenues and other amounts pledged under the Indenture. The Series 2024 Bonds will not constitute a liability of or a lien upon the funds or property of the State of California or of the Board, except to the extent of the aforementioned pledge under the Indenture. The owners of the Series 2024 Bonds shall have no right to compel any exercise of the taxing power of the State of California, and neither the payment of any principal of the Series 2024 Bonds nor any interest thereon constitutes a debt, liability or obligation of the State of California. The Board has no taxing power.

Pledge

The Series 2024 Bonds, together with all other Systemwide Revenue Bonds issued and outstanding under the Indenture will be secured solely by the Gross Revenues and other amounts pledged under the Indenture. See Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Pledge and Assignment; Gross Revenue Fund; Revenue Fund."

Gross Revenues. As defined in the Indenture, Gross Revenues means (i) all income, rentals, fees, rates, charges, insurance proceeds, condemnation proceeds and other moneys derived from the ownership or operation of the Projects, but excluding any refundable deposits, fines or forfeitures or operating revenues from student unions or student centers that are not mandatory student center fees, and (ii) any other revenues, receipts, income or other moneys from time to time designated by the Board for the payment of principal of and interest on the Systemwide Revenue Bonds. As of April 20, 2016, the Tuition Fee (previously known as the State University Fee), which is the basic enrollment charge paid by all students who attend CSU, was designated by the Board as additional Gross Revenues under the Indenture to secure all Systemwide Revenue Bonds.

The term "Projects," as defined in the Indenture, means, on any given date, (i) all of the housing, parking, student union, student center, student health center and continuing education facilities owned or operated by the Board and (ii) any other facilities designated by the Board as Projects under the Indenture in a Certificate of the Board filed with the State Treasurer, except in all cases the Excluded Facilities. In 2015, the Board began designating certain Academic Facilities as Projects under the Indenture.

"Excluded Facilities" means any facilities which may be designated from time to time by the Board as Excluded Facilities in a Certificate of the Board which is filed with the State Treasurer. There are currently no Excluded Facilities. See "THE PROJECTS—Excluded Facilities." As more fully described below under the caption "—Rate Covenant," the Board has covenanted in the Indenture to set rates, charges and fees for Projects at levels necessary to meet debt service obligations of the Systemwide Revenue Bonds.

Gross Revenues consist primarily of mandatory and user fees collected from students attending CSU campuses and the Tuition Fee. For a description of the fees and certain other amounts constituting Gross Revenues, their method of collection and recent historical collections, see Appendix A—"CALIFORNIA STATE UNIVERSITY—SYSTEMWIDE REVENUE BOND PROGRAMS" and "—FINANCIAL INFORMATION RELATED TO SYSTEMWIDE REVENUES."

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

Rate Covenant

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

The annual debt service on the Systemwide Revenue Bonds is set forth in Table 9 in Appendix A. The Gross Revenues for the five fiscal years ended June 30, 2023 are summarized by program element in Table 8 in Appendix A. See Appendix A—"CALIFORNIA STATE UNIVERSITY—FINANCIAL INFORMATION RELATED TO SYSTEMWIDE REVENUES" and Appendix C—"AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2023."

Parity Lien Indebtedness; No Senior Lien Indebtedness

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

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

The Indenture does not limit the power of the Board to issue or incur (a) any Indebtedness secured by a Subordinate Lien; or (b) any Indebtedness which is not secured by any pledge, lien or encumbrance on Gross

Revenues. There is no outstanding Indebtedness of the Board secured by a Senior Lien, and the Board has covenanted in the Indenture that it will not incur Indebtedness secured by a Senior Lien.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

	Series 2024A Bonds	Series 2024B Bonds	Total
Principal Amount of Bonds	$659,325,000.00	$11,590,000.00	$670,915,000.00
Net Original Issue Premium	86,603,587.05	--	86,603,587.05
Total Sources of Funds	$745,928,587.05	$11,590,000.00	$757,518,587.05

USES

	Series 2024A Bonds	Series 2024B Bonds	Total
Series 2024 Project Accounts (1)	$720,941,276.59	$ 9,510,022.66	$730,451,299.25
Series 2024 Capitalized Interest Accounts (2)	22,431,131.12	2,040,049.47	24,471,180.59
Series 2024 Costs of Issuance (3)	2,556,179.34	39,927.87	2,596,107.21
Total Uses of Funds	$745,928,587.05	$11,590,000.00	$757,518,587.05

(1) Moneys in each Series 2024 Project Account will be used to pay costs of financing and refinancing the Series 2024A Projects and the Series 2024B Projects, respectively, listed in Appendix H.

(2) Moneys in each Series 2024 Capitalized Interest Account are to be applied to pay a portion of interest payable on the related series of Series 2024 Bonds, except for approximately $1,478,312.50 from the Series 2024B Capitalized Interest Account which is expected to be applied to pay a portion of interest payable on the Series 2024A Bonds.

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

PLAN OF FINANCE

Projects Financed by Series 2024 Bonds

The Series 2024 Bonds are being issued to finance and refinance the acquisition, construction, renovation and improvement of certain facilities of CSU, including to pay costs of issuance of the Series 2024 Bonds and certain capitalized interest. See "THE PROJECTS" below and Appendix H—"PROJECTS FINANCED WITH SERIES 2024 BONDS" for more information on the projects expected to be financed with proceeds of the Series 2024 Bonds.

THE PROJECTS

General Description

Gross Revenues consist primarily of revenues derived directly from Projects, as more fully described below, and the Tuition Fee.

Projects that contribute toward Gross Revenues include (i) all housing, student union, parking, recreation centers, student health and professional and continuing education facilities owned or operated by the Board, and (ii) other facilities designated by the Board, except, in all cases, facilities designated by the Board as Excluded Facilities. The current Projects are located at all 23 campuses of CSU and there are currently no Excluded Facilities. Some Projects, such as Academic Facilities, do not independently generate revenues. All Projects are owned by the Board and are operated by CSU or an auxiliary organization. Projects are generally described as follows:

> **Student Housing**: Twenty-two of the 23 campuses comprising the CSU system operate, and collect revenues from, the operation of housing facilities under the State University Revenue Bond Act of 1947. Operational capacity by campus is set forth in Appendix C—"AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2023 –Supplementary Information – Schedule 6."

Student Union: Twenty-two of the 23 campuses in the CSU system operate student union facilities and collect student body center fees.

Parking: All 23 campuses operate parking lots and/or structures to accommodate students, faculty, staff and visitors. Establishment of parking rates is delegated by the Board to the Chancellor, who further delegates the authority to each respective campus president.

Student Health Facilities: Twenty-two of the 23 campuses in the CSU system operate student health facilities and collect a health center facility fee.

Professional and Continuing Education (PaCE) Facilities (formerly Extended and Continuing Education Facilities): On each of the CSU campuses, CSU offers a variety of PaCE programs including credit degree and certificate programs, off-campus and online programs, professional development, corporate training and programs for international students. Each student enrolling in a continuing education class pays a fee per class collected at the time of registration. See Appendix A—"CALIFORNIA STATE UNIVERSITY—SYSTEMWIDE REVENUE BOND PROGRAMS—Professional and Continuing Education (PaCE)."

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

Facilities of Certain Auxiliary Organizations and Other Entities: From time to time certain facilities serving CSU are owned, operated or financed with the participation of an auxiliary organization or a special purpose governmental unit. See Appendix A—"CALIFORNIA STATE UNIVERSITY—GOVERNANCE AND ADMINISTRATION—Campus Administration" and "SYSTEMWIDE REVENUE BOND PROGRAMS—Auxiliary Organizations Program and Other Entities." These facilities may include, but are not limited to, the types of facilities described in Appendix A. In certain cases, a facility financed or refinanced by the Board with Systemwide Revenue Bonds may be leased from the Board, as lessor, to an auxiliary organization or governmental unit, as lessee. Under the terms of the lease, the lessee will agree to operate the facility and to make certain rental payments to the Board which will constitute a portion of the Gross Revenues securing the Systemwide Revenue Bonds. In other cases, the Board may loan proceeds of Systemwide Revenue Bonds to an auxiliary organization to pay for the costs of acquiring or constructing such facilities and such auxiliary organizations will agree to make loan payments to the Board which will constitute Gross Revenues under the Indenture. At the time the lease or loan is entered into, certain lessees or borrowers may have outstanding debt and the obligation to make payments to the Board under the lease or loan may be on a parity with, or junior and subordinate to, such debt of the lessee or borrower. In addition, for certain auxiliary organizations, their debt and revenues may be designated by the Board pursuant to the Indenture as Designated Auxiliary Organizations, Designated Auxiliary Revenues and Designated Auxiliary Debt, respectively, and treated accordingly for purposes of the rate covenant and the additional borrowing test under the Indenture. See "SECURITY FOR THE SERIES 2024 BONDS—Rate Covenant" and "—Parity Lien Indebtedness; No Senior Lien Indebtedness" and Appendix A—"CALIFORNIA STATE UNIVERSITY—SYSTEMWIDE REVENUE BOND PROGRAMS—Auxiliary Organizations Program and Other Entities." There are currently 16 auxiliary organizations that are Designated Auxiliary Organizations with Designated Auxiliary Revenues and Designated Auxiliary Debt, the same 16 auxiliary organizations that make loan or lease payments that have been designated as Gross Revenues by the Board.

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

Excluded Facilities

Under the Indenture, the Board may, at any time, and without the consent of owners of Bonds issued under the Indenture, including the owners of Series 2024 Bonds, designate any existing or future facilities as Excluded

Facilities, with the effect that the revenues derived from such Excluded Facilities do not constitute a part of the Gross Revenues. Certain facilities operated by the Board, because they were not a part of the facilities that provide funds for repayment of the Board's debt programs, have been designated in the past as Excluded Facilities; however, the Board adopted a policy in March 2002 that restricts the Board's ability to designate Excluded Facilities. While there are currently no Excluded Facilities, this may change in the future from time to time at the discretion of the Board. As more fully described above under the heading "SECURITY FOR THE SERIES 2024 BONDS—Rate Covenant," the Board has covenanted to set rates, charges and fees for Projects at levels necessary to generate Gross Revenues sufficient to meet debt service obligations of the Systemwide Revenue Bonds.

Effect of Damage to or Loss of Projects

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

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

Certain Recent Developments

The COVID 19 pandemic negatively impacted the State's financial resources, which resulted in diminished State funding for higher education, including for CSU, during the 2020-21 fiscal year. In addition, the impact of the pandemic on campus operations generated new expenses for CSU, caused vacancies in housing facilities, lowered the demand for parking and resulted in lost revenue, particularly during the 2020-21 and 2021-22 fiscal years. More recently, occupancy levels have rebounded, and a majority of classes have resumed in-person instruction. For additional information about certain COVID 19 impacts on CSU, including certain litigation, see Appendix A – "CALIFORNIA STATE UNIVERSITY – THE CSU SYSTEM AND CAMPUSES – Enrollment," " – SYSTEMWIDE REVENUE BOND PROGRAMS – Housing Program – Capacity and Occupancy," " – SYSTEMWIDE REVENUE BOND PROGRAMS – Parking Program – Parking Utilization" and " – OTHER MATTERS – COVID-19 Related Events." For information about the current State budget, see Appendix A – "CALIFORNIA STATE UNIVERSITY – GENERAL CSU FINANCIAL INFORMATION – State Budget for Fiscal Year 2024-25."

TAX MATTERS

Series 2024A Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Board ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2024A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series 2024A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expects to deliver an opinion at the time of issuance of the Series 2024A Bonds substantially in the form set forth in Appendix F hereto.

To the extent the issue price of any maturity of the Series 2024A Bonds is less than the amount to be paid at maturity of such Series 2024A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2024A 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 2024A Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2024A Bonds is the first price at which a substantial amount of such maturity of the Series 2024A 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 2024A Bonds accrues daily over the term to maturity of such Series 2024A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2024A Bonds to determine taxable gain or loss upon trade or business disposition (including sale, redemption, or payment on maturity) of such Series 2024A Bonds. Beneficial Owners of the Series 2024A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2024A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2024A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2024A Bonds is sold to the public.

Series 2024A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2024A Bonds. The Board has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2024A 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 2024A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2024A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2024A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2024A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2024A 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 2024A 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 2024A Bonds. Prospective purchasers of the Series 2024A 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 expresses 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 2024A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Board, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Board has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2024A Bonds ends with the issuance of the Series 2024A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Board or the Beneficial Owners regarding the tax exempt status of the Series 2024A Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Board legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2024A 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 2024A Bonds, and may cause the Board or the Beneficial Owners to incur significant expense.

Payments on the Series 2024A Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2024A Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2024A Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2024A Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Series 2024B Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2024B Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Series 2024B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2024B Bonds. Bond Counsel expects to deliver an opinion at the time of issuance of the Series 2024B Bonds substantially in the form set forth in Appendix F hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to holders of the Series 2024B Bonds that acquire their Series 2024B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series 2024B Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series 2024B Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their

Series 2024B Bonds pursuant to this offering for the issue price that is applicable to such Series 2024B Bonds (i.e., the price at which a substantial amount of the Series 2024B Bonds are sold to the public) and who will hold their Series 2024B Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a Beneficial Owner of a Series 2024B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a Beneficial Owner of a Series 2024B Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Series 2024B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series 2024B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2024B Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Series 2024B Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Series 2024B Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Series 2024B Bonds is less than the amount to be paid at maturity of such Series 2024B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2024B Bonds) by more than a de minimis amount, the difference may constitute original issue discount ("OID"). U.S. Holders of Series 2024B Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Series 2024B Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Series 2024B Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series 2024B Bond.

Sale or Other Taxable Disposition of the Series 2024B Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Board) or other disposition of a Series 2024B Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series 2024B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2024B Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Series 2024B Bond (generally, the purchase price paid by the U.S. Holder for the Series 2024B Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Series 2024B Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Series 2024B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series 2024B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Series 2024B Bonds. If the Board defeases any Series 2024B Bond, the Series 2024B Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the Series 2024B Bond.

Information Reporting and Backup Withholding. Payments on the Series 2024B Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Series 2024B Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Series 2024B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2024B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," payments of principal of, and interest on, any Series 2024B Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, described in Section 881(c)(3)(C) of the Code, and (2) a bank which acquires such Series 2024B Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the Beneficial Owner of the Series 2024B Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Series 2024B Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Board or a deemed retirement due to defeasance of the Series 2024B Bond) or other disposition of a Series 2024B Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Board) or other disposition and certain other conditions are met.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," under current U.S. Treasury Regulations, payments of principal and interest on any Series 2024B Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the Beneficial Owner of the Series 2024B Bond or a financial institution holding the Series 2024B Bond on behalf of the Beneficial Owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a Beneficial Owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

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

Sections 1471 through 1474 of the Code, impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Series 2024B Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Series 2024B Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series 2024B Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, sale and delivery by the Board of the Series 2024 Bonds and with regard to the tax status of interest on the Series 2024 Bonds under existing laws are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, will provide certain other legal services for the Board. The form of opinion Bond Counsel proposes to render with respect to the Series 2024 Bonds is attached as Appendix F hereto.

CONTINUING DISCLOSURE

The Board will covenant for the benefit of the Holders and Beneficial Owners (as defined in the Continuing Disclosure Certificate) of the Series 2024 Bonds to provide certain financial information and operating data relating to CSU by not later than January 1 following the end of CSU's fiscal year (which fiscal year as of the date hereof ends June 30) (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed directly with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and in the notices of enumerated events is summarized in Appendix E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." Pursuant to the Indenture, failure of the Board to comply with its obligations under the Continuing Disclosure Certificate will not be considered an event of default under the Indenture. However, the Trustee and any Holder or Beneficial Owner (as defined in the Continuing Disclosure Certificate) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under the Continuing Disclosure Certificate.

The Board's Annual Report for the fiscal year ended June 30, 2023 filed on the Electronic Municipal Market Access website ("EMMA") of the Municipal Securities Rulemaking Board initially did not include CSU's audited or unaudited financial statements, which were unavailable at the time of such filing. A notice of failure to provide a complete Annual Report was therefore filed on EMMA on December 21, 2023. CSU's unaudited financial statements for the fiscal year ended June 30, 2023 were filed on EMMA on March 22, 2024. Audited financial statements for the fiscal year ended June 30, 2023 were issued on March 27, 2024, and were filed on EMMA on April 3, 2024.

LEGALITY FOR INVESTMENT

Under provisions of the Act, the Series 2024 Bonds are legal investments in California for commercial and savings banks, all trust funds, for the funds of all insurance companies, trust companies, and for State school funds. Any moneys or funds which may by law be invested in bonds of a county, municipality or school district may be invested in the Series 2024 Bonds, and the Series 2024 Bonds may also be used as security for the deposit of public moneys in banks in California.

LITIGATION

There is no litigation of any nature pending against the Board (with service of process on the Board having been accomplished) as of the date of this Official Statement to restrain or enjoin the issuance, sale, execution or delivery of the Series 2024 Bonds or in any way contesting or affecting the validity of the Series 2024 Bonds or the security thereof, or any proceedings of the Board taken with respect to the issuance or sale thereof. At the time of delivery of the Series 2024 Bonds, the Board expects to furnish a certificate to the effect that no such litigation is then pending.

At any given time, including the present, there are certain other claims and disputes, including those currently in litigation, that arise in the normal course of CSU's activities. Such matters could, if determined adversely to the Board, affect expenditures by the Board, and in some cases, its Gross Revenues. The Board and its General Counsel are of the opinion that no pending actions are likely to have a material adverse effect on the Board's ability to pay the principal of, premium, if any, and interest on the Series 2024 Bonds when due.

RATINGS

The Series 2024 Bonds have been assigned ratings of "Aa2" and "AA-" by Moody's Investors Service and S&P Global Ratings, respectively. Such ratings reflect only the views of the respective rating agencies, and explanations of the significance of the ratings must be obtained from the rating agencies furnishing such ratings. There is no assurance that such ratings will continue for any given period of time or will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of the rating agencies circumstances so warrant. A downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Series 2024 Bonds.

UNDERWRITING

The Series 2024 Bonds are being purchased by an underwriting group represented by BofA Securities, Inc. and Wells Fargo Bank, National Association (collectively called the "Underwriters") from the State Treasurer, who is authorized pursuant to the Act to sell the Series 2024 Bonds on behalf of the Board. The Underwriters have agreed to purchase the Series 2024 Bonds at a price of $755,837,109.19. The price represents the principal amount of the Series 2024 Bonds, plus net original issue premium of $86,603,587.05, less an Underwriters' discount of $1,681,477.86. The purchase contract pursuant to which the Series 2024 Bonds are being sold provides that the Underwriters will purchase all of the Series 2024 Bonds if any such Series 2024 Bonds are purchased with the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by counsel and certain other conditions.

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

MUNICIPAL ADVISOR

The Board has entered into an agreement with KNN Public Finance, LLC (the "Municipal Advisor"), whereunder the Municipal Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the Series 2024 Bonds, timing of sale, bond market conditions, costs of issuance and other factors related to the sale of the Series 2024 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this Official Statement. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement.

FINANCIAL INTERESTS

The fees payable to the Underwriters, Underwriters' Counsel, Bond Counsel, Disclosure Counsel and the Municipal Advisor are contingent upon the issuance of the Series 2024 Bonds.

AUDITED FINANCIAL STATEMENTS

The audited financial statements for Fiscal Year 2022-23 for CSU included in Appendix C of this Official Statement have been audited by KPMG LLP (the "Auditor"), certified public accountants, independent auditor, as stated in its report included in Appendix C herein. Gross Revenues and certain other financial information relating to the Systemwide Revenue Bond program are presented in the form of supplemental schedules to the combined financial statements of the Board. No opinion is expressed by the Auditor with respect to any event subsequent to its report dated March 27, 2024 to the Board. The Auditor, as independent auditor, has not been engaged to perform and has not performed, since the date of its report included in Appendix C herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement. Except as disclosed herein, CSU believes that there has not been any material adverse change in the financial condition of CSU since June 30, 2023.

Financial statements with detailed campus information can be found at:

https://www.calstate.edu/csu-system/transparency-accountability/Pages/financial-statements.aspx

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or holders of any of the Series 2024 Bonds.

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

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

By: /s/ Dr. Mildred García

Dr. Mildred García
Chancellor

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APPENDIX A

CALIFORNIA STATE UNIVERSITY

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APPENDIX A

CALIFORNIA STATE UNIVERSITY

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APPENDIX A

CALIFORNIA STATE UNIVERSITY

GENERAL

California State University ("CSU") is the nation's largest and one of the most affordable systems of public higher education, serving approximately 455,000 students and employing approximately 67,311 faculty and staff. CSU spans the entire State of California (the "State") and includes the State's oldest public higher education institution. With approximately 127,000 degrees conferred annually and more than four million alumni, one in ten employees in California is a CSU graduate. Its annual budget for fiscal year 2023-24 was just under $12.2 billion. CSU's administrative offices are located in Long Beach, California.

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

Education Program

The educational responsibilities of CSU are to provide undergraduate and graduate instruction through bachelor's and master's degrees in the liberal arts and sciences, in applied fields, and the professions. The 23 campuses of the CSU offer 4,100 undergraduate and graduate degrees through both classroom and online instruction, as well as nursing degrees and teaching credentials. Over 60 doctoral degrees are offered independently or jointly with the University of California and certain private institutions in California, including Doctor of Education (Ed.D.), Doctor of Nursing Practice (DNP), and Doctor of Physical Therapy (DPT). CSU is home to all three of the state's polytechnic universities, California Polytechnic State University, San Luis Obispo, California State Polytechnic University, Pomona and California State Polytechnic University, Humboldt.

The mission statement of CSU lists the following general objectives:

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

Accreditation

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

GOVERNANCE AND ADMINISTRATION

The Board of Trustees

The Board of Trustees is responsible for the oversight of the CSU System.

Currently, California law requires 25 trustees for the California State University, all of whom are full voting members. Appointments are for eight years, except for the two Student Trustees, the Alumni Trustee and the Faculty Trustee, whose terms are for two years. After the expiration of their terms, Trustees (except for Alumni Trustee) may remain on the Board until a replacement is named; provided, however, that a Trustee subject to State Senate confirmation may not remain on the Board longer than 60 days without reappointment, student trustees no longer than six months and the Faculty Trustee no longer than one additional year. All appointments, except for the Student, Alumni, and Faculty Trustees, must be confirmed by the State Senate. Student trustees are appointed by the Governor from nominees proposed by the California State Student Association and serve staggered two-year terms.

Five Trustees are ex officio members: the Governor of the State (the "Governor"), the Lieutenant Governor, the Speaker of the Assembly, the State Superintendent of Public Instruction and the Chancellor. Nineteen of the Trustees are appointed by the Governor for staggered terms of office, while the Alumni Trustee is appointed by the CSU Statewide Alumni Council.

The Governor is designated as the President of the Board. The Executive Vice Chancellor and Chief Financial Officer for Business and Finance, Steve Relyea, serves as Treasurer. Andrew Jones, Executive Vice Chancellor and General Counsel, serves as Secretary.

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

*Subject to confirmation by the State Senate.

Central Administration

The Board appoints the Chancellor and the Vice Chancellors of the CSU System, and the President of each campus, each of whom is the Chief Executive Officer of the respective campus. The Board, the Chancellor, the Vice Chancellors, and the Presidents develop systemwide policy that is implemented at the campus level through broad-based consultative procedures. Principal staff members of the CSU System are located in the CSU administrative office in Long Beach. They include:

Dr. Mildred García, Chancellor and ex officio member of the Board of Trustees, began her tenure as the California State University's 11th chancellor on October 1, 2023. She is the first Latina to lead the nation's largest and most diverse four-year public university system. Prior to her appointment, Dr. García served as president of the American Association of State Colleges and Universities since 2018, where she was a strong and internationally renowned advocate for public higher education, working to influence federal policy and regulations on behalf of 350 member colleges and universities. She also served as president of California State University, Fullerton, from 2012 to 2018, during which time she led the university to record improvements in graduation rates and nearly tripled new philanthropic gift commitments. Dr. García served as president of California State University, Dominguez Hills, from 2007 to 2012, where she held the distinction of being the CSU's first Latina president. At CSU Dominguez Hills, she dramatically increased retention rates for freshman and transfer students and eliminated a structural deficit of $2.8 million. Dr. García received her associate degree from New York City Community College, a bachelor's in business education from Bernard M. Baruch College and a master's in business education from New York University. At Teachers College, Columbia University, she earned a master's and a doctorate in higher education administration.

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

Andrew Jones, Executive Vice Chancellor, General Counsel and Secretary of the Board, was appointed in December 2017. Mr. Jones joined CSU Office of General Counsel ("OGC") in 2000 and previously served as Associate Vice Chancellor and Deputy General Counsel, a role in which he coordinated with the Executive Vice Chancellor and General Counsel in supervising OGC operations and legal services for all 23 campuses. Prior to joining the CSU, Mr. Jones was in private practice for over 15 years, first as a partner at Adams, Duque & Hazeltine and later in his own firm, Myers & Jones, LLP.

Dr. Albert A. Liddicoat, Interim Vice Chancellor for Human Resources, was appointed in July 2024 following the retirement of Vice Chancellor Leora D. Freedman, and will serve until the next regularly appointed Vice Chancellor for Human Resources is named. Dr. Liddicoat most recently served as Vice President for University Personnel and Chief Human Resources Officer at California Polytechnic State University, San Luis Obispo. His service in an administrative capacity to the CSU and California Polytechnic State University, San Luis Obispo started in 2006 as the Assistant Vice President for Academic Personnel. Dr. Liddicoat holds a doctorate and a master's degree in electrical engineering and a master's degree in industrial engineering and engineering management from Stanford University. He earned a bachelor's degree in electronic engineering from California Polytechnic State University, San Luis Obispo.

Vlad Marinescu, Vice Chancellor and Chief Audit Officer, was appointed in July 2020. Mr. Marinescu oversees the CSU's Division of Audit and Advisory Services for the CSU System and its auxiliary organizations. Prior to joining the CSU, Mr. Marinescu served in a variety of roles for Mattel, culminating in his most recent position as Director, Internal Audit. Mr. Marinescu has previous experience in the public sector, having served as a senior auditor for the Long Beach City Auditor's Office.

Greg Saks, Vice Chancellor External Relations and Communications, was appointed in February 2024. Mr. Saks has more than 30 years of leadership experience in higher education stakeholder engagement, philanthropic development, government advocacy and strategic communications. Before joining the Chancellor's Office, Mr. Saks served as vice president for University Advancement at California State University, Fullerton, and was the executive director of the Cal State Fullerton Philanthropic Foundation. Prior to that, Mr. Saks served in leadership roles at California State University, Dominguez Hills, Pitzer College, Baylor University, and California State Polytechnic

University, Pomona. Mr. Saks holds a bachelor's degree in history with a minor in communications from California State University, San Bernardino and a master's degree in higher education administration from Miami University of Ohio.

The position of Executive Vice Chancellor of Academic and Student Affairs is currently vacant.

Campus Administration

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

The laws applicable to CSU include provisions for the establishment of auxiliary organizations, which are chartered by their respective campus to perform many non-State self-supporting activities under the supervision of their respective campus president. Due to restrictions on the use of State funds, activities conducted by the auxiliary organizations must be self-supporting. As of June 30, 2024, there are 93 auxiliary organizations that operate pursuant to special written agreements with their respective campus and perform specific functions that contribute to the educational mission of the campus. They are subject to certain specific statutes, regulations and policies established by the Board, the Chancellor, and the campus presidents; almost all auxiliary organizations are classified as non-profit for tax purposes. Revenue in excess of expenditures for a given fiscal year is used to establish working capital and reserves and to pay for capital expenditures or special campus programs as developed through a campus program budget review process. Auxiliary organization financial activity is audited annually and incorporated in the CSU audited financial statements. For additional information, see Appendix C — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2023."

Student Involvement in Governance

The CSU values shared governance involving its student body. In addition to representation on the Board of Trustees of two voting student trustees appointed by the Governor as described above who serve in staggered two-year terms, pursuant to Board of Trustees Student Participation Policy Development resolution dated July 11, 2001, each campus is responsible for ensuring that associated student body organizations are involved in campus policy development as full participants. The policy requires that associated student body organizations established at each campus shall serve as the official representative body of the students at the campuses. The campus presidents are required to provide these organizations opportunities to offer opinions and make recommendations about campus policy and procedures that have or will have an effect upon students.

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THE CSU SYSTEM AND CAMPUSES

Enrollment

The following table sets forth Fall enrollment figures for each CSU campus for Fall 2019 to Fall 2023.

TABLE 1
CALIFORNIA STATE UNIVERSITY
SIZE AND ENROLLMENT
2019-20 through 2023-24[(1)]

Present Name	Date Institution Opened	Size of Campus Including Agricultural & Reserve (Acres)	Fall Enrollment (Headcount)[(1)]				
			2019	2020	2021	2022	2023
CSU, Bakersfield	1970	376	11,199	11,397	10,624	9,261	9,399
CSU Channel Islands	2002	1,189	7,093	6,943	6,437	5,643	5,127
CSU, Chico	1889	776	17,019	16,630	15,421	13,840	13,999
CSU, Dominguez Hills	1965	356	17,027	17,763	16,916	15,530	14,299
CSU, East Bay	1959	355	14,705	14,641	13,499	12,080	11,771
CSU, Fresno	1911	1,397	24,139	25,341	24,946	23,929	23,832
CSU, Fullerton	1959	241	39,868	41,408	40,087	39,729	41,326
California State Polytechnic University, Humboldt	1914	231	6,983	6,431	5,739	5,858	5,976
CSU, Long Beach	1949	319	38,074	39,359	39,434	38,270	39,530
CSU, Los Angeles	1947	160	26,361	26,342	27,029	26,027	24,673
CSU Maritime Academy	1929	88	911	907	880	808	761
CSU, Monterey Bay	1995	1,054	7,123	6,871	6,995	6,539	6,271
CSU, Northridge	1958	338	38,391	38,815	38,551	36,123	36,368
California State Polytechnic University, Pomona	1938	1,302	27,914	29,704	29,103	27,173	26,415
CSU, Sacramento	1947	294	31,156	31,451	31,573	30,883	30,193
CSU, San Bernardino	1965	442	20,311	19,404	19,182	19,467	18,510
San Diego State University	1897	539	35,081	35,578	35,732	36,637	37,538
San Francisco State University	1899	163	28,880	27,075	26,620	25,046	23,700
San Jose State University	1862	150	33,282	33,025	33,848	32,432	32,229
California Polytechnic State University, San Luis Obispo	1901	5,965	21,242	22,287	22,028	21,778	22,279
CSU, San Marcos	1990	303	14,519	14,643	14,503	13,469	13,932
Sonoma State University	1961	4,216	8,649	7,807	7,182	6,483	5,865
CSU, Stanislaus	1960	227	10,614	10,741	10,028	9,738	9,440
Total:			480,541	484,563	476,357	456,743	453,433

(1) The above data include undergraduate, post-baccalaureate and graduate students but exclude the non-campus programs of CalState Teach and International Studies, which for Fall 2023 had enrollments of 869 and 338 students, respectively.
Source: California State University

Enrollment at CSU campuses increased between Fall 2019 and Fall 2020 and decreased by approximately 1.7%, 4.1% and 0.7% in Fall 2021, Fall 2022 and Fall 2023 respectively. The decreases in enrollment in Fall 2021 and Fall 2022 were due to smaller entering classes, reflecting COVID-19 uncertainties in Fall 2021, with recovery to pre-COVID norms observed in the Fall 2022 entering class. The decline in Fall 2023 undergraduate enrollment reflects a smaller continuing student body and smaller entering classes in Fall 2021 and Fall 2022. Each CSU campus has the ability to seek adjustments to student fees and other charges constituting Gross Revenues in order to mitigate adverse effects of declining enrollment on Gross Revenues. See Table 8.

Table 2 below sets forth total enrollment and full-time undergraduate enrollment information for CSU and the University of California for Fall 2019 to Fall 2023.

TABLE 2
ENROLLMENT IN
PUBLIC UNIVERSITIES IN CALIFORNIA
2019-20 through 2023-24(1)

	Fall 2019		Fall 2020		Fall 2021		Fall 2022		Fall 2023	
	Total	Full Time Undergrad(2)	Total	Full Time Undergrad(2)	Total	Full Time Undergrad(2)	Total	Full Time Undergrad(2)	Total	Full Time Undergrad(2)
California State University	480,541	372,867	484,563	368,562	476,357	352,106	456,743	335,301	453,433	337,070
University of California	291,239	226,121	291,869	226,449	294,662	230,529	294,309	230,407	295,573	233,272

(1) For CSU, the above data exclude the non-campus programs of CalState Teach and International Studies, which for Fall 2023 had enrollments of 869 and 338 students, respectively.
(2) Represents total undergraduate headcount (full time and part time) for the University of California.
Source: California State University and University of California

Table 3 below sets forth full time equivalent student enrollment ("FTES") data for CSU graduate and undergraduate students for academic years 2018-19 through 2022-23. FTES is a measurement of enrollment derived by dividing total student credit hours for a term by twelve for graduate and fifteen for undergraduate students and is used for budgeting and accounting for actual educational activity. For 2023-24, approximately 94% of FTE students are classified as California residents and approximately 6% are classified as non-residents.

TABLE 3
CALIFORNIA STATE UNIVERSITY
FULL TIME EQUIVALENT STUDENTS
2018-19 through 2022-23(1)

2018-19	2019-20	2020-21	2021-22	2022-23(2)
402,485	405,272	405,803	387,945	375,739

(1) Academic year FTES; excludes summer term FTES. FTES data reflected in Appendix C — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2023" presents college year FTES, which includes summer term FTES, and is shown on a fiscal year basis.
(2) Excludes the non-campus programs of CalState Teach and International Studies, which for academic year 2022-23 had FTES enrollments of 709 and 416 students, respectively.
Source: California State University

Social Diversity

CSU promotes student success through opportunity and a high-quality education that prepares students to become leaders in the changing workforce, making the CSU a vital economic engine for California. Educating approximately 450,000 students annually, CSU graduates comprise nearly half of the state's bachelor's degrees, sending nearly 127,000 graduates into the workforce each year. High quality academic programs reflect current and future workforce demands in emerging fields such as cybersecurity, software engineering, sustainable business, and environmental technology. As of Fall 2023, one in ten employees in California is a CSU graduate.

The CSU educates one of the most ethnically, economically, and academically diverse student bodies in the nation. As of Fall 2023, about 48% of the student body was Latino, 16% were Asian or Pacific Islander, and 4% were African American. More than half of students were underrepresented minorities and nearly one-quarter of undergraduates were the first in their families to attend college.

The CSU itself employs over 67,000 faculty and staff, and social diversity extends to its own workforce. As of Fall 2023, approximately 24% of the CSU's workforce were Latino, 18% were Asian or Pacific Islander, and about

5% were African American. In addition, the overall workforce was 55% female, and its executive and management workforce was 56% female. Further, 12 of the CSU's 23 current presidents are women.

Approximately half of undergraduates receive Federal Pell Grants, the most common form of need-based financial aid. In 2022-23, over $4.7 billion in such aid was distributed to more than 379,000 students—78% of the CSU's total student population. The average award was $12,300.

Student Tuition Fees and Other Education Costs

Charges for attending CSU are set by the Board, or by the Chancellor or campus presidents under delegations from the Board. Students who are classified as California residents pay charges based upon whether they are full or part-time students and, to some degree, which campus they are attending due to variations in other campus-based fees. Undergraduate, graduate, post-baccalaureate, credential and doctoral students pay a fee (the "Tuition Fee") to support basic instruction and other mandatory CSU costs.

During the 2024-25 academic year, the Tuition Fee for undergraduate part-time students (taking up to 6 units) is $3,528 and for full-time undergraduate students (taking 6.1 units or more) is $6,084.

Table 4 sets forth the Systemwide part-time and full-time Tuition Fee for California resident undergraduate students for academic years 2020-21 to 2024-25. Effective April 20, 2016, the Board designated Tuition Fee revenues as Gross Revenues pledged as security for Systemwide Revenue Bonds. See "SECURITY FOR THE SERIES 2024 BONDS" in this Official Statement and "SYSTEMWIDE REVENUE BOND PROGRAMS – Tuition Fees" in this Appendix A.

TABLE 4
CALIFORNIA STATE UNIVERSITY
TUITION FEE PER ACADEMIC YEAR
FOR CALIFORNIA RESIDENT UNDERGRADUATES
2020-21 through 2024-25

	Tuition Fee	
Academic Year	Part time	Full time
2020-21	$3,330	$5,742
2021-22	3,330	5,742
2022-23	3,330	5,742
2023-24	3,330	5,742
2024-25	3,528	6,084

Source: California State University

For the 2024-25 academic year, graduate students pay a Tuition Fee of $4,416 (part-time) and $7,608 (full-time). Doctoral students have a Tuition Fee ranging from $12,546 to $18,900 for academic year 2024-25 depending upon the program. Nonresident students pay $280 per quarter unit or $420 per semester unit in addition to the applicable Tuition Fee in the 2024-25 academic year.

The Tuition Fee, including the amount constituting such nonresident tuition, is set by the Board or by the Chancellor. Any changes in the Tuition Fee or other mandatory systemwide fees will be made in accordance with the requirements of the Working Families Student Fee Transparency and Accountability Act, which prescribes a consultative process that the CSU must follow in order to increase mandatory systemwide fees. All other listed fees, other than mandatory systemwide fees, are subject to change without notice until the date when instruction for a particular semester or quarter has begun. All CSU listed fees should be regarded as estimates that are subject to change upon approval by the Board of Trustees, the Chancellor, or the Presidents, as appropriate.

In addition to the Tuition Fee, other campus-based fees are charged to each enrolled student for services or programs that are available to or provided for all students on each campus. For academic year 2023-24, other campus-based fees ranged from $1,075 to $5,333 per year; the Tuition Fee for California residents, plus such other campus-based fees, averaged a total of $7,643, ranging from a low of $6,817 at California State University, Channel

Islands to a high of $11,075 at California Polytechnic State University, San Luis Obispo. These fees are typically finalized at the beginning of each academic year.

Other campus-based charges and fees may also be incurred by students, such as: graduation and diploma fees, transcript fees, late registration fees, catalog fees, identification card fees, and miscellaneous fees for courses not fully funded out of operating expense (e.g., lab, field trips, art materials, instrument fees). Such other campus-based fees are generally not pledged to the repayment of Systemwide Revenue Bonds. See "SECURITY FOR THE SERIES 2024 BONDS" in this Official Statement.

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

In July 2022, Interim Chancellor Jolene Koester appointed a 17-member Sustainable Financial Model Workgroup, comprised of representatives from the Board, the Academic Senate, and various campuses, among others, as well as external consultants and two ex-officio members from the staff of the Chancellor's Office (the "Workgroup") and charged it to evaluate and recommend a multi-year strategy to achieve stable and predictable revenues to support the CSU's educational mission, maintain affordability for students and meet the differing needs of its 23 campuses. As part of its review, the Workgroup evaluated ways CSU can bring revenues into alignment with what it identified as increasing cost pressures facing the CSU including for student support services, high-cost degree programs and a backlog of capital renewal and replacement needs that the Workgroup projected to result in a growing gap between revenues and costs. In May 2023, the Workgroup's final report was presented to the Board and included several recommendations, including adoption, by September 2023, of a tuition policy to govern moderate, gradual, and predictable tuition increases commencing in 2024. In response, at the July 2023 Board meeting, CSU staff presented preliminary information on a proposed draft tuition policy and proposed tuition increases commencing in Fall 2024 for the 2024-25 academic year, and the Board approved tuition rate increases of 6% per year for the 2024-25 through the 2028-29 academic years at its September 2023 meeting.

Revenue Management and Investments

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

CSU's investment portfolio consists primarily of investments in the State of California Surplus Money Investment Fund and CSU's Consolidated Investment Pool. See Appendix C — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2023" at Note (3)(b). Currently, the CSU's Consolidated Investment Pool consists of the Liquidity Portfolio (the "Liquidity Portfolio", previously known as the Systemwide Investment Fund Trust or "SWIFT"), the Intermediate Duration Portfolio ("IDP"), and the Total Return Portfolio ("TRP"). The Liquidity Portfolio is managed through contracts with two investment management firms, while the IDP is managed through contracts with three investment management firms, each of whom provides investment management services for the program. Funds invested in the Liquidity Portfolio and the IDP are split evenly between the investment managers, respectively, through a custodian bank on behalf of CSU and invested by the investment managers according to permitted investments outlined in the Government Code of the State and CSU investment policy. For both the Liquidity Portfolio and the IDP, the permitted investments consist primarily of highly rated, fixed-income securities, which may include variable rate instruments. Total investments in the Liquidity Portfolio were $2.5 billion and in the IDP were $1.3 billion at the end of June 2024.

Effective January 1, 2017, changes to the Education Code and Government Code of the State expanded the permitted investments to include mutual funds, including equity mutual funds, and real estate investment trusts, resulting in the establishment of the TRP. Under State law, investment of funds in the TRP is subject to CSU meeting certain conditions regarding investment oversight, reporting, and use of earnings, and was originally limited to no more than 30% of the CSU Consolidated Investment Pool. Effective January 1, 2023, further revisions to the Education Code and Government Code of the State further expanded the limit to no more than 65% of the CSU Consolidated Investment Pool and expanded permissible investments to include institutional commingled funds (including commingled trust funds and collective trust funds) and exchange-traded funds (in addition to mutual funds and real estate investment trusts). As of the end of June 2024, total investments in the TRP were $2.8 billion. Since inception in April of 2018, the TRP has been following a regular funding schedule, ensuring the TRP does not exceed the statutory limits for the TRP. With the establishment of the TRP, CSU expects that exposure in the value of its investments as a result of illiquidity or volatility in certain investment sectors of the financial markets will increase for a portion of its investments, but that such exposure is not expected to have a material adverse impact on Gross Revenues. Funds held in CSU's investment program are subject to changes in market valuation.

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

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Student Admissions

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

TABLE 5
CALIFORNIA STATE UNIVERSITY
UNDERGRADUATE AND GRADUATE ADMISSIONS

Fall Term	Applications Received[1]	Applications Accepted[1]	Percent Accepted	Accepted Enrolled	Percent of Accepted Enrolled[2]
2019					
First Time Freshmen	639,483	364,203	57%	65,979	18%
Undergrad Transfers	295,203	160,068	54%	58,534	36%
Graduates	68,603	31,422	46%	19,451	62%
Other	3,932	3,829	97%	4,091	107%
Total	1,007,221	559,522	56%	148,055	26%
2020					
First Time Freshmen	580,765	376,154	65%	61,830	16%
Undergrad Transfers	282,384	172,300	61%	62,426	36%
Graduates	73,319	35,214	48%	21,527	61%
Other	2,927	2,637	90%	2,317	88%
Total	939,395	586,305	62%	148,100	25%
2021					
First Time Freshmen	558,934	381,737	68%	60,267	16%
Undergrad Transfers	275,376	169,011	61%	56,572	33%
Graduates	89,445	38,473	43%	21,525	56%
Other	3,549	3,372	95%	3,613	107%
Total	927,304	592,593	64%	141,977	24%
2022					
First Time Freshmen	630,956	422,134	67%	65,103	15%
Undergrad Transfers	239,209	154,700	65%	49,464	32%
Graduates	82,463	35,333	43%	19,700	56%
Other	3,833	3,712	97%	4,071	110%
Total	956,461	615,879	64%	138,338	22%
2023					
First Time Freshmen	658,742	463,228	70%	68,216	15%
Undergrad Transfers	219,202	156,216	71%	48,945	31%
Graduates	84,852	37,137	44%	19,937	54%
Other	3,880	3,715	96%	4,291	116%
Total	966,676	660,296	68%	141,389	21%

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

CSU AND RELATED ENTITY INDEBTEDNESS

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

In addition to the debt the Board issues directly, several other sources of capital have historically been available to CSU. From time to time, voter-approved general obligation bonds are issued by the State (and repaid from taxes and other funds of the State) and used to pay capital costs of new academic and other facilities of CSU. Prior to 2014, the issuance of State Public Works Board Lease Revenue Bonds was a significant source of capital for facilities, for which debt service was appropriated annually by the State Legislature. In 2014, the State Legislature shifted budgetary responsibility for paying debt service on State Public Works Board Lease Revenue Bonds and voter-approved general obligation bonds issued on behalf of CSU from the State to CSU. As part of the plan enacted in 2014, CSU receives additional State funding to pay the debt service on State general obligation bonds and State Public Works Board Lease Revenue Bonds. As a result of these shifts, the Systemwide Revenue Bond program is now the primary long-term financing vehicle for academic and other facilities of the type previously financed with voter-approved general obligation bonds and State Public Works Board Lease Revenue Bonds. The State may continue to issue such bonds from time to time.

As of June 30, 2024, there are also 93 auxiliary organizations that provide certain essential services to individual campuses. See "SYSTEMWIDE REVENUE BOND PROGRAMS – Auxiliary Organizations Program and Other Entities." Approximately 10% of these auxiliary organizations in the past issued their own debt generally secured by project revenue to finance projects for CSU's campuses. Most of these bonds have been refunded into the Systemwide Revenue Bond program or matured. At this point, there is only one auxiliary organization with bonds outstanding. CSU is not obligated to pay debt service on any auxiliary organization bonds. The following table lists the outstanding public indebtedness of CSU and related entities as of July 26, 2024.

TABLE 6
CALIFORNIA STATE UNIVERSITY
OBLIGATIONS ISSUED AND OUTSTANDING
as of July 26, 2024

Revenue Bonds and Bond Anticipation Notes Issued by the Board	Amount Outstanding
Systemwide Revenue Bonds, Series 2007B through 2023B[(1)]	$ 9,128,360,000
Bond Anticipation Notes ("BANs")[(2)]	$ 172,207,000
Total Revenue Bonds and BANs	$ 9,300,567,000
Other Obligations[(3)]	
Auxiliary Organization Bonds[(4)]	$ 14,375,000
State Public Works Board Lease Revenue Bonds[(5)]	96,805,000
Other Capital Lease Obligations[(5) (6)]	72,764,000
Total:	$ 9,484,511,000

(1) Includes $250 million of Series 2016B Bonds, which have fixed term rates through mandatory tender dates of November 1, 2026. Subsequent to remarketings, such bonds may be in similar term rate modes and/or fixed rates.
(2) Issued in conjunction with a commercial paper program issued by the California State University Institute, an auxiliary organization of CSU, and secured by a subordinate lien on Gross Revenues. See the following discussion under the subheading "Commercial Paper."
(3) Other Obligations are not secured by a pledge of Gross Revenues.
(4) For information on CSU auxiliary organizations, see "GOVERNANCE AND ADMINISTRATION—Campus Administration" and "SYSTEMWIDE REVENUE BOND PROGRAMS—Auxiliary Organizations Program and Other Entities."
(5) Debt that is currently supported by lease payments from the CSU as of June 30, 2024.
(6) As of June 30, 2024.
Source: California State University

Commercial Paper

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

CP notes are payable from and secured by, among other moneys, amounts drawn in respect of the payment of principal of and accrued interest on such notes under an irrevocable transferable letter of credit issued on a several and not joint basis by State Street Bank and Trust Company, which also serves as administrative agent, and Wells Fargo Bank, National Association, in a stated amount not to exceed $300 million. The letter of credit has a stated termination date of May 6, 2025, subject, in certain circumstances, to early termination, suspension or extension. The CP program is currently authorized up to $500 million, subject to any lower limit as set forth in the then-applicable letter of credit. The Institute expects to operate the CP program at no more than $300 million through the term of the current letter of credit. The Board and the Institute expect to continue to utilize the CP program for the foreseeable future.

As of July 26, 2024, CP was outstanding for the following purposes:

BANs	$ 93,672,000
BANs (Expected to Remain in CP)	78,535,000
Total	$172,207,000

Authorized but Unissued Debt

As of July 26, 2024, the Board had Systemwide Revenue Bonds and BANs authorized but unissued in the aggregate principal amount of approximately $1.664 billion for approved projects. Following the issuance of the Series 2024 Bonds, approximately $1.056 billion will remain authorized but unissued for approved projects. In addition, the Board has authorized Systemwide Revenue Bonds for the purpose of refunding certain outstanding bonds of the State Public Works Board. As of June 30, 2024, approximately $96.8 million of State Public Works Board Lease Revenue Bonds issued for CSU remained outstanding (see Table 6). The Board may issue all or a portion of these authorized Systemwide Revenue Bonds as well as other additional bonds for other new money projects or refunding purposes. The Board expects to authorize the issuance of additional Systemwide Revenue Bonds from time to time in the future. There is no limit on the amount of Systemwide Revenue Bonds that the Board may authorize.

Capital Improvement Program

The Board has a capital improvement program that it approves annually in the Fall for its academic and self-support projects (previously referred to as State and non-State funded facilities) that focuses on a five-year period. For the five-year major capital outlay plan for fiscal years 2024-25 through 2028-29, refer to https://www.calstate.edu/csu-system/doing-business-with-the-csu/capital-planning-design-construction/Documents/2024-25%20through%202028-29%20Five-Year%20Plan.pdf. Additionally, the program may be amended and approved throughout the year by the Board and the Chancellor under delegated authority to reflect the needs and priorities of the campuses. A preliminary five-year plan for fiscal years 2025-26 through 2029-30 is under evaluation and expected to be presented to the Board for approval in Fall 2024. Campus administration works closely with the Chancellor's Office to identify projects and to justify the project demand and related budgets. The Board anticipates that it will use future borrowings and State funds to fund its capital improvement program.

SYSTEMWIDE REVENUE BOND PROGRAMS

Debt Management Program

Under the CSU Policy on Financing Activities, originally adopted by the Board in March 2002 and revised in November 2014, responsibility for the management of CSU debt obligations continues to be centralized in the CSU Chancellor's Office, with oversight and ultimate approval provided by the Board. Debt is planned pursuant to annual funding requirements in accordance with the capital improvement program. Issuance of debt requires approval of the Board or of the Chancellor pursuant to authority delegated by the Board. On March 21, 2018, the Board approved the Standing Orders of the Board to, among other things, authorize the Chancellor to authorize the sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds, and/or the sale and issuance of related Systemwide Revenue Bonds Anticipation Notes, and/or the issuance of related debt instruments for projects approved by the Chancellor under delegated authority, as amended from time to time, for, among other things, projects with value up to $40 million and all new parking structures, regardless of cost.

Historically, the Board has been authorized to issue revenue bonds for self-support programs (non-State) to finance housing, parking, health centers, student body centers, continuing education facilities, and other special projects related to the educational mission of CSU. In March 2002, the Board approved the long-term debt issuance program of systemwide revenue bonds that, together with the then existing housing system bonds issued under a bond resolution adopted by the Board during 1968, constitute the "Systemwide Revenue Bonds." Under the Board's financing policy, the Board uses Systemwide Revenue Bonds to finance other projects that previously may have been financed by auxiliary organizations. Pursuant to the Board's financing policy, the Chancellor has established internal benchmark requirements and guidelines for debt undertaken by an individual campus, such as minimum debt service coverage thresholds for the Systemwide Revenue Bond program. The Board has no outstanding Indebtedness secured by a Senior Lien and has covenanted in the Indenture not to issue any Indebtedness secured by a Senior Lien so long as any Systemwide Revenue Bonds remain outstanding.

In June 2014, the State enacted legislation that granted additional capital financing authorities to CSU. These added authorities include the ability to issue bonds to pay the cost of academic facilities related to CSU's educational mission and pledge the CSU's annual general fund support appropriation, less the amount of that appropriation required to meet State general obligation bond payments and State Public Works Board rental payments, to secure the payment of debt obligations issued by CSU pursuant to the State University Revenue Bond Act of 1947 (the "Act"). No more than 12% of CSU's annual general fund support appropriation, less the amount of that appropriation that is required to fund State general obligation bond payments and State Public Works Board rental payments, may be used for debt service for, or to directly fund, certain capital expenditures. As a result of the added capital authorities, the Board has approved financing for various academic projects with Systemwide Revenue Bonds. These authorities also allow CSU to pledge any other revenues that CSU chooses to pledge to secure the payment of debt obligations issued by CSU pursuant to the Act and provide flexibility to utilize these authorities through the Systemwide Revenue Bond program.

Effective with the issuance of the Series 2016 Bonds in April 2016, Tuition Fee revenues are pledged as security for the Systemwide Revenue Bonds, in addition to fees from student housing, student union, parking, health center facilities, the continuing education program and payments from various auxiliary organizations and special purpose governmental entities. General fund support appropriations from the State are not currently included in Gross Revenues and are not pledged as security for the Systemwide Revenue Bonds. See "SECURITY FOR THE SERIES 2024 BONDS" in this Official Statement.

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

Housing Program

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

Proposed new housing projects to be financed in whole or in part from proceeds of Systemwide Revenue Bonds are subject to a peer review. The Housing Proposal Review Committee is a standing committee (chaired by a campus president with membership of four campus vice presidents and two campus housing officers representing student housing and faculty/staff housing programs) that evaluates proposed housing projects and provides advice to the Chancellor and the respective campus president on the merits of the project. The scope of the committee review includes both programmatic and financial feasibility.

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

Rates and Charges

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

Table 7 below sets forth average room rates charged for the recent five academic years. In academic year 2023-24, room rates ranged from a high of $14,344 at the San Diego campus to a low of $5,764 at the Fresno campus. Generally, all of the housing rental rates and charges constitute Gross Revenues for the Systemwide Revenue Bonds.

TABLE 7
CALIFORNIA STATE UNIVERSITY
HOUSING SYSTEM AVERAGE ROOM RATES
2019-20 through 2023-24

Academic Year	Average Room Rate[(1)]
2019-20	$8,452
2020-21	8,605
2021-22	8,926
2022-23	9,089
2023-24	9,424

(1) Represents average annual cost of double occupancy for residence halls in the CSU System. The average annual cost of double occupancy for apartments is included if residence hall data is not available.
Source: California State University

Capacity and Occupancy

In Fall 2023, the design capacity for the student housing facilities (including auxiliary organizations) was 63,144 spaces, which was approximately 14% of the Fall 2023 enrollment for the CSU. Additionally, 2,026 apartment units in the system were leased. The average Fall 2023 occupancy rate was 92%.

The CSU's response to COVID-19 to transition operations from in-person to virtual instruction led to vacancies in housing facilities and impacted the Spring 2020, Fall 2020 and Spring 2021 occupancy and revenue. Since then, the housing programs have experienced a rebound from challenges caused by COVID-19 pressures. From 2019-20 through 2021-22, annual operating revenues averaged $413 million. In 2022-23, operating revenues increased to $727 million. From 2019-20 through 2021-22, the percentage of spaces occupied averaged 58%, whereas in 2022-23 the occupancy increased to 89%. By Spring 2022, the majority of classes have resumed in-person instruction, yet online course sections continue to be a popular option. For details related to housing capacity, occupancy, financial information by campus and enrollment, refer to APPENDIX C — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2023" at Schedule 6 and "THE CSU SYSTEM AND CAMPUSES – Enrollment" in this Appendix A.

Student Union Program

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

Rates and Charges

Student union annual fees ranged from $164 to $972 per student in 2023-24 and are collected at 22 CSU System campuses. All student union annual fee revenues constitute a portion of Gross Revenues for the Systemwide Revenue Bonds.

Operations and Maintenance

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

Parking Program

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

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

Parking Utilization

Because of the large number of commuters to CSU campuses each day (in Fall 2023, the design capacity of CSU housing facilities was only 14% of the Fall 2023 enrollment), the demand for parking spaces on the campuses continues to be much higher than the number of spaces available. Since parking availability may be limited during peak hours, students are encouraged to utilize alternative transportation options when traveling to campuses and when choosing their housing. As of June 30, 2023, there were approximately 169,825 parking spaces comprising the parking projects designated under the Indenture.

The demand for parking spaces was temporarily impacted by the COVID-19 pandemic, which called for virtual instruction commencing mid-March 2020. By Spring 2022, the majority of classes have resumed in-person instruction, however online course sections continue to be a popular option. For program financial information and enrollment, refer to APPENDIX C — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2023" at Schedule 5 and "THE CSU SYSTEM AND CAMPUSES – Enrollment" in this Appendix A.

Rates and Charges

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

Health Center Facilities Program

Prior to 1996, the health center facility fee was a uniform fee set at $6 per academic year and charged at all CSU campuses. In 1996, the Chancellor was delegated authority to establish health center facility fees at a specific campus level. At that time, the $6 health center facility fee was re-established by the Chancellor for all campuses previously having the Systemwide fee in place. Each campus president has the authority and responsibility to adjust this fee after consultation with the campus community. In accordance with the CSU System policy, the campus president is responsible to set this fee to provide for the repayment of any debt incurred in accordance with applicable CSU System debt management policies. For fiscal year 2023-24, the $6 health center facility fee was in place at 9 campuses. One campus does not have a health center facility fee, and the rest of the campuses have health center facility fees ranging from $7 to $76. The health center facility fee is included in Gross Revenues of the Systemwide Revenue Bond program. Campuses may also charge a separate Health Services fee, which is used to operate the campus student health programs and is not part of Gross Revenues.

Professional and Continuing Education (PaCE)

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

Rates and Charges

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

Auxiliary Organizations Program and Other Entities

As described above under "GOVERNANCE AND ADMINISTRATION—Campus Administration," the Board has a longstanding program of utilizing auxiliary organizations to support a broad range of functions for CSU. In some cases, auxiliary organizations become involved in the financing of campus facilities, such as student and faculty/staff housing, bookstores, food services facilities, academic facilities and event centers, as well as off-campus facilities serving the needs of the campus. Most facilities that were originally financed with auxiliary debt obligations were refinanced with the Systemwide Revenue Bonds, and only one series is currently outstanding. Auxiliary facilities are financed with Systemwide Revenue Bonds using either a lease or loan structure. In the lease structure, the financed facility is leased from the Board, as lessor, to an auxiliary organization or governmental unit, as lessee. Under the terms of the lease, the lessee agrees to operate the facility and to make certain rental payments to the Board, which constitute Gross Revenues under the Indenture. In the loan structure, facilities are financed or refinanced by a loan of Systemwide Revenue Bond proceeds from the Board to the auxiliary organization pursuant to a loan agreement. Under the terms of the loan agreement, in return for the loan from the Board, the auxiliary organization agrees to acquire, construct and/or maintain the facility and to repay the loan to the Board, which repayments constitute Gross Revenues under the Indenture. At the time the lease or loan agreement is entered into, certain auxiliary organizations may have outstanding debt and the obligation to make rental payments or loan repayments to the Board may be on a parity with, or junior and subordinate to, such debt of the auxiliary organization. As of June 30, 2023, there were 17 auxiliary organizations with leases or loan agreements with the Board for facilities financed or refinanced with Systemwide Revenue Bonds, with aggregate annual payments for all such leases and loan agreements of approximately $44,470,000 in fiscal year 2022-23, a $3.1 million net increase from the prior year. As of June 30, 2024, there were 16 such auxiliaries with outstanding leases or loan agreements. To date, each such auxiliary organization with facilities financed or refinanced with Systemwide Revenue Bonds has made each of its periodic loan repayments or lease rental payments in accordance with its respective lease or loan agreement with the Board.

Pursuant to the Indenture, the Board may designate an auxiliary organization with a lease or a loan from the Board as a Designated Auxiliary Organization, and its revenues and debt as Designated Auxiliary Revenues and Designated Auxiliary Debt, respectively, and once so designated, such revenues and debt will be included in the rate covenant and additional borrowing test under the Indenture. See "SECURITY FOR THE SERIES 2024 BONDS—Rate Covenant" and "—Parity Lien Indebtedness; No Senior Lien Indebtedness" in this Official Statement. There are currently 16 auxiliary organizations that are Designated Auxiliary Organizations with Designated Auxiliary Revenues and Designated Auxiliary Debt; the loan or lease payments made by such auxiliary organizations have been designated as Gross Revenues by the Board.

Additionally, from time to time, certain facilities serving CSU are owned, operated or financed with the participation of special purpose governmental entities. In the past, the lease structure described above has been used by the Board and such governmental entities to finance these facilities with Systemwide Revenue Bonds. There is currently a governmental unit with leases with the Board for such facilities, namely, the California State University Channel Islands Site Authority, with aggregate annual rental payments for all such leases of approximately $6.2 million in fiscal year 2022-23.

Tuition Fees

Effective April 20, 2016, Tuition Fee revenues are pledged as security for Systemwide Revenue Bonds. See "SECURITY FOR THE SERIES 2024 BONDS" in this Official Statement. In 2022-23, Tuition Fee revenue was approximately $3.32 billion. See Appendix C — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2023" at Schedule 5 and https://www.calstate.edu/attend/paying-for-college/csu-costs/tuition-and-fees for prior years' student tuition and fees.

FINANCIAL INFORMATION RELATED TO SYSTEMWIDE REVENUES

Table 8 below sets forth, for the five fiscal years ended June 30, 2019 through June 30, 2023, (i) the Gross Revenues received and expenditures made with respect to the Projects from which Gross Revenues were produced during these fiscal years and (ii) certain auxiliary organization revenues (some of which are Gross Revenues) and expenditures for auxiliary organizations participating in the Systemwide Revenue Bond program. Throughout these five fiscal years, Gross Revenues included (i) revenues from housing, student union, parking, health center and continuing education programs and (ii) revenues from certain auxiliary organizations, as discussed above. See "SYSTEMWIDE REVENUE BOND PROGRAMS." Effective April 20, 2016, the Tuition Fee (previously known as the State University Fee), which is the basic enrollment charge paid by all students who attend CSU, was added to the pledge of revenues under the Systemwide Financing Program. See "SECURITY FOR THE SERIES 2024 BONDS" in this Official Statement.

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

Table 8 includes the revenues (exclusive of research grant and contract activity and restricted gifts), expenditures and stand-alone (non-Systemwide Revenue Bond) auxiliary debt service for the 17 auxiliary organizations with facilities that had been financed or refinanced with Systemwide Revenue Bond proceeds (as of June 30, 2023), starting with the fiscal year in which each such financing occurred. Only the payments under the leases and loan agreements between the Board and such auxiliary organizations and certain other entities (approximately $44.5 million for the fiscal year ended June 30, 2023, and generally equal to the amount needed to pay debt service on the corresponding Systemwide Revenue Bonds) have been designated by the Board as Gross Revenues pledged under the Indenture. However, under each such lease or loan agreement the auxiliary organization makes a broader revenue pledge to the Board (subject to any senior or parity indebtedness of the auxiliary organization) to secure the auxiliary's obligation to make the lease rental payments or loan repayments. With respect to certain of the auxiliary projects, the Board has the right to increase the amount of lease rental payments or loan repayments if necessary, and therefore cause an additional portion of the auxiliary revenues reflected in Table 8 to be designated as

Gross Revenues under the Indenture. In addition, the Board has the right under certain circumstances to direct the use of such auxiliary revenues or take control of the project generating such revenues.

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

	2019	2020	2021	2022	2023[1]
Gross Revenues:					
Tuition fees[2]	$3,353,955,800	$3,361,162,058	$3,390,203,135	$3,364,117,235	$3,319,703,398
Student Housing	546,895,408	460,682,002	179,250,548	594,671,094	731,828,922
Student Unions/Recreation Centers	253,990,014	265,971,316	280,151,879	267,224,881	293,806,481
Parking	128,643,579	108,874,903	21,462,347	80,389,700	121,762,494
Health Centers	10,718,717	11,028,350	12,600,322	9,449,733	12,999,897
Professional and Continuing Education	412,536,561	443,956,829	434,688,596	427,045,409	435,485,119
Auxiliary Organizations[3]	611,923,553	529,243,389	466,752,867	607,007,018	684,579,102
Other Related Entity[4]	7,069,756	7,181,106	7,187,481	5,728,046	6,216,439
Total Gross Revenues	$5,325,733,388	$5,188,099,953	$4,792,297,175	$5,355,633,116	$5,606,381,851
Debt Service:					
Designated Auxiliary Organizations	2,010,368	2,010,756	2,018,256	2,007,354	2,007,354
Systemwide Revenue Bonds[5]	382,001,469	421,268,061	468,031,674	487,613,067	511,896,254
Total Debt Service	$384,011,837	$423,278,817	$470,049,930	$489,620,421	$513,903,608
Maintenance and Operation Expenses[6]					
Academic facilities	$313,261,428	$441,683,477	$384,693,737	$491,754,942	$562,507,657
Student Housing	343,334,078	310,823,125	305,593,804	360,564,705	520,988,100
Student Unions/Recreation Centers	121,463,599	133,840,504	133,193,508	140,808,956	172,080,231
Parking	76,105,229	81,158,851	51,052,224	33,319,601	64,817,275
Health Centers	6,078,808	6,113,823	4,413,390	3,597,762	4,700,895
Professional and Continuing Education	408,997,963	416,003,974	338,498,283	373,482,199	380,676,610
Auxiliary Organizations[3]	493,907,124	474,445,986	415,737,561	489,025,499	571,170,587
Total Maintenance and Operation Expenses	$1,763,148,229	$1,864,069,740	$1,633,182,507	$1,892,553,664	$2,276,941,354

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(1) See Schedule 5 in Appendix C.

(2) As of April 20, 2016, the Tuition Fee was designated by the Board as additional Gross Revenues under the Indenture.

(3) Includes Revenue and expenditures for 17 auxiliary organizations that, as of June 30, 2023, were financed with Systemwide Revenue Bonds through an outstanding lease or loan and excludes research grant and contract activity and restricted gifts. Gross Revenues under the Indenture are a smaller amount derived from payments under certain leases or loans with the Board.

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

(5) Debt service shown excludes interest that has been funded from bond proceeds. Cash subsidy payments from the U.S. Treasury under the Build America Bonds program are not pledged to Systemwide Revenue Bonds and are neither included as Gross Revenues nor deducted from Systemwide Revenue Bonds, Series 2010B (Taxable – Build America Bonds) debt service included in Table 8 above.

(6) Maintenance and operation expenses for the year ended June 30, 2023 include extraordinary maintenance and repair projects, which are generally paid from existing program fund balance of $120 million, other postemployment benefits expense of $4.5 million pursuant to GASB Statement No. 75, and pension expense of $30.9 million pursuant to GASB Statement No. 68.

Source: California State University

Table 9 sets forth the scheduled debt service on all Systemwide Revenue Bonds payable from Gross Revenues on a fiscal year basis, commencing with the fiscal year ending June 30, 2024. The Board may issue additional indebtedness secured on a parity by Gross Revenues under the terms of the Indenture. There is no limit on the maximum principal amount of Systemwide Revenue Bonds that may be issued under the Indenture.

TABLE 9
CALIFORNIA STATE UNIVERSITY
DEBT SERVICE PAYABLE FROM GROSS REVENUES
(Following the Issuance of the Series 2024 Bonds)

Fiscal Year Ending June 30	Previous Systemwide Revenue Bonds Debt Service[1][2]	Series 2024 Bonds Debt Service	Total Systemwide Revenue Bonds[1]
2024	$566,860,880	--	$ 566,860,880
2025	584,260,213	$ 22,576,374	606,836,587
2026	593,548,934	37,839,476	631,388,410
2027	603,455,276	40,107,840	643,563,116
2028	601,920,768	43,692,431	645,613,199
2029	601,289,851	43,684,426	644,974,277
2030	599,393,991	43,694,688	643,088,679
2031	596,424,840	43,687,905	640,112,745
2032	589,487,626	43,689,538	633,177,164
2033	571,754,076	43,687,703	615,441,779
2034	552,023,934	43,685,714	595,709,648
2035	546,650,048	43,686,854	590,336,902
2036	545,199,886	43,683,881	588,883,767
2037	514,298,867	43,689,732	557,988,599
2038	511,909,929	43,682,826	555,592,755
2039	499,536,712	43,690,912	543,227,624
2040	514,575,751	43,691,489	558,267,240
2041	531,468,237	43,686,843	575,155,080
2042	506,246,130	43,684,440	549,930,570
2043	489,782,287	43,686,963	533,469,250
2044	471,206,993	43,691,403	514,898,396
2045	467,570,141	43,144,725	510,714,866
2046	446,987,071	43,142,338	490,129,409
2047	443,988,323	43,139,725	487,128,048
2048	415,080,026	43,137,588	458,217,614
2049	346,951,746	43,140,425	390,092,171
2050	340,349,193	43,139,238	383,488,431
2051	324,704,372	43,136,150	367,840,522
2052	309,327,919	43,139,013	352,466,932
2053	138,932,328	43,135,050	182,067,378
2054	67,888,203	43,139,413	111,027,616
2055	15,229,235	43,141,875	58,371,110
2056	15,230,071	17,751,000	32,981,071
2057	15,232,999	--	15,232,999
2058	15,232,626	--	15,232,626
2059	15,233,544	--	15,233,544
2060	15,230,358	--	15,230,358
2061	15,232,601	--	15,232,601
TOTALS[3]	$14,999,695,985	$1,335,507,978	$16,335,203,963

(1) Includes interest funded from bond proceeds and thus differs from the information reflected in Table 8. Does not include any deduction for the federal subsidy associated with the Systemwide Revenue Bonds, Series 2010B (Taxable – Build America Bonds).

(2) Assumes remarketing of $250 million mandatory tender bonds in 2026 and thereafter at assumed rates of 3.50% following the respective scheduled mandatory tender dates. In the event of a failure to remarket such mandatory tender bonds, any such bonds not purchased would bear interest from the tender to the date redeemed or paid at 6% for the period of 0 to 89 days from the tender date and at 8% 90 days and thereafter. Such mandatory tender bonds mature or are subject to sinking redemption between November 1, 2045 and November 1, 2051.

(3) Totals reflect rounding.

Financial Statements Related to Gross Revenues

The most recent audited financial statements of the California State University, as of June 30, 2023, are attached to this Official Statement as Appendix C. Schedules 5 through 7 to the audited financial statements contain certain information related to the Systemwide Revenue Bond Program.

GENERAL CSU FINANCIAL INFORMATION

Budgeting Process

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

<u>Governor's Budget/Budget Act</u>

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

<u>Negotiations with the State and Legislative Budget Hearings</u>

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

<u>Allocations to Campuses</u>

The Chancellor's Office informs all CSU campuses of the Governor's budget decisions, at which time preliminary allocations may be identified for planning purposes. Final allocations are usually made by the Chancellor's Office promptly after the State Budget Act is signed.

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State Budget Acts for Recent Fiscal Years

The State has provided funding increases to CSU for fiscal years 2012-13 through 2023-24, with the exception in fiscal year 2020-21 when State funding temporarily decreased by approximately 8.5% during the COVID-19 pandemic. Under the Budget Act of 2024, funding increased again in fiscal year 2024-25 (see "– State Budget for Fiscal Year 2024-25" below). Table 10 below shows funding from the State to CSU over the most recent five fiscal years. The annual State appropriations reflect the CSU's base budget, which is ongoing State funding, and does not include any one-time funding.

TABLE 10
CALIFORNIA STATE UNIVERSITY
ANNUAL APPROPRIATIONS FROM THE STATE OF CALIFORNIA
2019-20 through 2023-24
(in millions)

	2019-20[(1)]	2020-21[(2)]	2021-22[(3)]	2022-23[(4)]	2023-24[(5)]
Annual State Appropriation	$4,022	$3,680	$4,226	$4,660	$4,991

(1) Includes $2 million in the third year of a 10-year program to fund road maintenance and rehabilitation projects. Does not include $82.2 million in one-time funding from the General Fund appropriation for graduation initiative, basic needs partnerships and various programs, and $239 million in one-time funding for deferred maintenance.

(2) Includes $2 million in the fourth year of a 10-year program to fund road maintenance and rehabilitation projects. Does not include $8.3 million in one-time funding for various programs.

(3) Includes $2 million in the fifth year of a 10-year program to fund road maintenance and rehabilitation projects. Does not include one-time funding from the General Fund appropriation of $433 million to transition Humboldt State University to a Polytechnic University, $60 million for infrastructure improvement for CSU Dominguez Hills, $54 million for Stockton Center Acacia Hall, $30 million for emergency financial assistance grants for full-time, low-income students and $79.5 million for various programs, and $325 million in one-time funding for deferred maintenance.

(4) Includes $2 million in the sixth year of a 10-year program to fund road maintenance and rehabilitation projects. Does not include one-time funding from the General Fund appropriation of $498.5 million for student housing projects, $83 million for Energy Innovation Center in Bakersfield, $80 million for Brawley Center in Imperial Valley, $79 million for new student center at the Palm Desert campus, $75 million for university farm, $67.5 million for the Engineering and Computer Science Innovation Hub and $97.2 million for various programs, and $125 million in one-time funding for deferred maintenance.

(5) Includes $2 million in the seventh year of a 10-year program to fund road maintenance and rehabilitation projects. Does not include one-time funding from the General Fund appropriation of $15 million to support California State University, Dominguez Hills, $10 million for the California Council on Science and Technology, $3 million over a three-year period to support the CalFresh Outreach Resource Hub at California State University, Chico, and $1 million to improve and expand programs supporting Title IX and Discrimination, Harassment and Retaliation programs at the CSU.

Source: California State University

State Budget for Fiscal Year 2024-25

The State's Budget Act of 2024 includes an increase of $246.2 million in ongoing General Fund appropriation for the CSU compared to the prior year, for a total General Fund recurring budget of $5.23 billion for fiscal year 2024-25, as well as a $75 million one-time reduction to the CSU operating budget as part of the State's efforts to address its budget deficit, for net new funding of $165 million for fiscal year 2024-25. The $246.2 million increase (before taking into account the $75 million reduction) includes $240.2 million representing a 5% base increase as part of the third year of the multi-year compact agreement between the Governor's Administration and CSU and support for expanded fee waivers for Medal of Honor recipients, children of Medal of Honor recipients, or dependents of service-injured veterans attending CSU. The Budget Act of 2024 also includes one-time funds of $5 million to support certain projects that bring together higher education campuses at a single location to offer certificate or degree programs that support state or local workforce needs.

Future funding under the multi-year compact agreement between the Governor's Administration and the CSU is uncertain and may be reduced. The State legislature and the Governor have advised CSU to plan for a 7.95% reduction of ongoing state funding in 2025-26, as part of an across-the-board reduction to State operations which as applied to CSU could result in a reduction of approximately $397 million General Fund support for fiscal year 2025-26. Additionally, the compact funding increase expected for 2025-26 may be deferred to 2026-27 (approximately $252 million ongoing). The occurrence and extent of any funding reduction or deferral for the 2025-26 fiscal year cannot be predicted by the CSU at this time. These details will not be determined until the next budget act is finalized, which is expected to occur around late June 2025.

CSU Financial Statements

The most recent audited financial statements of CSU are attached to this Official Statement. See Appendix C — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2023." The audited financial statements are customarily presented to the Board annually for formal acceptance, typically during the Board's first or second meeting of the year. The audited financial statements for fiscal year 2022-23, attached hereto as Appendix C, were presented to the Board during its regularly scheduled meeting held May 21, 2024 and are final. The audited financial statements are included as general background concerning the CSU System and provide certain information regarding Gross Revenues. The Series 2024 Bonds are secured solely by the Gross Revenues specifically pledged for repayment of principal and interest on the Series 2024 Bonds. No other assets or revenues of CSU are pledged to the repayment of the Series 2024 Bonds. See "SECURITY FOR THE SERIES 2024 BONDS" in this Official Statement.

CSU Grants, Contracts and Fundraising Activity

Table 11 below sets forth the grant and contract proceeds received by CSU and fundraising activity of CSU for fiscal years ended June 30, 2019 to 2023. Amounts shown are not included as part of the Gross Revenues and generally are restricted to specified uses.

TABLE 11
CALIFORNIA STATE UNIVERSITY
GRANTS, CONTRACTS AND FUNDRAISING ACTIVITY[(1)]
2018-19 through 2022-23
(in millions)

Sources	2018-19	2019-20	2020-21[(2)]	2021-22[(2)]	2022-23[(2)]
Federal grants and contracts	$1,542	$1,799	$2,439	$3,233	$1,856
State and local grants and contracts	986	1,050	1,068	1,036	1,400
Private gifts, grants and contracts	366	325	542	532	425
Total	$2,894	$3,174	$4,049	$4,801	$3,681

(1) Includes Auxiliary Organizations.
(2) Includes Higher Education Emergency Relief Fund (HEERF) grants.
Source: California State University

CSU Endowment Assets

As of June 30, 2023, the market value of the endowment assets of CSU and its related foundations was approximately $2.42 billion, an increase from approximately $2.23 billion as of June 30, 2022. The market value of the endowment assets of CSU and its related foundations as of June 30, 2021, June 30, 2020, and June 30, 2019 were approximately $2.35 billion, $1.81 billion, and $1.72 billion, respectively. Changes in the market value of the endowment assets of CSU and its related foundations over the last five fiscal years have been primarily a result of movements in the financial markets. Because CSU does not rely significantly upon endowment funds to meet its operating needs, changes in the market value of CSU endowment assets are not expected to have a material impact on CSU operations. Furthermore, because endowment funds are not part of the Gross Revenues, changes in the market value of CSU endowment assets are not expected to have any effect on the Board's ability to pay the principal of, premium, if any, and interest on the Series 2024 Bonds when due.

OTHER MATTERS

Insurance

CSU has elected to commercially insure property with deductibles; self-insure its general liability and errors & omissions liability; and self-insure its workers' compensation exposures. Further, CSU procures excess and/or reinsurance on its general and errors & omissions liability as well as workers' compensation to provide coverage for large losses. CSU's vehicle liability is self-insured by the State's vehicle liability self-insurance program. As a State agency, CSU, the Office of the Chancellor, the Board, and its system of campuses are included in these insurance and self-insured programs.

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

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

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

General Liability: $300,000,000 per occurrence for fiscal year 2023-24 and $225,000,000 per occurrence for fiscal year 2022-23; Campus' Self-Insured Retention ranging from $50,000 to $900,000.

Workers' Compensation: Statutory benefits and $5 million for Employers Liability. As of January 1, 2015, the CSU has offset its self-insured exposure by placing primary workers' compensation coverage through risk transfer to the Public Risk Innovation, Solutions, and Management (PRISM).

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

Climate Change

The climate crisis is intensifying and the CSU has been affected by unprecedented weather impacts, including drought, wildfire and air quality issues. The impact to campuses scattered across the state differs between regions as well as between universities which are geographically co-located. The variety of landscape, development, and weather patterns makes it tremendously difficult to predict potential impacts and limits the ability of the CSU to create standardized mitigation tools. This unpredictability also complicates preparations for individual campuses which have periodically sustained physical damage and/or financial loss from extreme weather events such as wildfires, drought and flooding and related public safety power shutoffs in their regions. In order to mitigate the risk and protect against adverse impacts caused by environmental conditions and events, the CSU has executed a service agreement to develop design-guidelines that will integrate climate-change resilience into critical infrastructure and utility systems at CSU campuses.

The CSU remains committed to the fight against climate change and has incorporated the principles of resiliency into its sustainability-related policies. The most recent iteration of the CSU Sustainability Policy, adopted by the Board of Trustees in March 2022, aims to offer broad guidance on a number of climate strategies, encouraging campuses to consider conditions and impacts they may have previously thought unrelated to their geographic location. The policy also aims to ensure the information learned in this real-time environment is passed on to students such that graduates re-enter their communities informed about climate impacts and the methods used to respond to them. Because of the potential for substantial financial impacts and broad scale damage occurring from progressing climate events, the Chancellor's Office is taking proactive steps to incorporate the lessons learned to policies and reports in order to help prepare campuses for the future.

Additionally, the CSU has broadened its approach to decarbonization, the immediate strategy for reducing emissions and reversing climate change. The Decarbonization Framework, broken into its related emission "scopes" provides campuses with a variety of resources aimed at identifying, building and implementing decarbonization plans with the ultimate goal of achieving carbon neutrality. Broadly, these strategies include wide-spread electrification of systems, reductions in energy use, improved energy efficiency and renewable energy strategies paired with storage projects. This program is necessary for the CSU to meet its carbon neutrality goal of 2045 as outlined in the Board's 2022 Sustainability Policy. For the CSU Sustainability Policy, refer to https://calstate.policystat.com/policy/15829246/latest/.

CSU and Climate Action: Systemwide Carbon Reduction Strategies

Carbon reduction goals are now mandated at the federal and state levels. Estimates of Federal and State investments in climate action and resilience are currently more than $1.5 trillion, administered through competitive grants, incentives, and rebates. CSU is strategically positioned to pursue external funding opportunities, as supplemental to that of direct state allocations through the development of a portfolio of campus resources aimed to reduce carbon emissions within the following targeted scopes: Direct (Scope 1), Indirect (Scope 2), Supply Chain and Embedded Greenhouse Gas (GHG) Emissions (Scope 3). The following highlights critical frameworks and toolkits accessible to campus staff:

- Direct Access Campus Lottery and On-Site Renewable Energy Investments (Scope 1 Carbon Emissions Reductions)
- Building Commissioning for Energy Efficiency: Systemwide Contract for Professional Services (Scope 2 Carbon Emissions Reductions)
- Transportation Data Collection: Systemwide Contract for Professional Services (Scope 3 Carbon Emissions Reductions)
- Climate Resilient Infrastructure Guidelines to inform campus design plans for safe and healthy learning environments
- Grants Program for Infrastructure Investments, Carbon Reduction and Climate Resilience
- Total Cost of Ownership toolkit designed to help decision-makers understand the impact of decisions to value-engineer carbon reduction strategies in capital construction projects.
- Performance Contracting program for energy efficiency project financing and implementation.
- Demand Response and Emergency Load Reduction Program to provide utility grid support and revenue generation for campuses

Cybersecurity

Cyber threats have been continually increasing in terms of both frequency and diversity. As a higher education institution, CSU heavily relies on a complex technological infrastructure to carry out its operations. As a recipient and provider of personal, private, and/or other sensitive information, CSU faces a variety of risks to its networks and systems, including but not limited to hacking, viruses, malware and other intrusions on its networks and systems. To address these risks, CSU has implemented multiple cybersecurity measures and operational controls. This includes the establishment of systemwide policies and procedures for incident management, as well as increasingly collaborative operational security initiatives. Leading these efforts is the Systemwide Chief Information Security Officer, who heads the Information Security Management department of the CSU System. This role provides leadership for the overall Information Security Program of the CSU and its campuses. No assurances can be given that the CSU's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact CSU's operations or finances.

COVID-19 Related Events

In response to the Governor's COVID-19 state of emergency that was declared on March 4, 2020, the CSU, among other things, closely monitored the impact of the COVID-19 pandemic throughout the CSU community, delivered courses, academic support, and student services virtually, slowly transitioned to delivering courses in-person, implemented COVID-19 vaccination requirement and Systemwide COVID-19 prevention training to address challenges and disruptions relating to the COVID-19 outbreak.

The federal government, the State, and CSU eased their COVID-19 guidance, regulations and policies during the first half of 2023. State and local public health regulations no longer require widespread masking, social distancing, or vaccination requirements. CSU policies and procedures concerning COVID-19 prevention have followed regulatory trends by gradually easing restrictions and returning to fully in-person operations. Commencement ceremonies, student assemblies, sporting events, and in-person classes are occurring in a similar manner as they were before the pandemic. Vaccination requirements were discontinued in April 2023. The Federal Public Health Emergency for COVID-19 was terminated on May 11, 2023.

CSU has become adept at quickly addressing public health threats despite dealing with a rapidly changing regulatory landscape, be it local, county, State and Federal governmental agencies. The CSU is positioned to quickly deliver virtual college courses in case of emergency. Building ventilation systems have been optimized to accommodate normal operations and mitigate risk to the public. CSU leaders are generally very familiar with CSU emergency and safety and health processes and have partnered closely on these issues.

Between April and December 2020, a total of eight putative class action complaints were filed by or on behalf of CSU students against CSU – five in state and three in federal court – seeking refunds of tuition and fees collected in the Spring 2020 term and thereafter. Collectively, the plaintiffs asserted claims for breach of contract, unjust enrichment conversion, violation of the Takings Clause of the Constitution of the United States, and other related claims, contending that students did not receive the full benefit of tuition and student fees paid because of the CSU's response to the COVID-19 pandemic and seeking a pro rata refund of all tuition and fees or a combination thereof, from the date each campus transitioned to virtual instruction until in-person instruction resumed. The three federal court cases were dismissed. With respect to the five state court cases, which were consolidated, the breach of contract and conversion claims have been dismissed, and the breach of implied contract and restitution claims were permitted by the court to proceed. Plaintiffs filed a motion for class certification, which is tentatively set for hearing in August 2024. A ruling may be issued by the Fall of 2024. The CSU is unable to predict the outcome of these matters or any ultimate legal and financial liability, and at this time cannot reasonably estimate the possible loss or range of loss in the event of any judgment against CSU. Similar lawsuits have been filed against other institutions of higher education. The CSU will continue to vigorously defend the lawsuit.

Audits and Compliance Reviews

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

Seismicity

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

CSU currently purchases limited parametric earthquake coverage with a maximum benefit of $25,000,000 in aggregate.

Labor Relations

There are approximately 67,311 CSU represented and non-represented employees, excluding student assistants, who depending on the time of year range in number from 10,000 to 20,000. Exclusive bargaining unit representatives include:

- The California Federation of the Union of American Physicians and Dentists ("UAPD")
- California State University Employees Union ("CSUEU")
- California Faculty Association ("CFA")
- Academic Professionals of California, Local 1002 ("APC")
- Teamsters Local 2010 ("Teamsters 2010")
- Statewide University Police Association ("SUPA")
- International Union of Operating Engineers, Local 39, AFL-CIO ("IUOE")
- International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, AFL-CIO and its Local Union 4123 ("UAW")
- CSUEU English Language Program Instructors, CSU LA
- CSUEU English Language Program Instructors, CSU Monterey Bay
- CSUEU, Student Assistants

APC, the exclusive representative for employees in the Academic Support unit, entered into a contract with the CSU that expired on June 30, 2024; negotiations for a successor agreement are in progress. The IUOE, which represents trades workers at the California Maritime Academy, have a contract with CSU that expired on June 30, 2024; negotiations for a successor agreement are in progress. The contract between the UAW, the exclusive representative for academic student employees, and CSU, expires on September 30, 2025. The UAPD has an agreement with CSU covering the terms and conditions of employment for its members, the Physicians unit, that will expire on June 30, 2025. The CSU is also currently in negotiations with UAPD regarding limited articles in re-opener bargaining. The contract for CFA, the exclusive representative for the Faculty unit, is set to expire on June 30, 2025. Employees in the Health Care Support, Operations & Support Services, Clerical/Administrative Support Services, and Technical & Support Services units are represented by CSUEU, which has an agreement with the CSU covering the terms and conditions of employment that will expire on June 30, 2026. CSUEU also represents the English Language Program Instructors at Cal State Los Angeles, which negotiated a contract with CSU that expired on June 30, 2024, and American Language and Cultural Program Instructors, CSU Monterey Bay, which negotiated a contract with CSU that expired on June 30, 2022. Negotiations have not yet commenced regarding a successor agreement. The contract between CSU and Teamsters 2010, which represents employees in the Skilled Crafts unit, will expire on June 30, 2026. The contract for SUPA, the exclusive representative for employees in the Public Safety unit, will expire on June 30, 2026. On March 5, 2024, the Public Employment Relations Board certified the California State University Employees Union as the exclusive representative of student assistants. Negotiations for an initial agreement are in progress.

Retirement System

The CSU, as an agency of the State, contributes to a pension plan administered by the Board of Administration of the California Public Employees Retirement System ("CalPERS"). The State's pension plan with CalPERS is an agent multiple-employer defined-benefit pension plan (State Miscellaneous Tier 1 Plan and Peace Officers & Firefighters Plan) and CalPERS functions as an investment and administrative agent for its members. For CSU, the pension plan acts as a cost sharing multiple-employer defined-benefit pension plan, which provides a defined-benefit pension and postretirement program for substantially all eligible CSU employees. The plan also provides for survivor, death, and disability benefits.

In general, full-time employees of CSU, who are employed to work for more than six months and part-time employees averaging 20 hours per week for one year participate in the CalPERS pension plan, which is a statewide retirement system governed and operated pursuant to Part 3 (commencing with Section 20000), Division 5, Title 2 of the California Government Code.

CalPERS retirement benefits are funded from employer-paid contributions, employee contributions, and the plan’s investment earnings. CalPERS employer contribution rates applicable to CSU (along with other state agencies) are based upon actuarial studies and are adjusted each year by CalPERS in order to meet defined pension benefit obligations. California Government Code Section 20814 states that “the Governor shall include the contribution rates adopted by the board for the liability of benefits on account of employees of the State” (General Fund supported salaries), and “the Legislature shall adopt the board contribution rates and authorize the appropriation in the Budget Act.” The majority of CSU CalPERS eligible employees are in the State Miscellaneous Tier 1 category. Employees in Miscellaneous Tier 1 category with a start date prior to January 1, 2013 contribute 5% of annual compensation in excess of $513 per month to CalPERS. For employees in Miscellaneous Tier 1 that have a start date of January 1, 2013 or later and fall under the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”), Government Code Sections 7522.74, the contribution rates were 8% in the 2022-23 fiscal year and remain 8% in the 2023-24 fiscal year. Per Government Code Section 7522.30 under PEPRA, equal sharing of normal costs between public employers and public employees shall be the standard. The standard shall be that employees pay at least 50% of “normal costs” determined by an annual actuarial valuation.

CSU’s total employer contribution to CalPERS from all funds (i.e., General Fund, Trust Operating Fund, CSU Lottery Education Fund, Professional and Continuing Education Revenue Fund, and Dormitory Revenue Fund--Housing and Parking) totaled approximately $1,132,533,000 in fiscal year 2022-23 (reported as deferred outflows of resources as of June 30, 2022). See Appendix C — “AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2023” at Note (12).

The size of CalPERS’ unfunded pension varies from year to year and is affected by various factors, including investment returns, benefit levels, and the number of retirees compared to active employees. The funding level for the CalPERS Public Employees’ Retirement Fund was 71.0% as of June 30, 2022. Based on an estimated discount rate of 6.9% and a 6.9% investment return for fiscal year 2022-23, the funded status was estimated to be 72.0% for fiscal year 2022-23. Also, per Government Code Section 20683.2, which changed the contribution rates of many State CalPERS members, savings realized by the State employer as a result of the employee contribution rate increases shall be allocated towards unfunded liability, subject to appropriation in the annual Budget Act. Over the last decade, the state has taken significant steps toward addressing its retirement liabilities through public pension law reform, implementation of funding strategies to pay down unfunded pension and retiree health benefits, and the allocation of billions of dollars in supplemental funding beyond the state’s required annual contributions to CalPERS and CalSTRS. The 2023-24 budget includes $1.7 billion in one-time Proposition 2 debt repayment to further reduce the unfunded liabilities of the CalPERS state plans. An additional $1.8 billion is projected to be paid to CalPERS over fiscal years 2024-25 through 2026-27 (dependent on Proposition 2 funding). In fiscal year 2017-18, the State made an additional $6 billion supplemental contribution to CalPERS to reduce pension liability, of which $876,842,000 was made on behalf of CSU. The CSU is required to repay $156,283,000 of this amount through June 30, 2030, while the remainder was recognized as State appropriations, noncapital, in 2018. As of June 30, 2023, the outstanding amount to be repaid by the CSU was $34,420,000.

Further, there was a change in the level of State funded retirement expenses due to the provisions in the State Budget Act for fiscal year 2013-14 to freeze the CSU salary base to the actual fiscal year 2013-14 pensionable payroll for purposes of calculating annual CalPERS retirement adjustments beginning in fiscal year 2014-15. To date, the CSU administration has not experienced a material impact on CSU operations, Gross Revenues, or the Board’s ability to pay the principal of, premium, if any, and interest on Systemwide Revenue Bonds when due as a result of its retirement expenses. Additional information concerning CalPERS may be found on its website at https://www.calpers.ca.gov/. The information on the CALPERS website is not incorporated herein and CSU takes no responsibility for the information on the website.

Net pension liability is measured as CSU’s proportionate share of the State’s total pension liability, less its proportionate share of the pension plan’s fiduciary net position. The net pension liability amounted to $8,484,855,000 as of June 30, 2023, which was an increase from $5,618,682,000 as of June 30, 2022. The increase is due mainly to differences in actual versus projected investment earnings and changes in assumptions, which increased the liability by $1,760,000,000 and $854,370,000, respectively.

The change in differences between projected and actual earnings on pension plan investments were $1,105,846,000, differences due to change in assumptions between years amounted to $646,941,000, and the difference between expected and actual experience amounted to $136,962,000. These were reported as deferred outflows of resources as of June 30, 2023. Deferred inflows of resources resulting from net differences due to changes in proportionate share of $478,396,000, and the recognition of the difference between expected and actual experience amounted to $194,721,000. For the year ended June 30, 2023, CSU recognized pension expense of $836,073,000 which was reported as benefits expense. See Appendix C — "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2023" at Note (2)(t) and Note (12).

Postretirement Healthcare Plan and Social Security

The State provides retiree healthcare benefits to statewide employees, including the CSU employees, through the programs administered by CalPERS. The State's substantive plan represents an agent multiple-employer defined-benefit other postemployment benefits ("OPEB") Plan.

The State funds the employer-paid cost share of post-retirement healthcare benefits and CSU pays the cost of dental benefits for eligible CSU retirees. The cost of providing health and dental insurance to retirees are funded primarily on a "pay-as-you-go" basis. CSU reimburses the State for the portion of the postretirement healthcare benefits attributable to billable accounts as the CSU has non-State revenue sources.

CSU has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The GASB 75 changes in accounting policy are designed to improve transparency by requiring recognition of the net OPEB liability, deferred inflows of resources, deferred outflows of resources, and report costs associated with OPEB as they are earned by employees instead of based on cash funding. Prior to this adoption, the costs associated with OPEB were equal to the actuarially determined annual required contribution and recognized accrual of unfunded required contribution.

CSU's total OPEB liability amounted to $13,342,974,000 as of June 30, 2023. The discount rate used to estimate the net OPEB liability was 3.69%, which is based on Fidelity Index's 20-Year Municipal GO AA Index since the CSU has no OPEB plan assets sufficient to make benefit payments. The OPEB contribution amounted to $461,842,000 for the fiscal year ended June 30, 2023, which includes $426,423,000 contribution from the State on behalf of CSU as authorized by California Government Code Section 22871. The deferred outflows of resources resulting from the change in assumptions amounted to $1,000,090,000, and the difference between expected and actual experience (non-investment) amounted to $909,005,000. The deferred inflows of resources resulting from the change in assumptions amounted to $3,638,842,000 and the difference between expected and actual experience (non-investment) amounted to $1,430,728,000. See Appendix C – "AUDITED FINANCIAL STATEMENTS OF THE CALIFORNIA STATE UNIVERSITY AS OF JUNE 30, 2023" at Note (2)(s) and Note (13).

Social security ("OASDI and Medicare") benefits are funded from employer and employee contributions. The rates for these benefits are established by federal regulations and are currently equally shared by the employer and employees. CSU contributed $277,442,000 for OASDI and Medicare for the fiscal year ended June 30, 2023. Social security expenditures increased slightly due to CSU's salary growth in fiscal year ended June 30, 2023 and the social security cap on maximum earnings subject to the social security tax increased from $147,000 in 2022 to $160,200 in 2023.

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APPENDIX B

INFORMATION REGARDING THE CAMPUSES OF THE CALIFORNIA STATE UNIVERSITY

California State University, Bakersfield

California State University, Bakersfield was founded in 1965 and in September 1970 became the nineteenth campus of the California State University system. The campus consists of four academic schools: Arts and Humanities; Business and Public Administration; Natural Sciences, Mathematics and Engineering; Social Sciences and Education. Professional and Continuing Education ("PaCE") is offered through the Extended Education program. The campus also runs the Antelope Valley offsite center in Lancaster.

California State University Channel Islands

California State University Channel Islands opened its doors in Fall 2002 as the 23rd and youngest campus of the CSU system. The campus consists of three schools: Arts and Sciences; Education; and the Martin V. Smith School of Business & Economics. PaCE is offered through the Extended University which serves international students, veterans, working professionals, and senior citizens.

California State University, Chico

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

California State University, Dominguez Hills

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

California State University, East Bay

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

California State University, Fresno

Founded as Fresno State Normal School in 1911, California State University, Fresno is located in the heart of the State, which makes it convenient to all major points in California. The campus consists of six colleges—Arts and Humanities; Health and Human Services; Science and Mathematics; Social Sciences; the Jordan College of Agricultural Sciences and Technology; and the Lyles College of Engineering—and two schools—the Craig School of Business; and the Kremen School of Education and Human Development. PaCE is offered through the division of Continuing and Global Education.

California State University, Fullerton

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

California State Polytechnic University, Humboldt

California State Polytechnic University, Humboldt, the northernmost campus of the California State University system, was established in 1913 as a normal school and became Humboldt State Teacher's College and Junior College in 1921. In 1935, the campus name was changed to Humboldt State College, and in 1974, it became Humboldt State University. In January 2022, the Board formally changed the name to California State Polytechnic University, Humboldt; the designation is part of a comprehensive strategy to address the workforce shortage in science, technology, engineering and mathematics (STEM) fields, expand opportunities for students while addressing equity gaps and revitalize the North Coast economy. The campus is comprised of three academic colleges: Arts, Humanities, and Social Sciences; Natural Resources and Sciences; and Professional Studies. PaCE is offered through the College of Extended Education and Global Engagement.

California State University, Long Beach

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

California State University, Los Angeles

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

California State University Maritime Academy

Established by the State legislature in 1929 as the California Nautical School, the California State University Maritime Academy became an independent state institution of higher education in 1972. While continuing its role in the preparation of students for the maritime industry, it joined CSU as a campus in 1995. Maritime is currently organized into three schools: the School of Engineering, School of Letters and Sciences, and School of Maritime Transportation, Logistics and Management. PaCE is offered through Cal Maritime Extension.

California State University, Monterey Bay

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

California State University, Northridge

Created in 1956 as the San Fernando Valley Campus of Los Angeles State College of Applied Arts and Sciences, the campus separated from its parent institution on July 1, 1958, as San Fernando Valley State College. By action of the State Legislature, the Governor and the Board, the campus became California State University, Northridge, in 1972. It is composed of eight academic colleges: Engineering and Computer Science; Health and Human Development; Humanities; Science and Mathematics; Social and Behavioral Sciences; Mike Curb College of Arts, Media and Communication; David Nazarian College of Business and Economics; and Michael D. Eisner College of Education. PaCE is offered through the Tseng College for Graduate, International and Midcareer Education.

California State Polytechnic University, Pomona

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

California State University, Sacramento

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

California State University, San Bernardino

In 1960, the State Legislature authorized the establishment of the State College for San Bernardino and Riverside counties. The San Bernardino campus opened in 1965. In 1984 the campus earned university status, and became California State University, San Bernardino. The campus is composed of five academic colleges: Arts and Letters; James R. Watson and Judy Rodriguez Watson College of Education; Natural Sciences; Social and Behavioral Sciences; and The Jack H. Brown College of Business and Public Administration. PaCE is offered through the College of Extended and Global Education. The campus also runs the Palm Desert Campus which opened in 1986 as Coachella Valley Center.

San Diego State University

Established in 1897 as a normal school, San Diego State University was temporarily quartered in downtown San Diego while its campus site was under construction north of Balboa Park. The normal school was reorganized as a four-year state teachers college in 1921 and moved to its present site ten years later. In 1935, the name was changed to San Diego State College. University status was achieved in 1972, and the campus was renamed San Diego State University in 1974. The campus is composed of eight academic colleges: Arts and Letters; Education; Engineering; Graduate Studies; Health and Human Services; Professional Studies and Fine Arts; Sciences; and the Fowler College of Business. PaCE is offered through the San Diego State University Global Campus. The campus also runs two offsite centers, Calexico and Brawley, which make up San Diego State University Imperial Valley.

San Francisco State University

Founded in 1899 as San Francisco State Normal School and renamed San Francisco State Teachers College in 1921, the campus was granted full university status in 1972, and the name San Francisco State University was formally adopted in 1974. The campus has six academic colleges: Lam Family College of Business; Graduate College of Education; Ethnic Studies; Health and Social Sciences; Liberal and Creative Arts; and Science and Engineering. PaCE is offered through the College of Professional and Global Education. The campus also runs an offsite center in downtown San Francisco.

San José State University

Founded in 1857, San José State is the oldest public institution of higher education on the West Coast. San José State began as Minns' Evening Normal School in San Francisco in 1857 and became a state school — the California Normal School — by an act of the State Legislature in 1862. After several changes to the name, the institution was formally named the San José State University by legislation in 1974. The campus is comprised of eight colleges: Health and Human Sciences; Humanities and the Arts; Science; Social Sciences; Lucas College and Graduate School of Business; Connie L. Lurie College of Education; Graduate Studies; and the Charles W. Davidson College of Engineering. PaCE is offered through the College of Professional and Global Education.

California Polytechnic State University, San Luis Obispo

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

California State University San Marcos

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

Sonoma State University

Sonoma State University, established by the State Legislature in 1960, first opened in 1961 in temporary facilities located in Rohnert Park and moved to its permanent campus site in 1966. The campus is organized into three colleges: Education, Counseling and Ethnic Studies; Humanities, Social Sciences, and the Arts; and Science, Technology, and Business. PaCE is offered through the School of Extended & International Education.

California State University, Stanislaus

California State University, Stanislaus was established by the State Legislature in 1957 and first offered classes in September of 1960 in temporary quarters at the Stanislaus County Fairgrounds in Turlock. The campus moved to its permanent site in Turlock in 1965. The campus is organized into four colleges: Arts, Humanities and Social Sciences; Business Administration; Education, Kinesiology and Social Work; and Science. PaCE is offered through the Continuing and Professional Education program. The campus also runs the Stockton offsite center in San Joaquin County.

APPENDIX C

AUDITED FINANCIAL STATEMENTS

OF THE CALIFORNIA STATE UNIVERSITY

AS OF JUNE 30, 2023

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The California State University

FINANCIAL STATEMENTS
2022-2023


SAN FRANCISCO STATE UNIVERSITY


CALIFORNIA STATE UNIVERSITY, CHICO


SONOMA STATE UNIVERSITY


CALIFORNIA STATE UNIVERSITY, STANISLAUS


CALIFORNIA STATE UNIVERSITY, BAKERSFIELD


CALIFORNIA STATE UNIVERSITY, EAST BAY


CALIFORNIA STATE UNIVERSITY, NORTHRIDGE


CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA


CALIFORNIA STATE UNIVERSITY, LONG BEACH


CALIFORNIA STATE UNIVERSITY SAN MARCOS

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LETTER FROM THE EXECUTIVE VICE CHANCELLOR, CHIEF FINANCIAL OFFICER

When the California State University announced the appointment of Dr. Mildred García as its 11th chancellor, Governor Gavin Newsom called the appointment “a boon for California’s future” that would help ensure that the CSU remains “the nation’s strongest incubator of upward mobility – the nucleus of the California Dream.”

A first-generation student who has lived the challenges experienced by so many of the CSU’s students, Chancellor García’s life was transformed through the power of higher education. She has dedicated her career to bringing that same transformative power to future generations of students, elevating lives, families and communities while driving social and economic prosperity. No university system does this better than, or at the scale of, the CSU.

The CSU is the nation’s largest, most ethnically and economically diverse, and most consequential four-year public university – as well as its greatest escalator to opportunity. Nowhere is this more evident than in CollegeNET’s 2023 Social Mobility Index (SMI), where the CSU dominates the rankings. In fact, Cal State universities claimed the top spot, five of the top 10 positions and 12 of the top 25. The SMI is the leading measure of approximately 1,500 universities’ impact in providing opportunities for students from all backgrounds and walks of life to graduate into well-paying jobs.

The financial benefit of a Cal State degree is clear. According to Georgetown’s Center on Education and the Workforce, a college degree has an average lifetime value of $2.8 million dollars.

But beyond economic gain, a CSU degree provides often overlooked societal benefits. College graduates are more engaged with their communities. Degree holders volunteer more; vote more; are more likely to assume leadership roles in educational, religious or community organizations; donate more to charity; pay more in taxes; and rely significantly less on public services.

Indeed, a CSU education is a public good every bit as much as it is a private one. And it is a great value, with one of the most affordable tuition rates in the country. Sixty percent of the CSU’s students have the full cost of tuition covered by grants and financial aid, and more than half graduate with zero debt.

California’s educated workforce drives what is projected to soon become the world’s fourth-largest economy, and it is the business community’s greatest competitive advantage. The CSU fuels that workforce at an unmatched scale and with a vibrant and dynamic diversity. For example, almost 7,000 of Apple’s global employees are CSU graduates; 6,500 work at Disney; more than 6,000 work at Northrop Grumman; and Oracle, Intel and Cisco each employ more than 2,500 CSU graduates. The university system confers approximately 130,000 degrees annually and produces about half of California’s bachelor’s degrees. In fact, one out of every 10 California employees is a Cal State graduate.

Every Cal State campus partners with its local business community to help address regional challenges and economic needs. On a broader scale, Cal State universities collaborate with one another and with businesses, non-profits and governmental organizations in specialized institutes and affinity groups to develop solutions to some of the state’s most pressing challenges. This includes the areas of wildfire control, water resource management, sustainable agriculture, biotechnology, STEM education, marine and coastal resource management, palliative care, and the social sciences, to name a few.

While Chancellor García’s inspired, visionary and compassionate leadership ushers in an exciting new era for the California State University, the university system’s student-focused mission remains unchanged: to transform lives and families, to uplift communities and to drive the state toward its brightest future.

For California,

Steve Relyea
Executive Vice Chancellor, CFO
The California State University

INDEPENDENT AUDITORS' REPORT

KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

Independent Auditors' Report

The Board of Trustees
California State University:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the California State University (the University), an agency of the State of California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Except for the financial statements of the California State University Institute and the California State University Risk Management Authority, we did not audit the financial statements of the other discretely presented component units listed in note 2 to the financial statements, which represent 95.58% and 92.77%, respectively, of the assets and revenues of the aggregate discretely presented component units as of June 30, 2023 and for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the University are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities, each major fund, and the aggregate discretely presented component units of the State of California that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of California, as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedule of University's proportionate share of the net pension liability and related ratios, schedule of employer contributions related to pension, schedule of University's total other postemployment benefits liability and related ratios, and schedule of employer contributions related to other postemployment benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying supplementary information included in Schedule 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information included in Schedules 6 and 7 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or any form of assurance thereon.

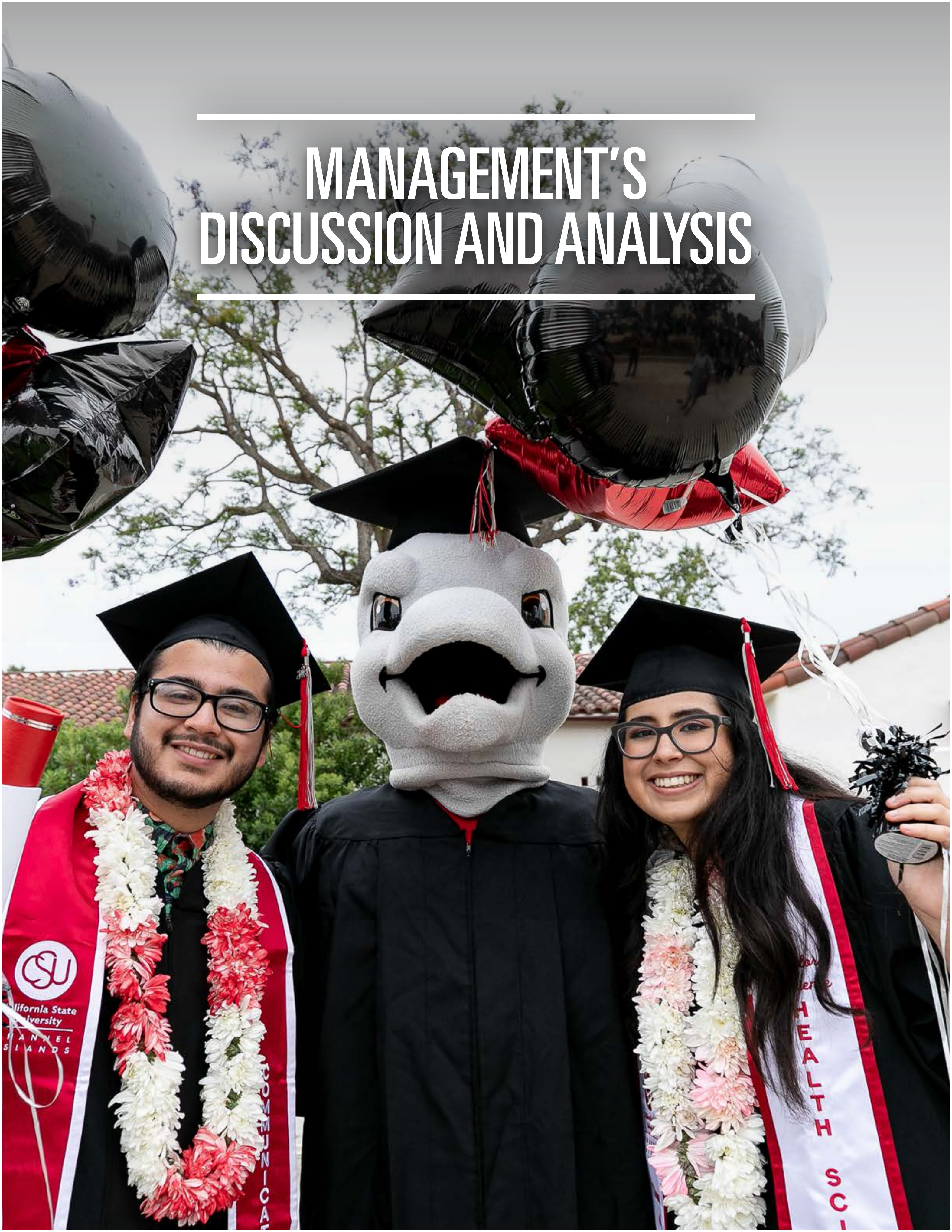
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
March 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS



The discussion and analysis below provide an overview of the financial position and performance of the California State University, including 23 campuses and the Office of the Chancellor (collectively referred to as the University), and 93 discretely presented component units as of and for the year ended June 30, 2023. The discussion has been prepared by management and should be read in conjunction with the audited financial statements and accompanying notes that follow this section. Separate financial statements for each of the discretely presented component units may be obtained from the individual campuses.

The California State University

The University promotes student success through high-quality education that prepares students to become leaders in the changing workforce, making the University a vital economic engine for California.

The University was established under the State of California Education Code as a public university to offer undergraduate and graduate instruction for professional and occupational goals in the liberal arts and sciences. As an agency of the State of California (the State), the University is also included in the State's financial statements. Responsibility for the University is vested in the Trustees of California State University (the Trustees) who, in turn, appoint the chancellor, who is the chief executive officer of the University, and the University presidents, who are the chief executive officers of the respective campuses.

The discretely presented component units of the University consist primarily of recognized auxiliary organizations. These not-for-profit organizations are separate legal entities created in support of the University to perform essential functions classified into the following categories:

- Student self-governance
- Student body center, union, and recreation center
- Externally supported research and sponsored programs
- Commercial services such as bookstores, food services, housing, or real estate development
- Philanthropic activities

Impact of COVID-19 Global Pandemic

In March 2020, the World Health Organization declared the outbreak of Coronavirus Disease (COVID-19) to be a global pandemic significantly impacting University's operations. The University faced increased costs associated with the pandemic and shift to virtual instruction. In addition, self-funded enterprise programs such as student housing, parking, dining services, and professional and continuing education suffered financially. While the University continues its efforts to respond to and mitigate the spread of COVID-19, the University resumed pre-pandemic operations in 2022.

The University received $3.10 billion funding through the Higher Education Emergency Relief Fund (HEERF) authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act (2020); the Coronavirus Response and Relief Supplemental Appropriations Act (2021); and the American Rescue Plan (2021). The financial support received from federal sources allowed the University to offer emergency grants to students experiencing financial hardships due to COVID-19. A portion of the funds were also available to cover costs incurred by the University associated with significant changes to the delivery of instruction following the global pandemic.

Further, certain component units received federal Payroll Protection Program (PPP) loans administered by the U.S. Small Business Administration (SBA).

Financial Statements

The financial statements of the University as of and for the year ended June 30, 2023 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the University is considered a special-purpose government engaged in business-type activities.

This discussion and analysis is intended to serve as an introduction to the University's basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The financial statements are designed to provide readers with information on the financial position of the University and the financial activity and results of its operations during the year. The University's discretely presented component units are presented in a separate column to enable the reader to distinguish between the University and these separate but related not-for-profit organizations.

The University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the fiscal year ended June 30, 2023. This changed the accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITA). This Statement applies to contracts that convey the right to use another party's information technology software as specified in the contract in an exchange or exchange-like transaction for a term exceeding 12 months. A right-to-use (ROU) subscription asset and a corresponding subscription liability should be recognized at the commencement of the subscription term which is when the subscription asset is placed into service. As a result of the implementation, the University applied the standard retroactively for the year ended June 30, 2022 for SBITA. See note 2 Summary of Significant Accounting Policies for more information regarding the restatement. The amounts reported for 2022 in the MD&A were not adjusted for the restatement.

Following the State's adoption of GASB Statement No. 84 *Fiduciary Activities,* the State's payroll revolving fund was reclassified as a non-fiduciary activity because it is derived solely from a government's own-source revenues. Due to this implementation, the State adopted an allocation methodology and required the University to record a portion of the payroll revolving fund originating from the University. This resulted in an increase in the beginning balance of cash and cash equivalents by $333.14 million, increase in accounts receivable, net by $2.49 million, and increase in accrued salaries and benefits by $335.62 million. There was no impact to net position. The amounts reported for 2022 in the MD&A were not adjusted as a result of this implementation.

Statement of Net Position

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

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

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position is the University's income statement. Revenues earned and expenses incurred during the fiscal year on an accrual basis are classified as either operating or nonoperating. This distinction results in operating deficits, as the GASB Statement No. 35 reporting model requires classification of state appropriations, a significant revenue stream to fund current operations, as nonoperating revenue.

Statement of Cash Flows

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

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

The Statement of Cash Flows provides additional information about the financial health of the University. The statement assesses the University's ability to generate future cash flows, the ability to meet obligations as they come due, and the need for external financing. The Statement of Cash Flows for the discretely presented component units is not included in the University's financial statements.

Financial Position

The Statement of Net Position presents the financial position of the University and its discretely presented component units. The major components of the Statement of Net Position include assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. A condensed comparative Statement of Net Position are as follows as of June 30:

	University		Discretely presented component units	
	2023	2022	2023	2022
	(In thousands)			
Assets				
Current assets	$ 6,083,603	5,146,226	2,093,429	1,809,586
Capital assets, net	12,046,134	11,743,837	1,041,436	993,911
Other noncurrent assets	3,959,149	3,666,155	3,724,903	3,568,376
Total assets	22,088,886	20,556,218	6,859,768	6,371,873
Deferred outflows of resources	5,480,742	3,312,096	76,691	46,499
Liabilities				
Current liabilities	2,278,404	1,705,836	617,330	504,021
Noncurrent liabilities	31,618,768	31,010,137	1,168,940	1,119,432
Total liabilities	33,897,172	32,715,973	1,786,270	1,623,453
Deferred inflows of resources	5,962,940	5,115,906	458,730	468,733
Net position				
Net investment in capital assets	3,572,960	3,538,920	396,572	402,479
Restricted				
Nonexpendable	1,595	1,641	1,830,118	1,731,240
Expendable	131,415	146,928	1,457,874	1,303,722
Unrestricted	(15,996,454)	(17,651,054)	1,006,895	888,745
Total net position	$ (12,290,484)	(13,963,565)	4,691,459	4,326,186

Current assets include those that may be used to support current operations, and consist primarily of cash and cash equivalents, short-term investments, and accounts receivable. Other noncurrent assets are primarily composed of lease receivable, notes receivable, and other long-term investments.

Current liabilities generally are due and payable within one year and include accounts payable, accrued salaries and benefits, unearned revenues, and current portion of lease liabilities, SBITA liabilities, and long-term debt obligations. Noncurrent liabilities are primarily composed of the net pension liability, other postemployment benefits (OPEB) liability, and noncurrent portion of lease liabilities, SBITA liabilities, and long-term debt obligations.

Deferred outflows of resources are consumption of assets that are applicable to a future reporting period, which has a positive effect on the net position. Deferred outflows of resources consist of transactions related to pension, OPEB, and loss on debt refunding.

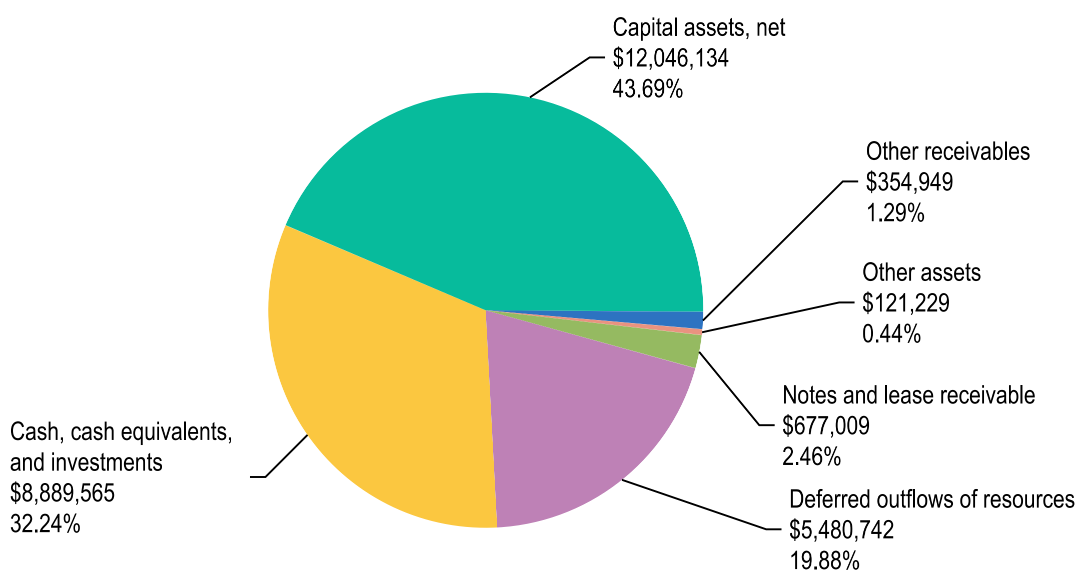
Deferred inflows of resources are acquisition of net assets that are applicable to a future reporting period, which has a decreasing effect on the net position. Deferred inflows of resources consist of transactions related to pension, OPEB, leases, gain on debt refunding, and nonexchange transactions.

The University's Financial Position

Assets and Deferred Outflows of Resources

Total assets increased to $22.09 billion in 2023 from $20.56 billion in 2022 . Deferred outflows of resources increased to $5.48 billion in 2023 from $3.31 billion in 2022.

University's Assets and Deferred Outflows of Resources for 2023
(In thousands)



Capital Assets, Net

The University's capital assets, net of accumulated depreciation and amortization, represent the largest portion of total assets. The University's net capital assets are as follows as of June 30:

		2023	2022
		(In thousands)	
Land and land improvements	$	420,158	403,563
Buildings and building improvements		8,546,666	7,745,208
Improvements other than buildings		267,775	195,634
Infrastructure		847,404	721,235
Equipment		229,264	205,797
Library books and materials		32,412	32,607
Works of art and historical treasures		59,085	58,119
Intangible assets		88,473	115,611
Construction work in progress		1,158,003	1,955,854
ROU assets		396,894	310,209
Total capital assets, net	$	12,046,134	11,743,837

The University continues to expand its campuses and renovate existing facilities to meet the needs of students, faculty, and staff. The capital spending includes constructing and renovating academic buildings, student union and recreation centers, and housing facilities. Major projects in 2023 included the Fresno Central Utility Plant replacement, Humboldt Craftsman Mall Student Housing, Northridge Sierra Annex Academic building, San Diego Mission Valley, San Francisco West Campus Green Housing/Health Center, San Francisco Science building replacement, and San Jose Interdisciplinary Science building.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents of $372.83 million in 2023 mainly consist of demand deposits held at the State Treasury, commercial banks, and petty cash.

The University invests its funds mainly in the Liquidity Portfolio (LP), the Intermediate Duration Portfolio (IDP), and the Total Return Portfolio (TRP), collectively referred herein as CSU Consolidated Investment Pool. The purpose of the Liquidity Portfolio is to provide sufficient and immediate liquidity to meet the operating needs of the University. The purpose of the IDP is to provide opportunity for modest, additional risk adjusted returns on University funds not needed for immediate liquidity. The investment objective for TRP is to achieve prudent return within a moderate risk level. In addition, funds are invested in Surplus Money Investment Fund (SMIF), which is managed and invested by the State Treasurer in a short-term pool. The proceeds from the sale of Systemwide Revenue Bonds (SRB) are held by the State and invested in SMIF, as required by state law.

The investment balances are as follows as of June 30:

	2023	Percentage of total	2022	Percentage of total
	(In thousands)	%	(In thousands)	%
Liquidity portfolio (LP)	$ 3,786,050	44.46	$ 3,487,319	45.78
Intermediate duration portfolio (IDP)	1,247,580	14.65	1,251,320	16.43
Total return portfolio (TRP)	2,398,324	28.16	1,374,368	18.04
Surplus money investment fund (SMIF)	1,084,782	12.73	1,505,112	19.75
Total investments	$ 8,516,736	100.00	$ 7,618,119	100.00

Investments increased by $898.62 million due to increased investments from operating funds, Learning-Aligned Employment Program, a multi-year program ending in 2031 that received full funding in 2023, and investment gains/earnings. This is offset by capital project spending and debt service payments.

Notes and Lease Receivable

The University utilizes discretely presented component units to support a broad range of functions. In certain cases, the discretely presented component units are involved in the financing of campus facilities as well as off-campus facilities serving the needs of the campus. These facilities are mostly financed from the SRB program using either lease or loan arrangements.

Before a change in state law in 2008, ground lease agreements between campuses and discretely presented component units facilitated the debt financing. The outstanding lease receivable from discretely presented component unit financed from the SRB program decreased to $166.07 million in 2023 from $179.26 million in 2022. All other lease receivable have increased to $56.61 million in 2023 from $55.15 million in 2022.

Subsequent to the state law change in 2008, loan arrangements are exclusively used when discretely presented component units finance facilities from the SRB program. Under the terms of the loan agreement, in return for the loan from the University, the component unit agrees to acquire, construct and/or maintain the facility and repay the loan to the University. The outstanding loan balance is carried by the University as notes receivable. Notes receivable from discretely presented component units increased to $451.85 million in 2023 from $431.15 million in 2022. This is due to $38.07 million new loan agreements, reduced by collection of $15.03 million and $2.33 million in adjustments.

Notes receivable unrelated to the SRB program have decreased to $2.48 million in 2023 from $10.31 million in 2022.

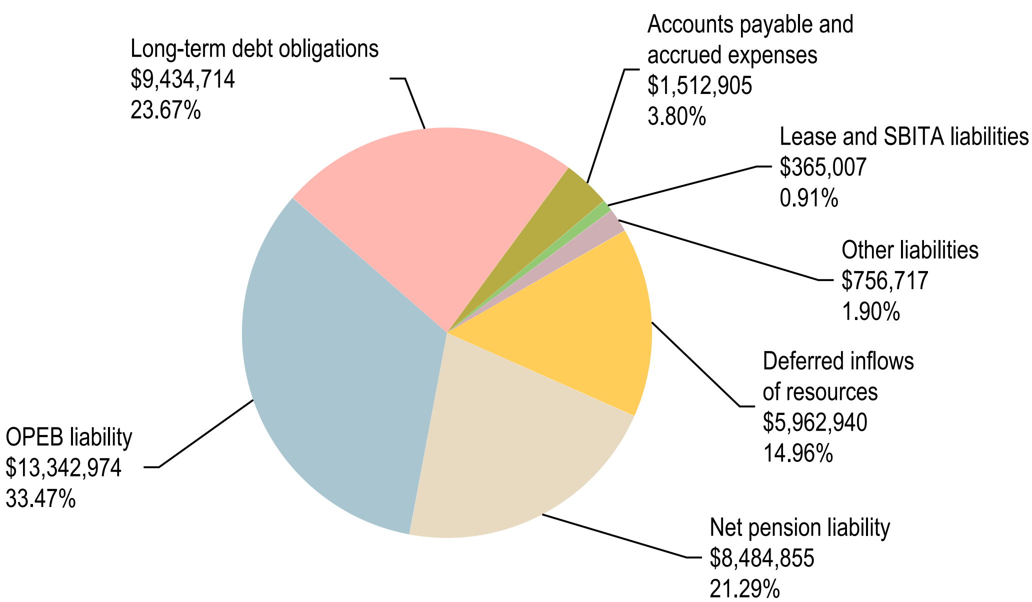
Deferred Outflows of Resources

Deferred outflows of resources increased by $2.17 billion in 2023. The deferred outflows related to OPEB increased $1.05 billion due to changes in the demographic experience resulting from more members retiring, retiring earlier, and living longer than assumed, unfavorable healthcare claims experience and plan design changes where member claim costs were slightly higher than assumed. In addition, the deferred outflows of resources related to pension increased by $1.25 billion due to the difference between projected and actual earnings on pension plan investments, and changes in assumptions of $842.42 million. The University's OPEB and pension contributions made subsequent to measurement date increased by $230.19 million. These are offset by the decrease in the University's proportionate share in the State's pension plan by $244.19 million and the change in proportionate share of the beginning balance related to pension by $40.26 million. The amortization expense also decreased the deferred outflows of resources during the year by $920.58 million.

Liabilities and Deferred Inflows of Resources

Total liabilities increased to $33.90 billion in 2023 from $32.72 billion in 2022. Deferred inflows of resources increased to $5.96 billion in 2023 from $5.12 billion in 2022.

University's Liabilities and Deferred Inflows of Resources for 2023
(In thousands)



OPEB Liability

The State has a Retiree Health Benefits Program with California Public Employees' Retirement System (*CalPERS*) as an agent multiple-employer defined-benefit plan and CalPERS functions as the investment and administrative agent for its members. The University, as a state agency, participates in the State’s Retiree Health Benefits Program. The OPEB benefits are funded on a pay-as-you-go basis as eligible participants retire and receive those benefits.

OPEB liability decreased to $13.34 billion in 2023 from $15.43 billion in 2022. The decrease in OPEB liability is mainly due to the higher discount rate at 3.69% compared to 1.92% from previous measurement date. Employer pay-as-you-go contributions also reduced the OPEB liability. This is offset by change in the demographic experience, plan design changes, service cost, interest, and changes in other actuarial assumptions.

Long-Term Debt Obligations

The University's capital assets are financed using the State's capital appropriations, SRB, and reserves. Bond anticipation notes (BAN) provide short-term financing for capital assets during the construction period. The University's total long-term debt obligations decreased by $215.54 million in 2023. The University's long-term debt obligations are summarized as follows as of June 30:

		2023	2022
		(In thousands)	
Systemwide revenue bonds (SRB)	$	8,556,625	8,760,030
Bond anticipation notes (BAN)		151,711	115,370
State public works board (SPWB) lease revenue bond		96,805	96,805
Other long-term debt obligations		79,121	96,637
		8,884,262	9,068,842
Unamortized net bond premium		550,452	581,410
Total long-term debt obligations		9,434,714	9,650,252
Less current portion		(259,325)	(232,066)
Total long-term debt obligations, net of current portion	$	9,175,389	9,418,186

- *Systemwide Revenue Bonds (SRB)*

  The University's SRB program issues revenue bonds to finance housing, parking, health centers, student body centers, continuing education facilities, and other special projects related to the educational mission of the University. The following revenues have been pledged as a security for outstanding SRB: student tuition fees, student housing fees, student body center fees, parking fees, health center facility fees, and fees from the professional and continuing education program, as well as payments from various auxiliary organizations and special purpose government entities.

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

  The long-term debt obligations related to SRB decreased by $203.41 million due to payments of outstanding debt.

- *Bond Anticipation Notes (BAN)*

  BANs are used as short-term financing to acquire and construct capital assets. The BAN payable increased by \$36.34 million from prior year's balance of \$115.37 million, due to issuance of additional BANs amounting to \$52.69 million, offset by redemption of \$16.35 million.

- *State Public Works Board (SPWB) Lease Revenue Bonds*

  The long-term debt obligation related to SPWB lease revenue bond program as of June 30, 2023 is \$96.81 million. The University has participated in the SPWB program since 1986 in connection with the construction of campus facilities and related equipment. As part of the annual budget process, the State of California augments the University's operating budget to provide additional funds for the required debt service.

- *General Obligation (GO) Bonds*

  The State's GO Bond program has provided capital funding for various projects of the University. The debt related to these projects is not allocated to the University by the State and is not recorded in the University's financial statements. The total GO Bonds carried by the State related to University projects decreased to \$1.72 billion in 2023 from \$1.82 billion in 2022 . As a result of the enactment of Education Code Section 89770, the University's share continues to decrease as bonds are paid by the State with no new debt issued for capital facilities.

Net Pension Liability

The State's pension plans with CalPERS are agent multiple-employer defined-benefit pension plans and CalPERS functions as the investment and administrative agent for its members. The University, as a state agency, participates in the State's pension plans. The plans act as cost-sharing, multiple-employer defined-benefit pension plans for the University. The University's share in the net pension liability, which is actuarially determined, is based on its proportionate share in the total pensionable compensation of all the participating state agencies for the measurement period.

The net pension liability increased to \$8.48 billion in 2023 from \$5.62 billion in 2022. The increase is mainly due to \$1.91 billion of additional pension liability which included the impact of service costs, interest, and administrative expenses, \$1.76 billion increase due to the difference in actual earnings on pension plan investments compared to projected earnings, and \$842.42 million due to change in assumptions. The increase is offset by the combined retirement contributions of the University and its employees of \$1.39 billion, and \$253.52 million due to difference between expected and actual experience.

Deferred Inflows of Resources

Deferred inflows of resources increased by \$847.03 million to \$5.96 billion in 2023 from \$5.12 billion in 2022 due to \$3.78 billion increase related to changes in actuarial assumptions (i.e., discount rate changes to 3.69% from 1.92%, healthcare trends, participation rates, and plan election assumptions) used in determining OPEB liability. In addition, the deferred inflows related to pension increased by \$854.37 million mainly due to changes in the proportionate share in pensionable compensation and differences between expected and actual experience. Leases increased deferred inflows of resources by \$1.88 million. These were offset by the \$1.41 billion amortization during the year, decrease of

$2.11 billion due to the net difference between projected and actual earnings on pension plan investments, and a decrease of $263.84 million for the proportionate share change of the beginning balance related to pension.

Net Position

Net position may serve over time as a useful indicator of the University's financial position. Net position represents the residual interest in the University's assets and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted.

Net position by category are as follows as of June 30:

		2023	2022
		(In thousands)	
Net investment in capital assets	$	3,572,960	3,538,920
Restricted			
Nonexpendable		1,595	1,641
Expendable		131,415	146,928
Unrestricted		(15,996,454)	(17,651,054)
Total net position	$	(12,290,484)	(13,963,565)

- *Net Investment in Capital Assets*

  The net position category "Net investment in capital assets" represents the University's capital assets, net of accumulated depreciation and amortization, and also net of outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources. The net investment in capital assets increased to $3.57 billion in 2023 from $3.54 billion in 2022.

- *Restricted*

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

  i. Restricted Nonexpendable

     The restricted nonexpendable net position is made up of the permanent endowment funds, the corpus of which may not be expendable. The University's foundations, which are discretely presented component units, hold the significant majority of the University-related endowments.

ii. Restricted Expendable

Restricted expendable net position represents resources that are subject to external restrictions on how they may be used. Such restrictions are primarily related to scholarships and fellowships, research, loans, capital projects, and debt service funds. The restricted expendable net position decreased mainly due to debt service payments.

- *Unrestricted*

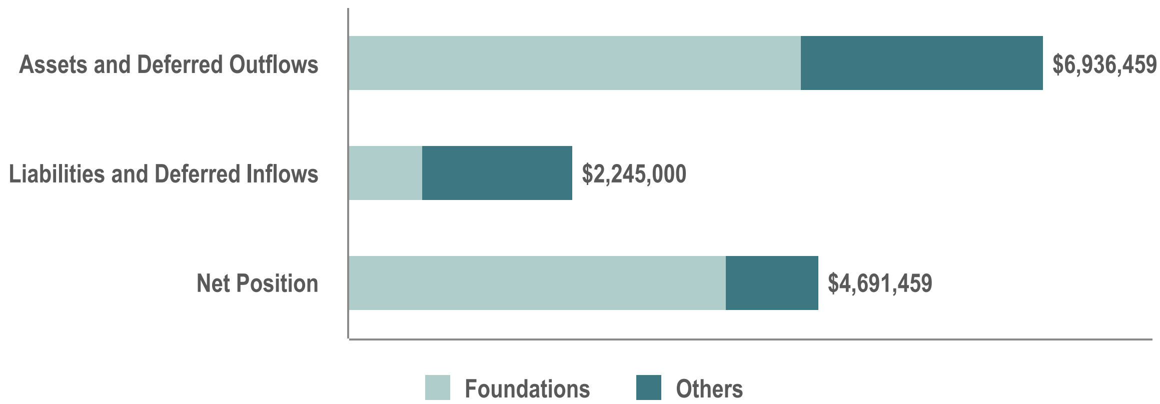
The unrestricted net position represents all other net resources available to the University for general and educational obligations. Under U.S. generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Although unrestricted net position is not subject to externally imposed restrictions per accounting definitions, the predominant portions of the unrestricted net position are designated by statute for specific programs or projects related to certain revenue sources. The University, an agency of the State of California, considers statutory restrictions as internally imposed restrictions rather than externally imposed restrictions.

These resources are derived from fee collections and other activities that are designated for very specific purposes and are not to be repurposed and spent on other activities. For example, students pay fees, including housing, parking, and campus activities fees, all of which are to be used for specific designated purposes as described in the State of California Education Code. The University also has certain designated resources that represent amounts pledged to support the SRB program.

On June 30, 2023, unrestricted net position reflects a deficit of $16.00 billion due primarily to the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* during 2015, and the implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in 2018. These Statements require the University to record its share of the State's actuarially determined liabilities for pension and OPEB. Unrestricted net position increased $1.65 billion in 2023. Operating losses associated with unrestricted activities and interest expense on capital-asset-related debt were offset by unrestricted investment income, state appropriations, and state financial aid grants. Despite the deficit, the University's current ratio, which measures its ability to pay-off short-term obligations, remains positive for both years at an average of 2.84.

Discretely Presented Component Units' Financial Position

Discretely Presented Component Units' Financial Position By DPCU Type for 2023
(In thousands)



Assets and Deferred Outflows

Discretely presented component units managed $6.86 billion and $6.37 billion of assets, representing 23.70% and 23.66% of the University's combined total assets in 2023 and 2022, respectively. Foundations, that administer a variety of activities primarily consisting of sponsored programs and philanthropic gifts, managed $4.48 billion or 65.35% of the total assets of all discretely presented component units in 2023.

The increase in assets of the discretely presented component units is primarily due to favorable market conditions increasing the market value of investments, increase in notes receivable for capital projects, and increase in capital assets, net and lease receivable resulting from implementation of new accounting standards.

Discretely presented component units' deferred outflows of resources increased to $76.69 million in 2023 from $46.50 million in 2022. Deferred outflows of resources related to pension and OPEB increased in 2023.

Liabilities and Deferred Inflows

Discretely presented component units have $1.79 billion and $1.62 billion of liabilities, representing 5.01% and 4.73% of the University's combined total liabilities in 2023 and 2022, respectively. The liabilities from commercial papers issued by CSU Institute, unearned revenues, and net pension liability increased in 2023.

Discretely presented component units' deferred inflows of resources is $458.73 million and $468.73 million in 2023 and 2022, respectively. Deferred inflows of resources related to pension, leases, and OPEB decreased in 2023.

Net Position

Discretely presented component units' net position is $4.69 billion and $4.33 billion in 2023 and 2022, respectively.

The restricted net position, expendable and nonexpendable, of the discretely presented component units was $3.29 billion and $3.03 billion, representing 96.11% and 95.33% of the University's total combined restricted net position in 2023 and 2022, respectively.

The combined University and discretely presented component units' net position reflects a deficit of $7.60 billion in 2023 compared to $9.64 billion deficit in 2022.

Results of Operations

The Statement of Revenues, Expenses and Changes in Net Position represents the University's and its discretely presented component units' result of operations. Major components are operating revenues, operating expenses, and nonoperating revenues (expenses). A condensed comparative presentation of the results of operations follows for the years ended June 30:

	University		Discretely presented component units	
	2023	2022	2023	2022
	(In thousands)			
Operating revenues				
Student tuition and fees, net	$ 2,319,592	2,331,726	—	—
Grants and contracts, noncapital	82,795	73,966	729,491	634,268
Sales and services of educational activities	60,459	38,580	62,446	36,911
Sales and services of auxiliary enterprises, net	752,878	627,545	421,215	354,116
Other operating revenues	306,937	258,134	676,546	583,977
Total operating revenues	3,522,661	3,329,951	1,889,698	1,609,272
Operating expenses	10,674,769	10,594,647	2,115,869	1,852,515
Operating loss	(7,152,108)	(7,264,696)	(226,171)	(243,243)
Nonoperating revenues (expenses)				
State appropriations, noncapital	6,223,371	5,596,488	—	—
Financial aid grants, noncapital	2,311,383	1,986,733	2,552	1,845
Grants and gifts, noncapital	335,461	1,760,041	229,689	316,119
Investment income (loss), net	298,874	(334,395)	94,685	(110,523)
Endowment income (loss), net	(15)	11	180,901	(231,458)
Interest expense	(321,904)	(319,381)	(20,229)	(21,736)
Other nonoperating revenues (expenses)	(93,790)	(51,624)	23,025	32,393
Net nonoperating revenues (expenses)	8,753,380	8,637,873	510,623	(13,360)
Income (loss) before other revenues (expenses)	1,601,272	1,373,177	284,452	(256,603)
State appropriations, capital	—	138	—	—
Grants and gifts, capital	71,809	132,011	43,192	42,238
Additions to permanent endowments	—	—	46,092	73,237
Change in net position	1,673,081	1,505,326	373,736	(141,128)
Net position – beginning of year, as restated	(13,963,565)	(15,468,891)	4,317,723	4,467,314
Net position – end of year	$ (12,290,484)	(13,963,565)	4,691,459	4,326,186

The beginning net position of the discretely presented component units of the University has been restated to reflect changes mainly due to correction of accounting errors and implementation of new accounting standards.

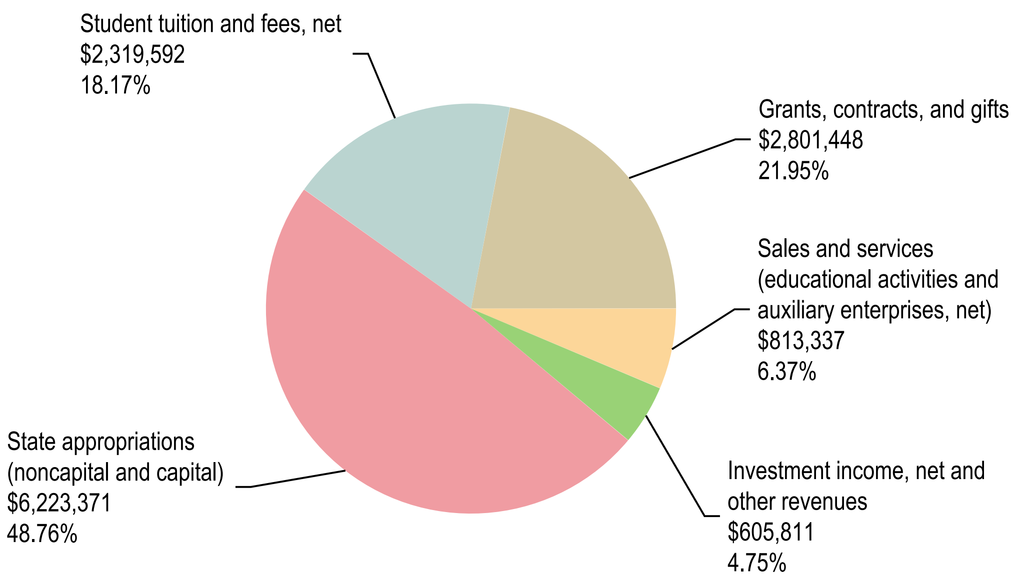
(Continued)

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

Revenues (Operating and Nonoperating)

The University's two major sources of revenues are state appropriations and student tuition and fees, net, which accounted for a combined 66.93% and 63.57% of total revenues in 2023 and 2022, respectively. State appropriations are received for both noncapital and capital purposes. Another major source of revenues are grants, contracts, and gifts which represent 21.95% of total revenues in 2023.

University's Revenues (Operating and Nonoperating) for 2023
(In thousands)



The University's total revenues consisted of the following:

	2023	Percentage of total	2022	Percentage of total
	(In thousands)	%	(In thousands)	%
State appropriations (noncapital and capital)	$ 6,223,371	48.76	$ 5,596,626	44.88
Student tuition and fees, net	2,319,592	18.17	2,331,726	18.70
Grants, contracts, and gifts	2,801,448	21.95	3,952,751	31.70
Sales and services (educational activities and auxiliary enterprises), net	813,337	6.37	666,125	5.34
Investment income (loss), net and other revenues	605,811	4.75	(76,250)	(0.62)
Total revenues (operating and nonoperating)	$ 12,763,559	100.00	$ 12,470,978	100.00

State Appropriations (Noncapital and Capital)

The University's state appropriations (noncapital and capital) consisted of the following:

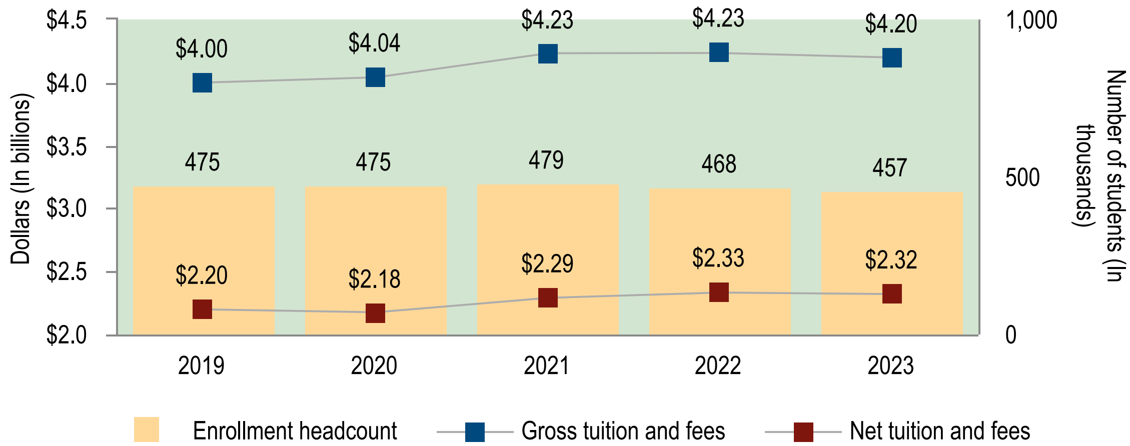
	2023	2022
	(In thousands)	
State appropriations, general fund	$ 5,765,422	5,207,394
State's contribution on behalf of the University for OPEB	457,949	389,094
Total state appropriations, noncapital	6,223,371	5,596,488
State appropriations, capital	—	138
Total state appropriations (noncapital and capital)	$ 6,223,371	5,596,626

State appropriations are shown as nonoperating revenues but are primarily used to fund the University's core operations. The State general fund appropriations increased by $558.03 million in 2023 to support operating costs.

Student Tuition and Fees, Net

The student tuition and fees (before scholarship allowances) amounted to $4.20 billion in 2023. The following chart displays the five-year trend between enrollment headcount and student tuition and fees:

Student Tuition Fees and Enrollment 5-Year Trend



The gross student tuition and fees revenue reflects an increasing trend from 2019 to 2021. The peak in 2021 is primarily due to the implementation of GASB Statement No. 84, *Fiduciary Activities*, when certain fee-based student programs are now presented as the University's student tuition and fees rather than depository transactions on behalf of discretely presented component units. Following this peak, the trend on student tuition and fees remained consistent from 2021 to 2023.

The University offers eligible students fee waivers and institutional grants that are applied toward student tuition and fees, in addition to federal agencies, state agencies, and nongovernmental student financial aid grants. Collectively, these are referred to as scholarship allowance, an offset to the gross student tuition and fees. The gap between the gross and net student tuition and fees reflects growth or decline in the waivers and financial aid grants made available to students. During the last five years, approximately half of student tuition and fees were paid through waivers and financial aid grants.

The gap in the last two years is shown in the following table:

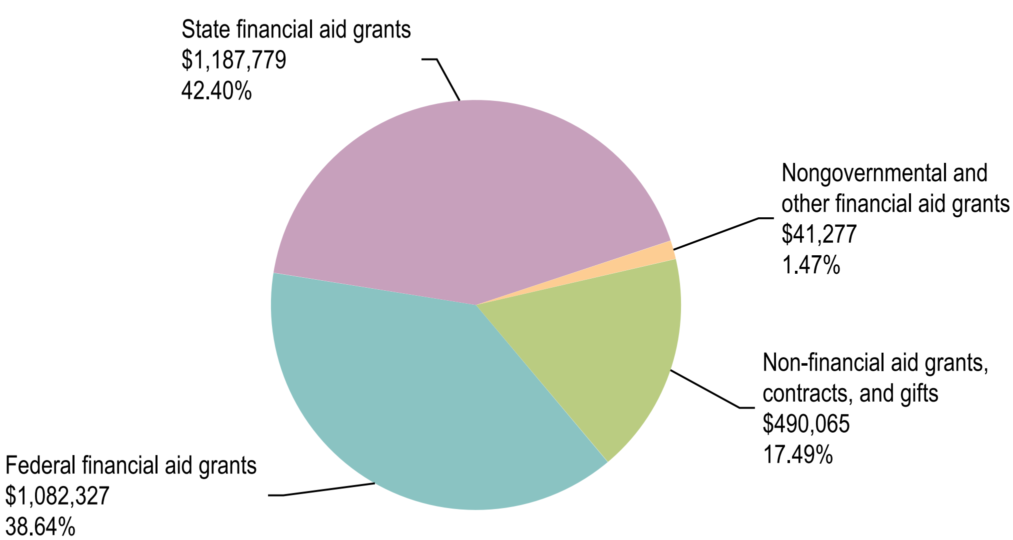
		2023	2022
		(In thousands)	
Gross student tuition and fees	$	4,197,833	4,233,773
Less			
Financial aid grants		(1,055,645)	(1,098,438)
Institutional grants		(822,596)	(803,609)
Total student tuition and fees, net	$	2,319,592	2,331,726

Scholarship allowance of $1.06 billion from financial aid grants were comprised of $347.04 million from Federal Pell Grant program, $559.99 million from California Grant program, $143.31 million from Middle Class Scholarship, and $5.30 million from other sources. The scholarship allowance from institutional grants of $822.60 million includes $715.81 million from State University Grants (SUG) and $106.79 million from other sources.

Grants, Contracts, and Gifts

Grants, contracts, and gifts revenues are derived substantially from the student financial aid grants from federal agencies, state agencies, and nongovernmental grantors. Major federal financial aid grants came from the Pell Grant, Federal Supplemental Educational Opportunity Grant, and Federal Work-Study. Major state financial aid grants came from Cal Grants and Middle Class Scholarship. HEERF grants are reported under other federal nonoperating grants in the Statement of Revenues, Expenses, and Changes in Net Position.

University's Grants, Contracts, and Gifts for 2023
(In thousands)



Student financial aid grants totaled $2.31 billion, an increase of $324.65 million from the previous year mainly due to the increase in the Middle Class Scholarship from the State for undergraduates and students pursuing a teaching credential.

The remainder of the grants, contracts, and gifts include non-financial aid grants, contracts, changes to permanent endowments, and gifts (capital and noncapital), which amounted to $490.07 million, or 17.49%, of total grants, contracts, and gifts. Other federal nonoperating grants of $261.98 million included $258.06 million of the remaining HEERF grants provided as financial aid to students and to the University to help with expenses and revenue losses associated with the COVID-19 pandemic. Noncapital grants and contracts, and gifts of $228.08 million included gifts received from discretely presented component units amounted to $99.41 million.

Sales and Services (Educational Activities and Auxiliary Enterprise)

Sales and services of educational activities include revenues related incidentally to the conduct of instruction, research, and public service, and revenues for activities that exist to provide instructional and laboratory experience for students that incidentally create goods and services that may be sold to faculty, students, staff, and the general public. Net revenues from sales and services of educational activities amounted to $60.46 million in 2023, an increase from $38.58 million in 2022.

Auxiliary enterprises exist predominantly to furnish goods or services to students, faculty, or staff, for a fee. Net revenues from sales and services of auxiliary enterprises, primarily from student housing and parking, amounted to $752.88 million, which is a $125.33 million increase when compared to 2022. The increase is due to the slowing down of COVID-19 pandemic as operations and demand returned closer to normal.

Investment Income, Net and Other Revenues

Investment income, net and other revenues amounted to $605.81 million in 2023 from $76.25 million loss in 2022, an increase of $682.06 million due to rise in unrealized investment gains during the fiscal year compared to unrealized investment losses in prior year.

(Continued)

Expenses (Operating and Nonoperating)

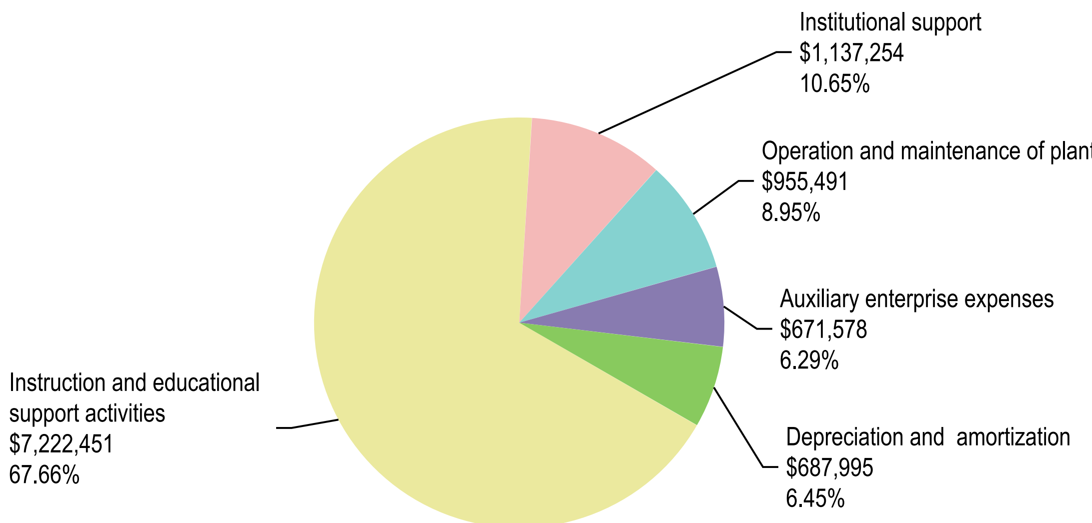
The University's total expenses of $11.09 billion are comprised of operating expenses of $10.67 billion, or 96.25%, and nonoperating expenses of $415.71 million, or 3.75%.

	2023	Percentage of total	2022	Percentage of total
	(In thousands)	%	(In thousands)	%
Instruction	$ 3,554,481	32.05	3,577,426	32.62
Research	83,389	0.75	63,883	0.58
Public service	60,788	0.55	34,386	0.31
Academic support	942,584	8.50	938,008	8.55
Student services	1,338,054	12.06	1,214,545	11.09
Student grants and scholarships	1,243,155	11.21	1,706,130	15.56
Total instruction and educational support activities	7,222,451	65.12	7,534,378	68.71
Institutional support	1,137,254	10.25	1,236,897	11.28
Operation and maintenance of plant	955,491	8.62	802,469	7.32
Auxiliary enterprise expenses	671,578	6.06	404,401	3.69
Depreciation and amortization	687,995	6.20	616,502	5.62
Total operating expenses	10,674,769	96.25	10,594,647	96.62
Investment loss, net	$ —	—	$ —	—
Endowment loss, net	15	—	—	—
Interest expense	321,904	2.90	319,381	2.91
Other nonoperating expenses, net	93,790	0.85	51,624	0.47
Total nonoperating expenses	415,709	3.75	371,005	3.38
Total expenses (operating and nonoperating)	$ 11,090,478	100.00	10,965,652	100.00

Operating Expenses

When the mission-critical educational support activities of student services, academic support, student grants and scholarships, public service, and research are added to direct classroom instruction, the total instruction and educational support activities account for 67.66% and 71.11% of the 2023 and 2022 total operating expenses of the University, respectively.

University's Operating Expenses for 2023
(In thousands)



- *Salaries*

  The University's salaries expense increased to $4.29 billion in 2023 from $3.96 billion in 2022. Salaries have increased in instruction and educational support by $174.92 million, institutional support by $84.79 million. operation and maintenance of plant by $53.93 million, and auxiliary enterprise expenses by $18.46 million. The increases in compensation are mainly due to the return to normal operations which showed an increase in FTE and general salary increases.

- *Benefits*

  The University's benefits decreased by $14.00 million to $2.10 billion in 2023 from $2.11 billion in 2022.

  The pension related benefits expense increased by $365.35 million in 2023 mainly due to the difference between projected and actual earnings on plan investments during the measurement period. The OPEB expense decreased by $453.97 million in 2023, due mainly to the net effect of the changes in the assumptions and lower interest cost. All other benefits expense increased by $74.62 million in 2023.

- *Supplies and Services*

  The University's supplies and other services increased to $2.35 billion in 2023 from $2.20 billion in 2022. The increase of $153.51 million is comprised of $79.96 million in instruction and educational support activities, $136.98 million in auxiliary enterprise expenses, $35.22 million in operation and maintenance of plant, offset with $98.65 million decrease in institutional support.

- *Scholarships and Fellowships*

  The scholarship and fellowships, which represent financial aid directly paid to students, decreased from $1.71 billion in 2022 to $1.24 billion in 2023. The decrease is mainly due to the phase out of HEERF grants provided to qualifying students.

Nonoperating Expenses

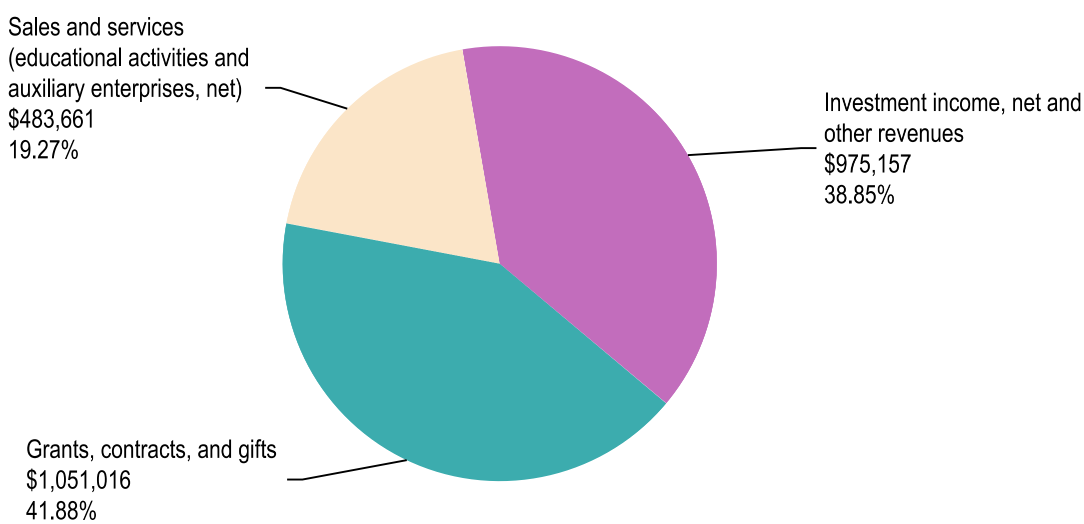
- *Interest Expense*

  The University's interest expense increased to $321.90 million in 2023 from $319.38 million in 2022. The increase of $2.52 million is mainly due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Discretely Presented Component Units' Results of Operations

Revenues (Operating and Nonoperating)

Discretely Presented Component Units' Revenues (Operating and Nonoperating) for 2023
(In thousands)

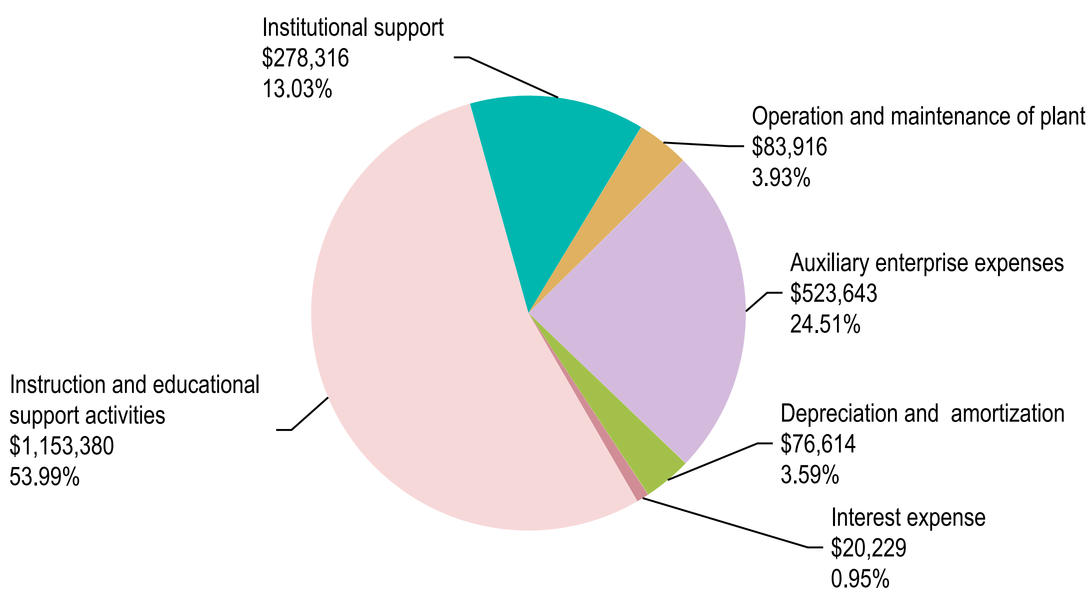


The discretely presented component units generated $2.51 billion of revenues, representing 16.43% of the University's $15.27 billion combined total revenues, which is higher compared to the 12.20% in the prior year. The discretely presented component units managed $1.05 billion grants, contracts, and gifts revenues, representing 27.28% of the University's $3.85 billion combined total. Discretely presented component units fund many students' co-curricular activities, administer research programs, raise funds, operate student unions, offer recreational programs, coordinate commercial enterprises, and develop public-private partnerships on behalf of the University.

Investment income, net and other revenues increased by $700.77 million primarily due to favorable market conditions. The sales and services of educational activities and auxiliary enterprise have increased by $92.63 million reflecting a growing trend as operations and demand return to a more normal state following the COVID-19 pandemic.

Expenses (Operating and Nonoperating)

Discretely Presented Component Units' Expenses (Operating and Nonoperating) for 2023
(In thousands)



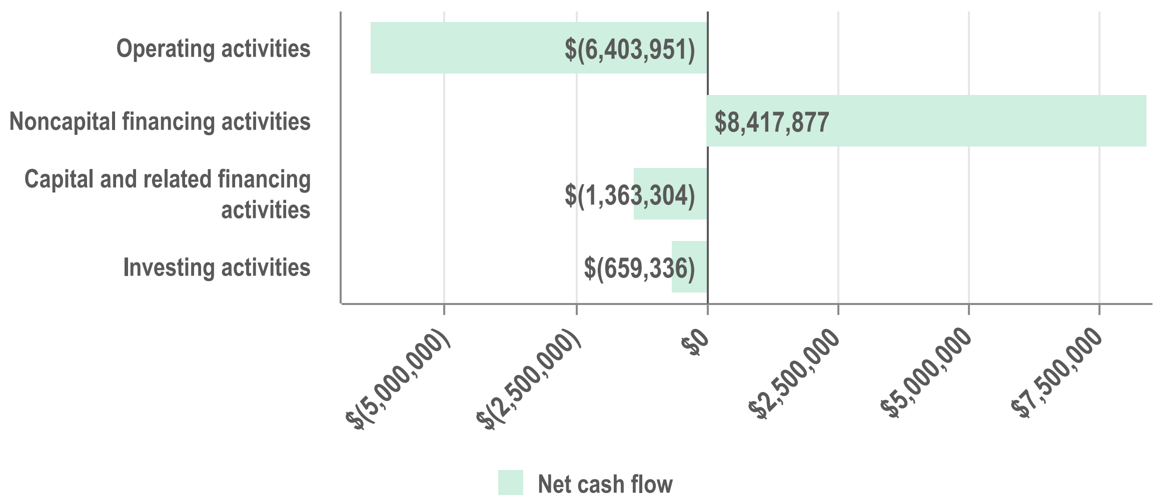
The discretely presented component units incurred $2.12 billion of operating expenses in 2023 from $1.85 billion in 2022. This represents 16.54% of the University's $12.79 billion combined total operating expenses which is higher compared to the 14.88% in the prior year. Operating expenses by natural classification of the discretely presented component units is composed of the following: supplies and other services of $1.13 billion, salaries of $624.14 million, pension benefits expenses of $34.01 million, OPEB expense of $(1.83) million, scholarship and fellowships of $98.23 million, and depreciation and amortization of $76.61 million.

The discretely presented component unit's interest expense of $20.23 million accounts for 5.91% of the University's combined total interest expense of $342.13 million. Compared to 2022, the discretely presented component unit's interest expense has decreased by $2.52 million.

Cash Flows

The Statement of Cash Flows presents cash receipts and payments during the fiscal year and assesses the University's ability to generate future net cash flows and meet its obligations as they come due. The University's summarized cash flows activity during the year is as follows:

University's Condensed Statement of Cash Flows for 2023
(In thousands)



The University's routine activities appear in the operating and noncapital financing categories. Cash provided by operating activities includes student tuition and fees and grant and contract revenues. Cash used for operating activities includes payments to suppliers, payments to employees including benefits, and payments to students for scholarships and fellowships. Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. The proceeds from the issuance of Systemwide Revenue Bonds (SRB) that will be passed through to the discretely presented component units for capital purposes are reported as noncapital financing activities.

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

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

Factors Impacting Future Periods

Certain information provided by the University may contain forward-looking statements. These statements, addressing future activities, events, or developments, are based on various factors and assumptions. Actual results may differ materially from those projected or suggested in such forward-looking information. The University does not commit to updating this forward-looking information to reflect changes in actual results or assumptions.

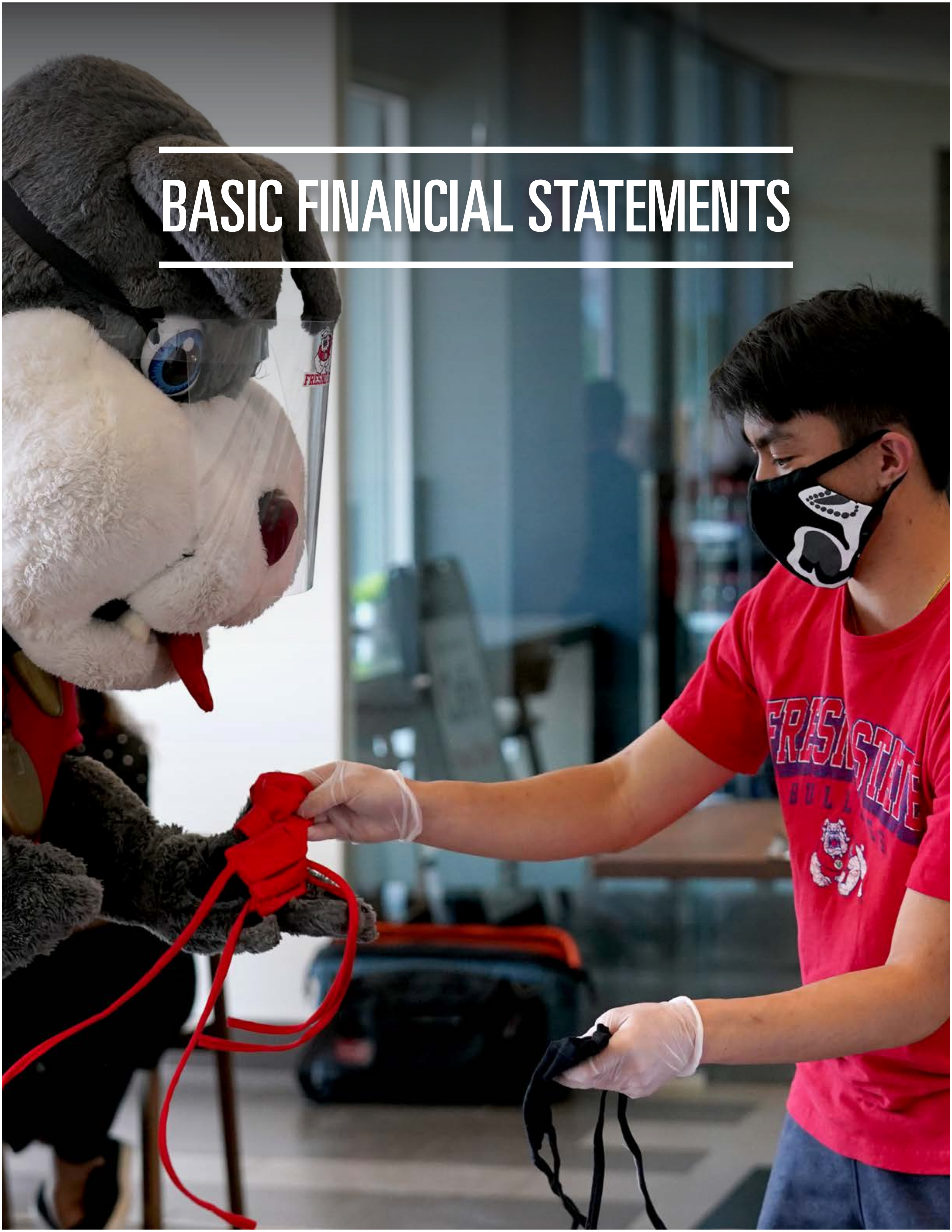
In 2024, the University received from the State a permanent base budget increase of $330.54 million. The University's operating budget for 2024 includes $4.99 billion in state general fund.

Ongoing challenges include collective bargaining and compensation costs, effects of inflation, heightened energy costs, new commitments, and workload contained in the multi-year compact between the State and the University, and the continued work of narrowing and eliminating equity gaps through Graduation Initiative 2025.

Subsequent Events

The University issued SRB Series 2023A and 2023B in August 2023 which total $799.36 million. The new bonds were issued to fund various capital projects and redeem maturing BANs. The University also issued various BANS for capital projects totaling $89.83 million and redeemed BANs totaling $73.30 million.

BASIC FINANCIAL STATEMENTS



CALIFORNIA STATE UNIVERSITY

Statement of Net Position

June 30, 2023

(In thousands)

	University	Discretely presented component units	Total
Assets			
Current assets			
Cash and cash equivalents	$ 372,829	373,385	746,214
Short-term investments	5,271,094	1,144,138	6,415,232
Accounts receivable, net	317,351	316,339	633,690
Lease receivable, current portion	18,628	26,349	44,977
P3 receivable, current portion	—	201	201
Notes receivable, current portion	16,038	74,517	90,555
Pledge receivable, net	2,000	117,080	119,080
Prepaid expenses and other current assets	85,663	41,420	127,083
Total current assets	6,083,603	2,093,429	8,177,032
Noncurrent assets			
Restricted cash and cash equivalents	—	47,691	47,691
Accounts receivable, net	3,072	21,183	24,255
Lease receivable, net of current portion	204,055	471,863	675,918
P3 receivable, net of current portion	—	3,710	3,710
Notes receivable, net of current portion	438,288	91,143	529,431
Student loans receivable, net	32,526	441	32,967
Pledge receivable, net	—	116,761	116,761
Endowment investments	1,595	2,414,157	2,415,752
Other long-term investments	3,244,047	515,233	3,759,280
Capital assets, net	12,046,134	1,041,436	13,087,570
Other assets	35,566	42,721	78,287
Total noncurrent assets	16,005,283	4,766,339	20,771,622
Total assets	22,088,886	6,859,768	28,948,654
Deferred Outflows of Resources			
Deferred outflows of resources	5,480,742	76,691	5,557,433
Liabilities			
Current liabilities			
Accounts payable	397,546	143,558	541,104
Accrued salaries and benefits	814,964	42,056	857,020
Accrued compensated absences, current portion	144,536	17,670	162,206
Unearned revenues	444,956	166,708	611,664
Lease liabilities, current portion	31,679	24,658	56,337
SBITA liabilities, current portion	32,290	2,028	34,318
Long-term debt obligations, current portion	259,325	92,993	352,318
Claims liability for losses and loss adjustment expenses, current portion	—	22,286	22,286
Depository accounts	4,229	14,885	19,114
Other liabilities	148,879	90,488	239,367
Total current liabilities	2,278,404	617,330	2,895,734

(Continued)

CALIFORNIA STATE UNIVERSITY

Statement of Net Position

June 30, 2023

(In thousands)

	University	Discretely presented component units	Total
Noncurrent liabilities			
Accrued compensated absences, net of current portion	$ 155,859	5,708	161,567
Unearned revenues	30,127	64,095	94,222
Grants refundable	24,784	8,777	33,561
Lease liabilities, net of current portion	271,869	211,171	483,040
SBITA liabilities, net of current portion	29,169	3,176	32,345
Long-term debt obligations, net of current portion	9,175,389	580,789	9,756,178
Claims liability for losses and loss adjustment expenses, net of current portion	—	45,417	45,417
Depository accounts	6	11,458	11,464
Other postemployment benefits liability	13,342,974	80,825	13,423,799
Net pension liability	8,484,855	115,236	8,600,091
Other liabilities	103,736	42,288	146,024
Total noncurrent liabilities	31,618,768	1,168,940	32,787,708
Total liabilities	33,897,172	1,786,270	35,683,442
Deferred Inflows of Resources			
Deferred inflows of resources	5,962,940	458,730	6,421,670
Net Position			
Net position			
Net investment in capital assets	3,572,960	396,572	3,969,532
Restricted for			
Nonexpendable – endowments	1,595	1,830,118	1,831,713
Expendable			
Scholarships and fellowships	33,655	262,369	296,024
Research	—	29,913	29,913
Loans	26,828	6,153	32,981
Capital projects	35,563	106,263	141,826
Debt service	2,089	6,814	8,903
Others	33,280	1,046,362	1,079,642
Unrestricted	(15,996,454)	1,006,895	(14,989,559)
Total net position	$ (12,290,484)	4,691,459	(7,599,025)

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2023

(in thousands)

	University	Discretely presented component units	Eliminations	Total
Revenues				
Operating revenues				
Student tuition and fees (net of scholarship allowances of $1,878,241)	$ 2,319,592	—	—	2,319,592
Grants and contracts, noncapital				
Federal	53,804	456,272	(39)	510,037
State	15,295	169,666	(462)	184,499
Local	1,728	25,854	(46)	27,536
Nongovernmental	11,968	77,699	(527)	89,140
Sales and services of educational activities	60,459	62,446	(61)	122,844
Sales and services of auxiliary enterprises (net of University scholarship allowances of $164,669)	752,878	421,215	(3,258)	1,170,835
Other operating revenues	306,937	676,546	(10,988)	972,495
Total operating revenues	3,522,661	1,889,698	(15,381)	5,396,978
Expenses				
Operating expenses				
Instruction	3,554,481	138,883	(2,947)	3,690,417
Research	83,389	294,734	(1,571)	376,552
Public service	60,788	243,994	(3,006)	301,776
Academic support	942,584	115,310	(13,716)	1,044,178
Student services	1,338,054	262,228	(14,413)	1,585,869
Institutional support	1,137,254	278,316	(22,812)	1,392,758
Operation and maintenance of plant	955,491	83,916	(28,195)	1,011,212
Student grants and scholarships	1,243,155	98,231	(39,407)	1,301,979
Auxiliary enterprise expenses	671,578	523,643	(8,159)	1,187,062
Depreciation and amortization	687,995	76,614	—	764,609
Total operating expenses	10,674,769	2,115,869	(134,226)	12,656,412
Operating loss	(7,152,108)	(226,171)	118,845	(7,259,434)
Nonoperating revenues (expenses)				
State appropriations, noncapital	6,223,371	—	—	6,223,371
Federal financial aid grants, noncapital	1,082,327	2,061	—	1,084,388
State financial aid grants, noncapital	1,187,779	443	—	1,188,222
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	41,277	48	(24,317)	17,008
Other federal nonoperating grants, noncapital	261,984	—	—	261,984

(Continued)

CALIFORNIA STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2023

(in thousands)

	University	Discretely presented component units	Eliminations	Total
Nonoperating revenues (expenses), ***continued***				
Gifts, noncapital	$ 73,477	229,689	(49,982)	253,184
Investment income, net	298,874	94,685	—	393,559
Endowment income (loss), net	(15)	180,901	—	180,886
Interest expense	(321,904)	(20,229)	—	(342,133)
Other nonoperating revenues (expenses)	(93,790)	23,025	4,882	(65,883)
Net nonoperating revenues	8,753,380	510,623	(69,417)	9,194,586
Income before other revenues	1,601,272	284,452	49,428	1,935,152
State appropriations, capital	—	—	—	—
Grants and gifts, capital	71,809	43,192	(49,428)	65,573
Additions to permanent endowments	—	46,092	—	46,092
Increase in net position	1,673,081	373,736	—	2,046,817
Net position				
Net position at beginning of year	(13,963,565)	4,317,723	—	(9,645,842)
Net position at end of year	$ (12,290,484)	4,691,459	—	(7,599,025)

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2023

(In thousands)

	University
Cash flows from operating activities	
Student tuition and fees	$ 2,382,191
Federal grants and contracts	59,557
State grants and contracts	56,631
Local grants and contracts	2,251
Nongovernmental grants and contracts	11,424
Payments to suppliers	(2,339,004)
Payments to employees	(4,253,025)
Payments for benefits	(2,168,148)
Payments to students	(1,243,561)
Collections of student loans	1,770
Sales and services of educational activities	60,886
Sales and services of auxiliary enterprises	730,176
Other receipts	294,901
Net cash used in operating activities	(6,403,951)
Cash flows from noncapital financing activities	
State appropriations	5,765,338
Federal financial aid grants	1,100,554
State financial aid grants	1,219,594
Nongovernmental and other financial aid grants	41,321
Other federal nonoperating grants	299,170
Gifts and grants received for other than capital purposes	74,205
Federal loan program receipts	1,150,884
Federal loan program disbursements	(1,147,177)
Monies received on behalf of others	75,540
Monies disbursed on behalf of others	(75,778)
Principal paid on long-term debt	(28,365)
Interest paid on long-term debt	(16,076)
Issuance of notes receivable	(19,485)
Principal collections on notes receivable	15,235
Interest collections on notes receivable	16,629
Other noncapital financing activities	(53,712)
Net cash provided by noncapital financing activities	8,417,877

(Continued)

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2023

(In thousands)

		University
Cash flows from capital and related financing activities		
Proceeds from capital debt	$	45,106
State appropriations		2,238
Capital grants and gifts		53,373
Proceeds from sale of capital assets		18,947
Acquisition of capital assets		(888,505)
Principal paid on capital debt and leases		(289,728)
Interest paid on capital debt and leases		(323,455)
Principal collection on leases receivable		14,093
Interest collection on leases receivable		4,627
Net cash used in capital and related financing activities		(1,363,304)
Cash flows from investing activities		
Proceeds from sales of investments		9,832,667
Purchases of investments		(10,677,078)
Investment income proceeds		185,075
Net cash used in investing activities		(659,336)
Net decrease in cash and cash equivalents		(8,714)
Cash and cash equivalents at beginning of year, as restated		381,543
Cash and cash equivalents at end of year	$	372,829
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$	(7,152,108)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization		687,995
Change in assets and liabilities		
Accounts receivable, net		(15,649)
Student loans receivable, net		(2,715)
Prepaid expenses and other current assets		224
Other assets		528
Deferred outflows of resources		(1,750,296)
Accounts payable		9,096
Accrued salaries and benefits		16,851
Accrued compensated absences		19,029
Unearned revenues		157,919
Other postemployment benefits liability		(2,059,884)
Net pension liability		2,866,173
Other liabilities		(26,382)
Deferred inflows of resources		845,268
Net cash used in operating activities	$	(6,403,951)

(Continued)

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

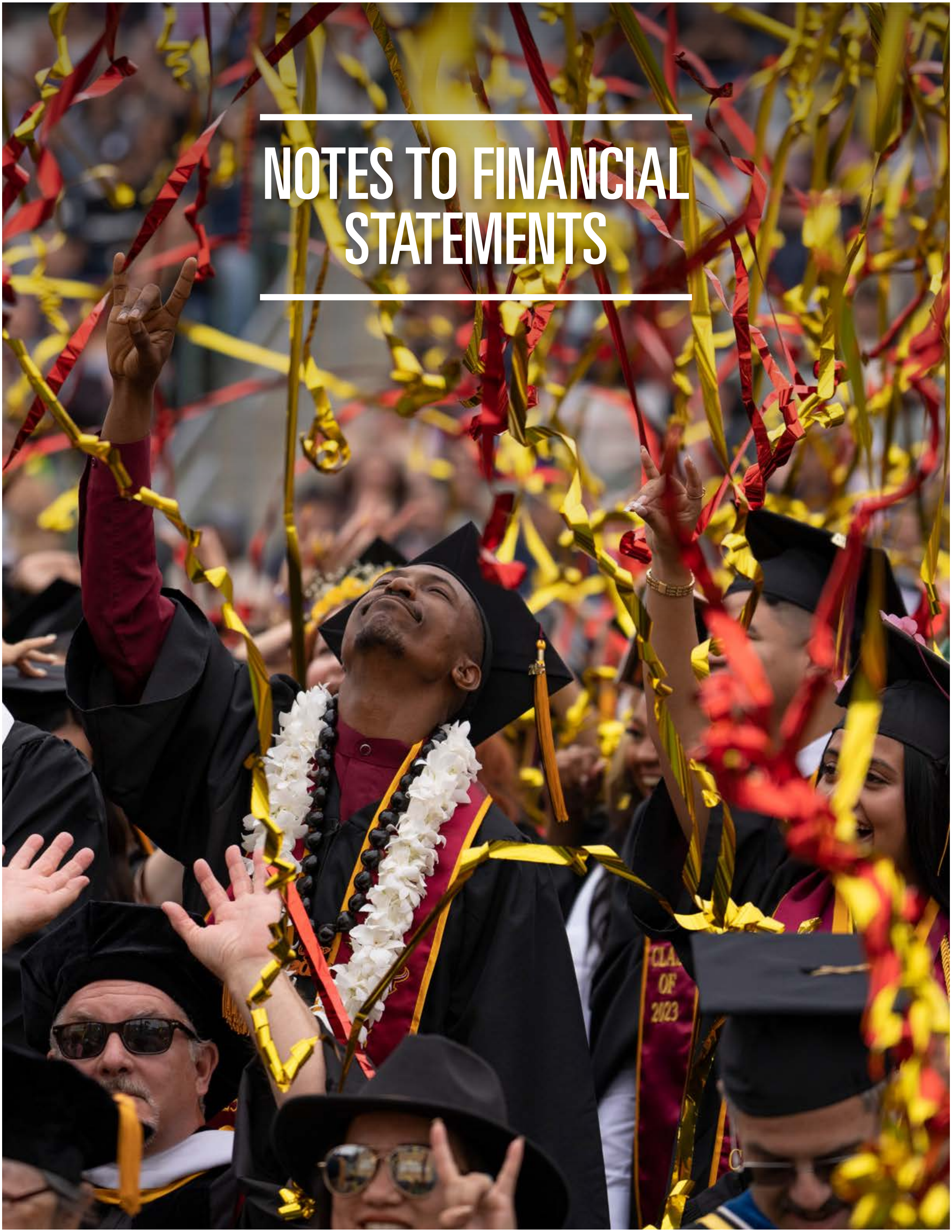
Year ended June 30, 2023

(In thousands)

		University
Supplemental schedule of noncash transactions		
State's contribution for OPEB	$	457,949
Change in unrealized gain on investments		83,494
Gifts in kind - noncapital		71,992
BAN proceeds paid directly to escrow agent by bank		37,600
Change in capital assets due to leases		35,642
Amortization of net bond premium		30,958
Change in capital assets due to implementation of GASB Statement No. 96		23,575

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS



(1) Organization

California State University (the University) was established under the State of California Education Code as a public university to offer undergraduate and graduate instruction for professional and occupational goals emphasizing a broad liberal arts education. As an agency of the State of California (the State), the University is also included in the State's financial statements. Responsibility for the University is vested in the Trustees of California State University (the Trustees) who, in turn, appoint the chancellor, who is the chief executive officer of the University, and the University presidents, who are the chief executive officers of the respective campuses. In addition to the Office of the Chancellor, the following 23 campuses comprise the California State University at June 30, 2023:

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

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

(2) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

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

In addition, the accompanying financial statements include the accounts of the 93 discretely presented component units, which are primarily University-related recognized auxiliary organizations. These discretely presented component units are legally separate entities that provide services primarily to the University and its students. Recognized auxiliary organizations include foundations, associated students, student unions, auxiliary services, university corporations, and similar organizations. Foundations, whose net position comprises approximately 80.43% of the discretely presented component unit totals, carry out a variety of campus-related activities. Such activities consist primarily of administering grants from governmental and private agencies for research, as well as soliciting and accepting donations, gifts, and bequests for University-related use. Separate financial statements for each of the discretely presented component units may be obtained from the individual campuses.

The discretely presented component units are as follows:

- California State University, Bakersfield Foundation
- Associated Students, California State University, Bakersfield, Inc.
- California State University, Bakersfield Student-centered Enterprises, Inc.
- California State University, Bakersfield, Auxiliary for Sponsored Programs Administration
- California State University Foundation
- California State University Institute
- California State University Risk Management Authority
- California State Student Association
- California State University, Channel Islands Foundation
- Associated Students of California State University Channel Islands, Inc.
- CI University Auxiliary Services, Inc.
- California State University Channel Islands Financing Authority

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

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

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

**Name changed from California State University, Dominguez Hills Foundation*

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

The accompanying financial statements also include the Stockton Center Site Authority, which is included as a blended component unit. This organization primarily provides services to the University in the areas of asset management. The University is financially accountable for this organization.

(b) Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

(c) New Accounting Pronouncements

During 2022, as part of the implementation of GASB Statement No. 84, Fiduciary Activities, the State adopted an allocation methodology in connection to the payroll revolving fund. As a result, participating agencies utilizing the State's payroll process were required to recognize a portion of the payroll revolving fund balances. As a participant, on July 1, 2022, the University increased cash and cash equivalents by $333,136, increased accounts receivable, net by $2,488 and increased accrued salaries and benefits of $335,624 for the allocated share of the State's payroll revolving fund. There was no impact to the University's net position

On July 1, 2022, the University implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships (P3) and Availability Payment Arrangements (APA)*. The Statement establishes standards of accounting and financial reporting for arrangements between governments and private entities or other governments. The arrangements generally result in the government transferring the obligation to provide certain public services to an external entity. APAs are agreements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The adoption of this standard did not have a material impact on the financial reporting for the fiscal year ended June 30, 2023.

On July 1, 2022, the University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The Statement establishes standards of accounting and financial reporting for SBITAs by a government end user who enters into SBITA contracts to use vendor-provided information technology. It applies to SBITA contracts that convey control of the right to use another party's information technology (IT) software, alone, or in combination with tangible underlying IT assets in an exchange or exchange-like transaction for a period exceeding 12 months. Under this Statement, the government is required to recognize a subscription liability and an intangible right-to-use (ROU) subscription asset. Cash outlays necessary to place the subscription asset in service can be capitalized during the initial project implementation stage. As a result of the implementation of the Statement, the University recognized a ROU subscription asset of and related liabilities amounting to $101,887, with the beginning net position restated by $10,760 on June 30, 2022 for SBITA arrangements.

On July 1, 2022, the University implemented GASB Statement No. 99, *Omnibus 2022, f*or provisions related to leases, P3s, and SBITAs. The Statement clarifies guidance on leases, P3s, and SBITAs primarily related to the determination of the contract term, and recognition and measurement of the associated liability and asset. Requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for the fiscal year ending June 30, 2024. The implementation did not have a material impact on the University's financial statements.

(d) Future Accounting Pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections,* which will be effective for the fiscal year ending June 30, 2024. This Statement is intended to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. This Statement requires that (1) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (2) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (3) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The University is evaluating the impact GASB Statement No. 100 will have on the financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences,* which will be effective for the fiscal year ending June 30, 2025. This Statement will update the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used and not yet paid cash or settled through noncash means. This Statement amends the existing disclosure requirements to allow governments to disclose only the net change in the liability as long as they identify it as a net change. The University is evaluating the impact GASB Statement No. 101 will have on the financial statements.

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

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

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

The University considers highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The University considers amounts included in the California State University (CSU) Consolidated Investment Pool to be investments.

The Statement of Cash Flows does not include the cash flows of the discretely presented component units. Certain discretely presented component units are also participants in the CSU Consolidated Investment Pool. The University considers changes in the CSU Consolidated Investment Pool as cash flows from investing activities in the accompanying Statement of Cash Flows.

(g) Investments

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

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

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

(h) Accounts Receivable

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

(i) Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased, or, if donated, at estimated acquisition value (an entry price) at date of donation. Capital assets, including infrastructure and intangible assets, with an original value of five thousand dollars or more and with a useful life of over one year, are capitalized. Title to all University assets, whether purchased, constructed, or donated, is held by the State. Although title is not with the University for land and buildings, the University has exclusive use of these assets and is responsible for the maintenance of these assets, and thus has recorded the cost of these assets in the accompanying financial statements. ROU assets are stated at the present value of payments expected to be made during the lease term, less accumulated amortization. Capital assets, with the exception of land and land improvements, works of art and historical treasures, construction work in progress, and certain intangible assets, are depreciated or amortized on a straight-line basis over their estimated useful lives, which ranges from 3 to 45 years. Library books, unless considered rare collections, are capitalized and depreciated over a 10-year period. Periodicals and subscriptions are expensed as purchased. Works of art and historical treasures are valued at cost, if purchased, or the acquisition value at the date of donation, if contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

(j) Leases

The University determines if an arrangement is a lease at inception of the lease contract. Lessee arrangements are included in capital assets, net and lease liabilities in the Statement of Net Position. Lease assets represent the University's right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized on a straight-line basis over the lease term. Lease liabilities represent the University's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. Short-term leases with a term of 12 months or less are recognized as expense as the payments are made.

Lessor arrangements are included in lease receivable and deferred inflows of resources in the Statement of Net Position. Lease receivable represent the University's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivable are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term on a straight-line basis. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue on a straight-line basis over the lease term. Short-term leases with a term of 12 months or less are recognized as revenue as the payments are received. Lease revenues are included in other operating revenues in the Statement of Revenues, Expenses, and Changes in Net Position

(k) Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract in an exchange or exchange-like transaction for a term exceeding 12 months. The University recognizes an ROU subscription asset and a corresponding subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. ROU subscription assets are amortized on a straight-line basis over the contract term. SBITA liabilities represent the University's obligation to make contract payments arising from the SBITA. Interest expense is recognized ratably over the contract term. The SBITA term may include options to extend or terminate the contract when it is reasonably certain that the University will exercise that option. Short-term SBITAs with a term of 12 months or less are recognized as expense as the payments are made.

(l) Unearned Revenues

Unearned revenues consist primarily of fees collected in advance for summer and fall terms and professional and continuing education programs.

(m) Compensated Absences

Compensated absences are recognized, as either current or noncurrent liabilities, when the right to receive the compensation is earned by the employees from vested unpaid vacation and other paid leave programs. Unused sick leave balances are not included in the compensated absences because they do not vest to employees. Vacation is accrued on a monthly basis. The University uses the employee’s current pay rate as of July 1, 2023, to calculate the liability for accrued compensated absences. The University provides vacation based on length of service and job classifications.

(n) Grants Refundable

The University periodically receives contributions from the federal government in support of its operation of the Federal Perkins and Nursing Loan programs, both Title IV Loan programs. The federal government has the ability to terminate support of these programs at any time and to request that the University return those contributions on a cumulative basis, such as the Federal Perkins Loan Program, which has expired in 2018. Accordingly, the federal contributions received and retained by the University at year-end are considered liabilities of the University and are reflected as such in the accompanying Statement of Net Position.

(o) Claims Liability for Losses and Loss Adjustment Expenses

The claims liability for losses and loss adjustment expenses included in the aggregate discretely presented component units column of the financial statements includes California State University Risk Management Authority’s (CSURMA) estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2023. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurance that is related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

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

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

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

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

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Deferred outflows and inflows of resources related to differences between expected and actual experience are amortized over a closed period equal to the average employees' remaining service lives. The deferred outflows and inflows of resources related to differences between projected and actual earnings on pension plan investments are netted and amortized over a closed 5-year period. Employer contributions made subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources, recognized as reduction of net pension liability in the following year.

Changes in other postemployment benefits (OPEB) liability not included in OPEB expense are reported as deferred outflows of resources or deferred inflows of resources. Deferred outflows and inflows of resources related to differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average employees' remaining service lives. Employer contributions made subsequent to the measurement date of the OPEB liability are reported as deferred outflows of resources, recognized as reduction in OPEB liability in the following year.

The defeasance of previously outstanding Systemwide Revenue Bond (SRB) debt resulting in losses or gains are recognized as deferred outflows of resources or deferred inflows of resources. These losses or gains are recognized as a component of interest over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Resources received in advance from nonexchange transactions by the University that met all eligibility requirements except for the time requirements are reported as deferred inflows of resources.

(q) Net Position

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

- Net Investment in Capital Assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources.
- Restricted:
    - Nonexpendable: Net position subject to externally imposed conditions that the University retains in perpetuity. Net position in this category consists of endowments held by the University or its related discretely presented component units.
    - Expendable: Net position subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.
- Unrestricted: All other categories of net position. In addition, unrestricted net position may have legislative or bond indenture requirements associated with their use or may be designated for use by management of the University. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas. University housing programs are a primary example of operations that have unrestricted net position with designated uses.

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 expenses 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 other postemployment benefits exceeding University assets available to pay such obligations.

(r) Classification of Revenues and Expenses

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

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

Student tuition and fees revenue and sales and services of auxiliary enterprises, including revenues from student housing programs, are presented net of scholarships and fellowships applied to student accounts.

Certain other scholarship and fellowships are paid directly to, or refunded to, the student and are reflected as operating expenses.

(s) Other Postemployment Benefits (OPEB) Liability

The University's OPEB liability is an actuarial accrued liability that reflects the present value of future healthcare benefits earned by employees up to June 30, 2022. The University's OPEB liability is determined by discounting the projected benefit for current active employees and retirees based on the discount rate required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for OPEB plans which do not have assets residing in a qualified trust. The University and the State fund their current OPEB expenses on a "pay-as-you-go" basis.

(t) Net Pension Liability

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

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

(u) Grant Revenues and Expenses

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

(v) Internal Services Activities

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

(In thousands)

(w) Income Taxes

The University is an agency of the State and is treated as a governmental entity for tax purposes. As such, the University is generally not subject to federal or state income taxes. The component units are either exempt governmental entities or not-for-profit organizations exempt under IRC Section 501(c)(3). However, the University and its component units remain subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded. If there is net income from any unrelated trade or business, such provision, in the opinion of management, is not material to the financial statements taken as a whole.

(x) Eliminations

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

(y) Use of Estimates

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

(z) Risk and Uncertainties

Although the impacts of COVID-19 have lessened, the University remain in a period of uncertainty due to high rates of inflation, increasing labor costs, and supply chain disruptions. Because of these and other uncertainties regarding the stability of the economy, the pandemic may continue to adversely affect operations and financial condition, including, among other things: the University's ability to conduct its operations, the cost of its operations, governmental and non-governmental funding, and financial markets impacting investments valuation and interest rates, and such effects could be consequential to the University.

(3) Cash, Cash Equivalents, and Investments

The University's cash and cash equivalents and investments as of June 30, 2023, are classified in the accompanying Statement of Net Position as follows:

Cash and cash equivalents	$	372,829
Short-term investments		5,271,094
Endowment investments		1,595
Other long-term investments		3,244,047
Total investments		8,516,736
Total cash and cash equivalents and investments	$	8,889,565

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits held at the State Treasury, commercial banks, and petty cash. Total cash and cash equivalents amounted to $372,829 at June 30, 2023.

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

Custodial Credit Risk for Deposits

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

(b) Investments

The University's investment portfolio consists primarily of investments in the CSU Consolidated Investment Pool and SMIF. Separate accounting is maintained as to the amounts allocable to the various University funds and programs.

(i) Investment Policy

State law and regulations require that surplus monies of the University be invested. The objectives of the University's investment policy are to safeguard the principal, to meet liquidity needs of the University, and to obtain the best possible return commensurate with the degree of risk the University is willing to assume in obtaining such return. These objectives may be weighted or prioritized differently for individual portfolios depending on the purpose of the portfolio.

The University's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Section 16430, and Education Code Sections 89724 and 89725, subject to certain limitations.

In general, the University's investment policies for the Liquidity Portfolio (LP) and Intermediate Duration Portfolio (IDP) permit investments in obligations of the Federal and California state governments, certificates of deposit, high-quality domestic corporate fixed-income securities, and certain other investment instruments.

Per the Education and Government Code of the State, permitted investments within the Total Return Portfolio (TRP) include: mutual funds, including equity mutual funds, subject to registration by, and under the regulatory authority of the United States Securities and Exchange Commission (SEC); publicly traded real estate investment trusts registered with the SEC; institutional commingled funds, including commingled trust funds and collective trust funds, offered by investment advisors registered with, and under the regulatory authority of the SEC. Under State law, investment of funds in the TRP is subject to the University meeting certain conditions regarding investment oversight, reporting, and use of earnings, and may not exceed 65.00% of eligible investments. TRP investments amounted to $2,398,324 as of June 30, 2023.

Additional earnings from TRP investments shall be used only for capital outlay or maintenance and shall not be used for ongoing operations.

(In thousands)

(ii) Interest Rate Risk

Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The University's investment guidelines for the Liquidity Portfolio manage its interest rate risk by limiting an eligible investment to maximum effective maturity and by limiting the average duration of the portfolio. The University's investment guidelines for the IDP manage its interest rate risk by generally maintaining the IDP's effective duration to plus or minus 25.00% of the effective duration of the benchmark for the IDP. There are no restrictions on the duration for the investments in the TRP. The effective maturity date reflects a bond with embedded options such as a call, put, or reset date, and prepayment speed resulting in the maturity of a bond being less than the final maturity date. Duration is a measure of the sensitivity of the price of an investment relative to fluctuations in market interest rates.

Durations of the University's investment portfolio for each investment type, except for SMIF in which weighted average life is used, as of June 30, 2023, are presented in the following table:

Investment type	Fair value	Duration
Money market funds	$ 49,078	—
Short term investment funds	46,901	—
Certificates of deposit	123,855	0.22399
U.S. agency securities	237,425	1.14254
U.S. Treasury securities	2,156,891	1.39144
Municipal bonds	21,244	7.35345
Corporate bonds	1,633,335	2.43879
Asset-backed securities	24,947	7.15294
Mortgage-backed securities	423,492	5.12448
Commercial paper	315,482	0.03471
Supranational	980	3.36945
Mutual funds		
Fixed income	921,098	5.66063
Equity and real assets	1,477,226	N/A
SMIF	1,084,782	0.71233
Total investments	$ 8,516,736	

Another way the University manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity over time as necessary to provide cash flow and liquidity needed for operations.

(In thousands)

(iii) Credit Risk

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

The University, except for investments in the TRP, invests in low credit risk securities such as U.S. government securities, securities of federally sponsored agencies, highly rated domestic corporate bonds, prime-rated commercial paper, repurchase and reverse repurchase agreements, banker's acceptance, and negotiable certificates of deposit. Therefore, the credit risk is low and occurrence of default risk is remote.

Investments in the TRP include SEC registered mutual funds invested per a target asset allocation which includes investment grade bonds, higher credit risk bonds (i.e. high yield bonds, bank loans, and emerging market bonds), equities and real assets. Risk for the TRP is viewed holistically and in the context of the overall CSU Consolidated Investment Pool, incorporating quantitative and qualitative assessments into oversight of the TRP. The University accepts a level of risk commensurate with the long-term investment goals of the TRP. The mutual fund investment managers are responsible for assessing the credit risk of the individual securities held in the mutual funds for the TRP. Moreover, certain passive index funds in the TRP will seek to replicate the credit risk of the underlying indices to which the index funds are benchmarked.

Ratings of the University's investment portfolio for each investment type as of June 30, 2023 are presented in the following table:

Investment type	Fair value	AAA	AA	A	BBB	BB	B	Not rated
Money market funds	$ 49,078	49,078	—	—	—	—	—	—
Short term investment funds	46,901	—	46,901	—	—	—	—	—
Certificates of deposit	123,855	70,062	—	53,793	—	—	—	—
U.S. agency securities	237,425	19,103	218,322	—	—	—	—	—
U.S. Treasury securities	2,156,891	310,086	1,846,805	—	—	—	—	—
Municipal bonds	21,244	—	18,013	3,231	—	—	—	—
Corporate bonds	1,633,335	17,303	265,956	1,342,581	7,495	—	—	—
Asset-backed securities	24,947	23,945	—	—	1,002	—	—	—
Mortgage-backed securities	423,492	345,577	77,915	—	—	—	—	—
Commercial paper	315,482	44,829	—	270,653	—	—	—	—
Supranational	980	980	—	—	—	—	—	—
Mutual funds								
Fixed income	921,098	117,651	518,102	—	—	71,079	214,266	—
Equity and real assets	1,477,226	—	—	—		—	—	1,477,226
SMIF	1,084,782	—	—	—	—	—	—	1,084,782
Total investments	$ 8,516,736	998,614	2,992,014	1,670,258	8,497	71,079	214,266	2,562,008

The mutual funds credit ratings are based on average credit ratings of the underlying mutual funds. Credit ratings for mutual funds related to equity and real assets are not applicable.

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

(iv) Concentration Risk

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

As of June 30, 2023, there were no investments (excluding U.S. Treasury securities, mutual funds, and external investment pools) that represented 5.00% or more of the University's investment portfolio.

(v) Risk and Uncertainties

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

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

(vi) 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 to the University. Substantially all of the University's securities are registered in the University's name by the custodial bank as an agent for the University. As a result, custodial credit risk for such investments is remote.

(vii) Fair Value Measurements

The University uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is 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. Fair value is best determined based upon quoted market prices. However, in certain instances where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The University groups its assets and liabilities measured at fair value in three levels, based on markets in which the asset and liabilities are traded, and the reliability of the assumptions used to determine fair value. The level in the fair value hierarchy with which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

(In thousands)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset and liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation.

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2023:

Investment type	Fair value	Level 2	NAV	Not required to be leveled
Money market funds	$ 49,078	—	49,078	—
Short term investment funds	46,901	—	46,901	—
Certificates of deposit	123,855	123,855	—	—
U.S. agency securities	237,425	237,425	—	—
U.S. Treasury securities	2,156,891	2,156,891	—	—
Municipal bonds	21,244	21,244	—	—
Corporate bonds	1,633,335	1,633,335	—	—
Asset-backed securities	24,947	24,947	—	—
Mortgage-backed securities	423,492	423,492	—	—
Commercial paper	315,482	315,482	—	—
Supranational	980	980	—	—
Mutual funds				
Fixed income	921,098	921,098	—	—
Equity and real asset	1,477,226	1,477,226	—	—
SMIF	1,084,782	—	—	1,084,782
Total investments	$ 8,516,736	7,335,975	95,979	1,084,782

The following describe the valuation methodologies used for financial assets and liabilities measured at fair value. The techniques utilized in estimating the fair value are affected by the assumptions used.

Investments are classified in Level 1 as fair value is obtained at the last sale price on the last business day of the current fiscal year, as quoted on a recognized exchange or an industry standard pricing, when available. Investments for which no sale was reported as of the close of the last business day of the current fiscal year are valued at the quoted bid price provided by the

University's external investment managers or their custodians. There were no investments classified in Level 1.

Investments are classified in Level 2 as fair value is calculated using valuations that include observable market quoted prices for similar assets or liabilities. Observable inputs other than quoted prices such as price services or indices, estimates, appraisals, assumptions, and other methods that are reviewed by management. Changes in market conditions and economic environments may impact on the net asset value (NAV) and consequently, the fair value of the University's interests in the funds.

There were no assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

Certain money market funds are not categorized under the fair value hierarchy and are shown at NAV. These investments are measured at amortized cost when calculating NAV per share (or its equivalent) of the investment.

(viii) Foreign Currency Risk

Foreign currency risk, also known as exchange rate risk, is the risk arising from fluctuations in the value of a base currency (U.S. dollar) against foreign currencies related to the underlying currency denomination of securities held for investment.

The majority of the Consolidated Investment Pool is invested in U.S. dollar denominated securities without foreign currency risk.

However, the TRP includes allocations to non-U.S. equities and non-dollar-denominated bonds in the underlying mutual funds for the TRP. The TRP Investment Policy includes an asset allocation policy with targets and acceptable ranges for each asset class, including non-U.S. equity and emerging markets bonds. Additionally, mutual funds utilized in other asset classes within the TRP may also have some foreign currency exposure. However, all mutual funds in the TRP are denominated in U.S. dollars.

(In thousands)

(ix) Discretely Presented Component Units' Investments

Investments of the discretely presented component units at fair value consisted of the following at June 30, 2023:

Investment type	Current	Noncurrent	Total
Money market funds	$ 74,229	15,565	89,794
Short term investment funds	1,011	31	1,042
Certificates of deposit	12,104	6,872	18,976
U.S. agency securities	6,349	10,375	16,724
U.S. Treasury securities	179,980	130,640	310,620
Municipal bonds	3,632	7,161	10,793
Corporate bonds	155,044	172,226	327,270
Asset-backed securities	1,810	9,215	11,025
Mortgage-backed securities	13,852	30,694	44,546
Commercial paper	8,262	207	8,469
Supranational	21	1	22
Mutual funds	183,175	1,026,015	1,209,190
Exchange-traded funds	81,258	373,059	454,317
Equity securities	99,099	580,805	679,904
Alternative investments			
Private equity (including limited partnerships)	6,117	192,015	198,132
Hedge funds	8,220	135,288	143,508
Real estate investments (including real estate investment trust)	1,461	50,044	51,505
Commodities	—	22,148	22,148
Other alternative investments	3,497	100,631	104,128
Other external investment pools	—	41,063	41,063
Local Agency Investment Fund (LAIF)	304,134	6,949	311,083
SMIF	1	—	1
Other investments	882	18,386	19,268
Total investments	$ 1,144,138	2,929,390	4,073,528

(In thousands)

The following table presents investments of the discretely presented component units that are measured at fair value on a recurring basis at June 30, 2023:

Investment type	Fair value	Level 1	Level 2	Level 3	NAV
Money market funds	$ 89,794	65,813	16,606	—	7,375
Short term investment funds	1,042	—	—	—	1,042
Certificates of deposit	18,976	288	18,688	—	—
U.S. agency securities	16,724	1,936	14,788	—	—
U.S. Treasury securities	310,620	170,968	134,807	—	4845
Municipal bonds	10,793	2,538	8,255	—	—
Corporate bonds	327,270	166,595	158,737	—	1,938
Asset-backed securities	11,025	7,274	3,751	—	—
Mortgage-backed securities	44,546	796	40,843	—	2,907
Commercial paper	8,469	—	8,469	—	—
Supranational	22	—	22	—	—
Mutual funds	1,209,190	1,161,029	12,691	—	35,470
Exchange-traded funds	454,317	447,965	6,352	—	—
Equity securities	679,904	652,949	21,464	1,249	4,242
Alternative investments					
Private equity (including limited partnerships)	198,132	508	1,272	51,725	144,627
Hedge funds	143,508	4,477	18,591	11,178	109,262
Real estate investments (including real estate investment trust)	51,505	315	6,917	21,043	23,230
Commodities	22,148	11,247	—	59	10,842
Other alternative investments	104,128	897	—	—	103,231
Other external investment pools	41,063	—	—	41,063	—
LAIF	311,083	—	—	—	311,083
SMIF	1	—	—	—	1
Other investments	19,268	12,071	165	747	6,285
Total investments	$ 4,073,528	2,707,666	472,418	127,064	766,380

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

Investments reported by the University of $74,085 are invested under contractual agreements on behalf of the discretely presented component units of the University.

(In thousands)

(4) Accounts Receivable

Accounts receivable of the University at June 30, 2023 consisted of the following:

		Current	Noncurrent	Total
State appropriations	$	594	55	649
State appropriations – Systemwide Public Works Board (SPWB) lease revenue bond program		—	835	835
Discretely presented component units		86,340	1,825	88,165
Student accounts		154,640	—	154,640
Government grants and contracts		35,248	—	35,248
Others		86,629	357	86,986
		363,451	3,072	366,523
Less allowance for doubtful accounts		(46,100)	—	(46,100)
Total accounts receivable, net	$	317,351	3,072	320,423

(5) Lease Receivable

The University leases building and ground space to its discretely presented component units or external parties. The leases expire at various dates through 2083 and provide renewal options ranging from one year to fifteen years. The University recognizes lease receivable and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using implicit rate or the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. The University recognized revenues related to lease agreements totaling $20,535 for the year ended June 30, 2023, reported in other operating revenues in the Statements of Revenues, Expenses and Changes in Net Position.

(In thousands)

Future minimum lease payments to be received under lessor arrangements as of June 30, 2023, are as follows:

	Principal	Interest	Total
Fiscal year ending June 30:			
2024	$ 18,628	4,913	23,541
2025	25,814	4,453	30,267
2026	16,601	3,914	20,515
2027	17,008	3,510	20,518
2028	16,241	3,099	19,340
2029 - 2033	77,969	9,912	87,881
2034 - 2038	31,869	3,567	35,436
2039 - 2043	6,707	1,659	8,366
2044 - 2048	4,726	1,239	5,965
2049 - 2053	1,137	996	2,133
Thereafter	5,983	3,117	9,100
Total	$ 222,683	40,379	263,062

(6) Notes Receivable

The University has entered into note agreements primarily with certain discretely presented component units to finance its existing and newly constructed facilities. Notes receivable from discretely presented component units amounted to $451,850. Interest rates range from 0.20% to 6.48%. Note payments are due twice a year, on May 1 and November 1.

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

	Principal	Interest	Total
Fiscal year ending June 30:			
2024	$ 16,038	17,042	33,080
2025	18,426	16,873	35,299
2026	19,242	16,235	35,477
2027	19,690	15,562	35,252
2028	20,218	14,844	35,062
2029 - 2033	103,672	62,615	166,287
2034 - 2038	94,975	43,524	138,499
2039 - 2043	65,245	26,977	92,222
2044 - 2048	59,885	13,021	72,906
2049 - 2053	30,675	3,217	33,892
Thereafter	6,260	57	6,317
Total	$ 454,326	229,967	684,293

(In thousands)

(7) Capital Assets

Capital assets activity for the University for the year ended June 30, 2023, consisted of the following:

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Nondepreciable/nonamortizable capital assets					
Land and land improvements	$ 403,563	3,751	—	12,844	420,158
Works of art and historical treasures	58,119	1,820	(854)	—	59,085
Construction work in progress	1,955,854	732,400	(33,836)	(1,496,415)	1,158,003
Intangible assets	78,513	12,107	(6,158)	(10,623)	73,839
Total nondepreciable/nonamortizable capital assets	2,496,049	750,078	(40,848)	(1,494,194)	1,711,085
Depreciable/amortizable capital assets					
Buildings and building improvements	15,244,723	77,115	(5,114)	1,199,894	16,516,618
Improvements other than buildings	818,444	5,789	(2,161)	97,252	919,324
Infrastructure	1,371,766	8,107	(8,833)	159,717	1,530,757
Personal property					
Equipment	1,002,329	56,581	(48,548)	26,708	1,037,070
Library books and materials	398,901	5,856	(4,118)	—	400,639
Intangible assets	316,851	637	(46,825)	10,623	281,286
Total depreciable/amortizable capital assets	19,153,014	154,085	(115,599)	1,494,194	20,685,694
Total cost	21,649,063	904,163	(156,447)	—	22,396,779
Less accumulated depreciation/amortization					
Buildings and building improvements	(7,499,515)	(472,369)	1,932	—	(7,969,952)
Improvements other than buildings	(622,810)	(30,900)	2,161	—	(651,549)
Infrastructure	(650,531)	(41,060)	8,238	—	(683,353)
Personal property					
Equipment	(796,532)	(58,299)	47,025	—	(807,806)
Library books and materials	(366,294)	(6,356)	4,423	—	(368,227)
Intangible assets	(279,753)	(3,493)	16,594	—	(266,652)
Total accumulated depreciation/amortization	(10,215,435)	(612,477)	80,373	—	(10,747,539)
Total capital assets, net excluding ROU assets	$ 11,433,628	291,686	(76,074)	—	11,649,240
ROU assets, net					396,894
Total capital assets, net					$ 12,046,134

(In thousands)

The University's ROU lease assets and related accumulated amortization for the year ended June 30, 2023 are as follows:

	Beginning balance	Additions	Remeasurements	Reductions	Ending balance
Amortizable lease assets					
Land and land improvements	$ 6,959	122	—	—	7,081
Buildings and building improvements	329,039	14,100	19,248	(1,894)	360,493
Improvements other than buildings	834	9	(36)	—	807
Infrastructure	217	—	—	—	217
Personal property					
Equipment	8,862	2,351	—	(1,139)	10,074
Total amortizable right-to-use lease assets	345,911	16,582	19,212	(3,033)	378,672
Less accumulated amortization					
Land and land improvements	(472)	(524)	—	—	(996)
Buildings and building improvements	(32,573)	(32,317)	392	1,894	(62,604)
Improvements other than buildings	(260)	(265)	—	—	(525)
Infrastructure	(20)	(20)	—	—	(40)
Personal property					
Equipment	(2,377)	(2,730)	—	609	(4,498)
Total accumulated amortization	(35,702)	(35,856)	392	2,503	(68,663)
Total ROU lease assets, net	$ 310,209	(19,274)	19,604	(530)	310,009

The University's ROU subscription assets and related accumulated amortization for the year ended June 30, 2023 are as follows:

	Beginning balance*	Additions	Remeasurements	Reductions	Ending balance
Subscription assets	$ 101,887	24,684	(24)	—	126,547
Less accumulated amortization	—	(39,662)	—	—	(39,662)
Total ROU subscription assets, net	$ 101,887	(14,978)	(24)	—	86,885

**Restated to reflect GASB Statement No. 96 implementation*

(In thousands)

Capital assets activity of the discretely presented component units of the University for the year ended June 30, 2023 consisted of the following:

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Nondepreciable/nonamortizable capital assets					
Land and land improvements	$ 147,088	1,046	(2,640)	—	145,494
Works of art and historical treasures	11,689	934	—	—	12,623
Construction work in progress	81,284	77,174	(19,737)	(22,115)	116,606
Intangible assets	5,098	8	(2,802)	—	2,304
Total nondepreciable/nonamortizable capital assets	245,159	79,162	(25,179)	(22,115)	277,027
Depreciable/amortizable capital assets					
Buildings and building improvements	741,112	42,432	(124,290)	2,648	661,902
Improvements other than buildings	196,173	2,214	(12,391)	13,984	199,980
Infrastructure	8,717	—	—	—	8,717
Personal property					
Equipment	260,304	16,649	(15,978)	5,483	266,458
Intangible assets	6,323	115	(1,101)	—	5,337
Total depreciable/amortizable capital assets	1,212,629	61,410	(153,760)	22,115	1,142,394
Total cost	1,457,788	140,572	(178,939)	—	1,419,421
Less accumulated depreciation/amortization					
Buildings and building improvements	(333,536)	(22,867)	62,512	—	(293,891)
Improvements other than buildings	(104,292)	(9,967)	6,182	—	(108,077)
Infrastructure	(3,195)	(218)	175	—	(3,238)
Personal property					
Equipment	(192,271)	(20,909)	10,216	—	(202,964)
Intangible assets	(5,735)	(205)	1,085	—	(4,855)
Total accumulated depreciation/amortization	(639,029)	(54,166)	80,170	—	(613,025)
Total capital assets, net excluding ROU asset	$ 818,759	86,406	(98,769)	—	806,396
ROU assets, net					235,040
Total capital assets, net					$ 1,041,436

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

(In thousands)

The University's discretely presented component units' ROU lease assets and related accumulated amortization for the year ended June 30, 2023 are as follows:

	Beginning balance	Additions	Remeasurements	Reductions	Ending balance
Amortizable lease assets					
Land and land improvements	$ 29,845	2,426	—	(21,410)	10,861
Buildings and building improvements	124,101	162,180	(15,699)	(2,382)	268,200
Improvements other than buildings	38,373	—	—	—	38,373
Infrastructure	484	—	—	—	484
Personal property					
Equipment	558	4,358	(2)	(121)	4,793
Total amortizable right-to-use lease assets	193,361	168,964	(15,701)	(23,913)	322,711
Less accumulated amortization					
Land and land improvements	(1,856)	(149)	—	1,704	(301)
Buildings and building improvements	(13,862)	(76,947)	752	2,382	(87,675)
Improvements other than buildings	(2,257)	(2,257)	—	—	(4,514)
Infrastructure	(36)	(36)	—	—	(72)
Personal property					
Equipment	(198)	(1,648)	124	120	(1,602)
Total accumulated amortization	(18,209)	(81,037)	876	4,206	(94,164)
Total ROU lease assets, net	$ 175,152	87,927	(14,825)	(19,707)	228,547

The University's discretely presented component units' ROU subscription assets and related accumulated amortization for the year ended June 30, 2023 are as follows:

	Beginning balance*	Additions	Remeasurements	Reductions	Ending balance
ROU subscription assets	$ 7,197	1,398	—	—	8,595
Less accumulated amortization	—	(2,102)	—	—	(2,102)
Total ROU subscription assets, net	$ 7,197	(704)	—	—	6,493

**Restated to reflect GASB Statement No. 96 implementation*

(In thousands)

(8) Lease Liabilities

The University leases land, building space, and equipment for various terms under long-term, noncancellable lease agreements. The leases expire at various dates through 2098 and provide for renewal options ranging from one year to ten years. In accordance with GASB Statement No. 87, the University records ROU assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the explicit rate or the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. The University does not have any leases subject to a residual value guarantee.

Lease liabilities activity of the University for the year ended June 30, 2023 are as follows:

	Beginning balance	Additions	Remeasurements	Reductions	Ending balance	Current portion
Lease liabilities	$ 299,889	16,309	19,333	(31,983)	303,548	31,679

Future minimum lease payments of the University under lessee arrangements as of June 30, 2023 are as follows:

	Principal	Interest	Total
Fiscal year ending June 30:			
2024	$ 31,679	8,105	39,784
2025	30,940	7,340	38,280
2026	23,081	6,663	29,744
2027	19,330	6,154	25,484
2028	17,098	5,684	22,782
2029 - 2033	71,035	22,092	93,127
2034 - 2038	53,590	12,978	66,568
2039 - 2043	36,076	5,953	42,029
2044 - 2048	17,218	2,197	19,415
2049 - 2053	3,300	81	3,381
Thereafter	201	888	1,089
Total	$ 303,548	78,135	381,683

The University's discretely presented component units' lease liabilities activity as of June 30, 2023 are as follows:

	Beginning balance	Additions	Remeasurements	Reductions	Ending balance	Current portion
Lease liabilities	$ 240,819	53,760	38,562	(97,312)	235,829	24,658

(In thousands)

Future minimum lease payments of the University's discretely presented component units under lessee arrangements as of June 30, 2023 are as follows:

		Principal	Interest	Total
Fiscal year ending June 30:				
2024	$	24,658	5,919	30,577
2025		28,822	6,821	35,643
2026		20,703	4,835	25,538
2027		20,421	4,284	24,705
2028		17,879	3,764	21,643
2029 - 2033		75,096	11,545	86,641
2034 - 2038		31,991	4,082	36,073
2039 - 2043		3,786	1,920	5,706
2044 - 2048		2,598	1,641	4,239
2049 - 2053		2,436	1,453	3,889
Thereafter		7,439	4,112	11,551
Total	$	235,829	50,376	286,205

(9) Subscription-Based Information Technology Arrangements (SBITA) Liabilities

The University enters into subscription-based arrangements which expire at various dates through 2030. In accordance with GASB Statement No. 96, the University recognizes a right-to-use subscription asset and a corresponding subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. Similar to leases, the expected future subscription payments are discounted using the explicit rate or the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. SBITA liabilities activity of the University for the year ended June 30, 2023 are as follows:

		Beginning balance*	Additions	Remeasurements	Reductions	Ending balance	Current portion
SBITA liabilities	$	86,328	23,599	(24)	(48,444)	61,459	32,290

**Restated to reflect GASB Statement No. 96 implementation*

(In thousands)

Future annual subscription payments of the University under subscription-based arrangements as of June 30, 2023 are as follows:

	Principal	Interest	Total
Fiscal year ending June 30			
2024	$ 32,290	2,307	34,597
2025	16,836	1,113	17,949
2026	7,599	468	8,067
2027	1,668	188	1,856
2028	1,137	122	1,259
2029 - 2030	1,929	114	2,043
Total	$ 61,459	4,312	65,771

The University's discretely presented component units' SBITA liabilities as of June 30, 2023 are as follows:

	Beginning balance*	Additions	Remeasurements	Reductions	Ending balance	Current portion
SBITA liabilities	$ 6,298	1,336	—	(2,430)	5,204	2,028

**Restated to reflect GASB Statement No. 96 implementation*

Future annual subscription payments of the University' discretely presented component units under subscription-based arrangements as of June 30, 2023 are as follows:

	Principal	Interest	Total
Fiscal year ending June 30:			
2024	$ 2,028	180	2,208
2025	2,193	104	2,297
2026	477	39	516
2027	244	20	264
2028	173	10	183
2029 - 2032	89	7	96
Total	$ 5,204	360	5,564

(10) Long-Term Debt Obligations

(a) State's General Obligation (GO) Bond Program

The GO Bond program of the State has provided capital outlay funds for the three segments of California Higher Education through voter-approved bonds. Each of the approved bond programs provides a pool of available funds, which is allocated on a project-by-project basis among the University, the University of California, and the community colleges. Financing provided to the University through the GO Bonds is not allocated to the University by the State. This debt remains as obligation of the State and is funded by state tax revenues. Accordingly, such debt is not reflected in the accompanying financial statements. The total GO Bonds carried by the State related to the University projects is approximately $1,715,977 as of June 30, 2023.

(b) Systemwide Revenue Bond (SRB) Program

The State University Revenue Bond Act of 1947, Sections 90010 through 90091 of the Education Code of the State of California (the Bond Act) authorizes the Trustee to issue revenue bonds to finance projects that support the University's educational mission. The University's financing program, referred to as the SRB Program, is designed to provide lower cost debt and greater flexibility to finance projects at the University than would be possible if projects were financed separately. Rather than relying on specific pledged revenues to support specific debt obligations, the SRB program pools multiple sources of revenue as the security for the debt. The University's total outstanding balance of revenue bond indebtedness under the SRB program was $8,556,625 at June 30, 2023. Under the Bond Act authority, the University has constructed or acquired facilities located at its 23 campuses and the Office of the Chancellor.

In 2014, the State enacted legislation that granted additional capital financing authorities to the University, leading to the SRB program expanding to allow the financing of academic facilities and energy conservation projects. Allowable academic projects include constructing and equipping of new and existing academic facilities; infrastructure; deferred maintenance; and refunding of SPWB lease revenue bonds (which funded the construction of certain academic facilities of the University).

SRBs are not secured by mortgages on the facilities constructed or acquired and therefore the facilities do not act as security for the debt. Revenues pledged under the SRB program include program fees from professional and continuing education, health center facilities, housing, parking, and student union; student tuition and fees; and designated auxiliary revenues, net of maintenance and operation expenses before extraordinary items (net income available for debt service), to repay the bonds.

The SRB Indenture (the Indenture) contains provisions that define events of default related to punctuality of the payment of the outstanding principal and interest. Additionally, the Indenture describes the process for which other events of default by the Board related to covenants, agreements, or conditions of the Indenture occur for a period of 60 days after written notice by bondholders of not less than 25.00% in aggregate principal amount of the bonds outstanding requiring remediation. Further, the Indenture specifies the process which the Trustees may undertake, at the request of the majority of the bondholders, to declare the principal of all of the bonds then outstanding and the interest accrued to be immediately due and payable.

(c) Bond Anticipation Note (BAN)

The Trustees have authorized the issuance of BANs to provide short-term financing to the University for certain projects. The BANs are purchased by CSU Institute with proceeds from the commercial paper issued by the Institute. The BANs are generally issued for periods of up to three years in anticipation of issuing permanent revenue bonds at a future date. State law was amended in 2008 to allow BAN maturities to extend beyond three years and the maturity date for the issuance of BANs to be determined by the Trustees. BAN interest is variable and changes based upon the cost of the CSU Institute's commercial paper program. The maximum and minimum weighted average interest rates for the year ended June 30, 2023 were 5.39% and 1.40%, respectively. The University's BAN totaled $151,711 at June 30, 2023. The authorized amounts totaled $429,155, of which $277,444 has not been issued.

CSU Institute, a discretely presented component unit of the University, manages the commercial paper program. The commercial paper program is bound by certain agreements, including the Trust Indenture with the Trustee/paying agent and the Reimbursement Agreement with the letter of credit banks. Under certain provision of the Trust Indenture, in the event of a default, the Trustees shall take actions set forth by the BAN Resolution to effect the sale of long-term bonds to refinance outstanding BANs. Upon the occurrence of certain events of default specified in the Reimbursement Agreement, the right of the CSU Institute and the University to issue notes may be terminated or be suspended by the banks.

(d) State Public Works Board (SPWB) Lease Revenue Bond

The University participates in the State's SPWB lease revenue bond program since 1986 in connection with the construction of campus facilities and related equipment. As part of the annual budget process, the State of California Department of Finance augments the University's operating budget to provide additional funds for the required debt payments. The long-term debt obligation related to SPWB as of June 30, 2023 is $96,805.

(In thousands)

Long-term debt obligations of the University as of June 30, 2023 consisted of the following:

Description	Interest rate (%)	Final maturity date	Original issue amount	Amount outstanding
SRB				
Series 2007-B	5.45-5.55	2037/38	$ 13,165	7,355
Series 2007-C	5.00	2028/29	63,275	12,175
Series 2010-B	5.55-6.48	2041/42	205,145	202,920
Series 2012-B	4.17	2036/37	16,700	12,745
Series 2013-A	3.00-5.00	2023/24	222,340	31,060
Series 2014-A	3.00-5.00	2026/27	106,270	21,860
Series 2015-A	2.25-5.00	2047/48	1,032,920	828,565
Series 2015-B	3.31-4.41	2035/36	29,305	11,510
Series 2016-A	2.50-5.00	2045/46	1,133,105	1,039,810
Series 2016B-1	1.60	2047/48	50,000	50,000
Series 2016B-2	0.55	2049/50	100,000	100,000
Series 2016B-3	4.00	2051/52	100,000	100,000
Series 2017-A	3.00-5.00	2047/48	812,030	721,620
Series 2017-B	2.58-3.90	2047/48	335,155	329,620
Series 2017-C	3.25-5.00	2037/38	49,175	39,255
Series 2018-A	5.00	2050/51	492,690	465,900
Series 2018-B	3.20-4.25	2050/51	171,000	164,250
Series 2019-A	4.00-5.00	2051/52	449,430	433,250
Series 2019-B	2.08-3.59	2051/52	81,335	73,600
Series 2020-A	5.00	2031/32	65,240	39,490
Series 2020-B	1.56-3.07	2051/52	829,425	815,165
Series 2020-C	2.25 - 5.00	2051/52	314,030	314,030
Series 2020-D	0.48 - 2.82	2042/43	528,575	506,330
Series 2020-E	0.48 - 3.27	2060/61	466,010	466,010
Series 2021-A	3.00-5.00	2052/53	124,235	110,030
Series 2021-B	0.35-2.94	2052/53	1,664,085	1,660,075
			$ 9,454,640	8,556,625
BAN	Various			151,711
SPWB lease revenue bond	Various			96,805
Others	Various			79,121
Total				8,884,262
Unamortized net bond premium				550,452
Total long-term debt obligations				9,434,714
Less current portion				(259,325)
Total long-term debt obligations, net of current portion				$ 9,175,389

(In thousands)

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

		Principal	Interest	Total
Fiscal year ending June 30:				
2024	$	259,325	324,924	584,249
2025		269,209	316,223	585,432
2026		289,899	307,468	597,367
2027		295,701	299,983	595,684
2028		288,983	291,840	580,823
2029 - 2033		1,525,857	1,292,517	2,818,374
2034 - 2038		1,475,576	990,550	2,466,126
2039 - 2043		1,613,524	683,635	2,297,159
2044 - 2048		1,637,570	361,154	1,998,724
2049 - 2053		1,114,718	97,297	1,212,015
Thereafter		113,900	14,269	128,169
Total	$	8,884,262	4,979,860	13,864,122

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

The Board of Trustees does not have a specified debt limit or debt margin, as noted in the University's Policy for Financing Activities. However, the Board finds it appropriate to establish the lowest cost debt financing programs for the University, and to use the limited debt capacity in the most prudent manner.

As of June 30, 2023, the Board had approved SRB and BANs that were authorized but unissued in the aggregate principal amount of $412,781 for projects including academic, infrastructure, housing, and parking facilities. As of June 30, 2023, there are approximately $96,805 of remaining authorized and unissued debt for the purpose of refunding certain bonds of the State's State Public Works Board (SPWB) Lease Revenue Bond not previously refunded. The Board may issue all or a portion of these authorized bonds as well as other additional bonds for other new money projects or refunding purposes. The Board expects to authorize the issuance of additional Systemwide Revenue Bonds from time to time in the future. There is no limit on the amount of SRB that the Board may authorize.

The University participated in the SPWB Lease Revenue Bond program since 1986 in connection with the construction of campus facilities and related equipment. As part of the annual budget process, the State of California Department of Finance augments the University's operating budget to provide additional funds for the required debt payments. The long-term debt due to SPWB is to be repaid by fiscal year 2035.

(In thousands)

(11) Long-Term Liabilities Activity

Long-term liabilities activity of the University for the year ended June 30, 2023 are as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Accrued compensated absences	$ 281,366	188,889	(169,860)	300,395	144,536
Long-term debt obligations (note 10):					
SRB	8,760,030	—	(203,405)	8,556,625	227,620
BAN	115,370	52,689	(16,348)	151,711	20,528
SPWB lease revenue bond	96,805	—	—	96,805	—
Other	96,637	788	(18,304)	79,121	11,177
	9,068,842	53,477	(238,057)	8,884,262	259,325
Unamortized net bond premium	581,410	—	(30,958)	550,452	—
Total long-term debt obligations	9,650,252	53,477	(269,015)	9,434,714	259,325
Total long-term liabilities, excluding lease and SBITA liabilities	$ 9,931,618	242,366	(438,875)	9,735,109	403,861
Lease liabilities				303,548	31,679
SBITA liabilities				61,459	32,290
Total long-term liabilities				$ 10,100,116	467,830

(In thousands)

Long-term liabilities activity of the aggregated discretely presented component units of the University for the year ended June 30, 2023, are as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Accrued compensated absences	$ 23,286	18,979	(18,887)	23,378	17,670
Claims liability for losses and loss adjustment expenses	63,981	34,738	(31,016)	67,703	22,286
Long-term debt obligations					
Revenue bonds	16,715	—	(1,140)	15,575	1,200
Commercial paper, including principal rollovers	115,370	561,514	(487,108)	189,776	73,176
Notes payable	375,418	—	(12,703)	362,715	13,315
Other	84,197	1,742	(13,698)	72,241	5,302
	591,700	563,256	(514,649)	640,307	92,993
Unamortized net bond premium	35,271	—	(1,796)	33,475	—
Total long-term debt obligations	626,971	563,256	(516,445)	673,782	92,993
Total long-term liabilities, excluding lease and SBITA liabilities	$ 714,238	616,973	(566,348)	764,863	132,949
Lease liabilities				235,829	24,658
SBITA liabilities				5,204	2,028
Total long-term liabilities				$ 1,005,896	159,635

The University has entered into agreements with certain discretely presented component units to finance existing and newly constructed facilities using proceeds from issuance of SRB and BANs, of which $362,715 is included in notes payable and $51,070 in other long-term debt obligations as of June 30, 2023.

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

(12) Pension Plan

(a) Pension Plan Description

The University participates in the State's Public Employee's Retirement Fund A (PERF A). PERF A is comprised of agent multiple-employer plans, in which CalPERS acts as an investment and administrative agent for participating employers. State employees served by PERF A includes the University's Miscellaneous Tier 1 employees and Peace Officers and Firefighters.

(b) Benefits Provided

The plan also provides survivor, death, and disability benefits. Eligible employees are covered by the Public Employees' Medical and Hospital Care Act (PEMHCA) for medical benefits. The benefit provisions are established by the Public Employee's Retirement Law (PERL) and the Public Employees' Pension Reform Act of 2013 (PEPRA).

A full description of the pension plans regarding numbers of employees covered, benefit provision, assumptions, and membership information are listed in the June 30, 2021, Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report.

In general, retirement benefits are based on a formula using member's years of service credit, age at retirement, and final compensation (average salary for a defined period of employment). Retirement formulas vary based on:

- Classification (e.g., miscellaneous or peace officers and firefighters)
- Membership category (pre-PEPRA and post-PEPRA); and
- Specific provisions in employees' contracts.

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

(c) Pensionable Compensation

For the University, the plan acts as cost sharing multiple-employer defined-benefit pension plan, which provides a defined-benefit pension and postretirement program for substantially all eligible University employees. The University's proportion of the State's net pension liability was calculated based on its proportionate share of the State's pensionable compensation. The pensionable compensation has a measurement period of July 1, 2021 through June 30, 2022.

(d) Contributions

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the measurement period ended June 30, 2022, the average State's active employee contribution rates for State Miscellaneous and Peace Officer and Firefighters Plans are 7.17% and 11.69% of annual payroll, respectively. For the measurement period ended June 30, 2022, the State's contribution rates for State

(In thousands)

Miscellaneous and Peace Officer and Firefighters Plans are 29.20% and 32.84% of annual payroll, respectively.

State Miscellaneous Plan members of the University are required to contribute 5.00% of their annual earnings in excess of $513 per month to CalPERS. Effective January 1, 2013, all new University employees that are considered “new members” to CalPERS are required to contribute 50.00% of the normal cost for their category (e.g., State Miscellaneous Plan members contribute 8.00% of their annual earnings per month to CalPERS). The University is required to contribute at an actuarially determined rate.

State Peace Officers and Firefighters Plan members of the University are required to contribute 8.00% of their annual earnings in excess of $238 per month to CalPERS. Effective January 1, 2013, all new University employees that are considered “new members” to CalPERS are required to contribute 50.00% of the normal cost for their category (e.g., State Peace Officers and Firefighters Plan members contribute 13.25% of their annual earnings per month to CalPERS). The University is required to contribute at an actuarially determined rate.

The contribution requirements of the plan members are established and may be amended by CalPERS. The contractual maximum contribution required for the University is determined by the annual CalPERS compensation limit(s), which are based on provisions of Assembly Bill (AB) 340 and the IRC 401(a) 17 limits. The University’s contributions to CalPERS for the most recent three fiscal years ended June 30 were equal to the required contributions and are as follows:

		Contributions
Fiscal year ended June 30:		
2023	$	1,132,533
2022		963,723
2021		950,935

In 2018, the State made a supplemental pension contribution of $876,842 to CalPERS on behalf of the University as authorized by Government Code Section 20825. The University shall repay $156,283 amount contributed through June 30, 2030, while the remainder was recognized as State appropriations, noncapital in 2018. As of June 30, 2023, the outstanding amount to be repaid by the University is $34,420.

(In thousands)

(e) Actuarial Methods and Assumptions

The total pension liability was measured as of June 30, 2022 (measurement date), by rolling forward the total pension liability determined by the June 30, 2021 actuarial valuation (valuation date), based on the following actuarial methods and assumptions:

Valuation date	June 30, 2021
Actuarial cost method	Entry age normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90% net of pension plan investment expenses, but without reduction for administrative expenses, includes inflation
Mortality rate of return	Derived using CalPERS' membership data for all funds
Postretirement benefit increase	The lesser of contract cost of living allowance or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80.00% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

(f) Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(g) Investment Rate of Return

The long-term expected rate of return on pension plan investments of 6.90% was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the PERF's asset classes, expected compound (geometric returns) were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

(In thousands)

Asset class	Assumed asset allocation	Real return[1,2]
	%	%
Global equity - cap weighted	30.00	4.54
Global equity - non-cap weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.50
Investment grade corporates	10.00	1.56
High yield	5.00	2.27
Emerging market debt	5.00	2.48
Private debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	100.00	

[1]An expected inflation of 2.30% used for this period

[2]Figures are based on the 2021 Asset Liability Management study

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

The following table presents the University's proportionate share of net pension liability of the State Miscellaneous and Peace Officers and Firefighters Plans (collectively the Plans) as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (5.90%) or one-percentage point higher (7.90%) than the current rate:

Plan	Discount rate -1%	Current discount rate	Discount rate +1%
Miscellaneous Plan	$ 11,973,332	8,321,003	5,271,860
Peace Officers and Firefighters Plan	245,727	163,852	96,950
Total net pension liability	$ 12,219,059	8,484,855	5,368,810

(i) Changes in Net Pension Liability

The University reported a liability of $8,484,855 for its proportionate share of the State's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2021 rolled forward to the measurement date. The University's portion of the State's net pension liability was calculated based on its proportionate share of the State's pensionable compensation. The State considered this a practical, systematic, and rational approach. At measurement date June 30, 2022, the University's proportionate share of the total State net pension liability for the State Miscellaneous and Peace Officers and Firefighters Plans were 22.0097% and 0.9904%, respectively.

(In thousands)

	State Miscellaneous Plan	State Peace Officers and Firefighters Plan	Total
Balance at June 30, 2021 (measurement date)	$ 5,516,849	101,833	5,618,682
Changes in proportionate share	(610,998)	(10,465)	(621,463)
Balance at June 30, 2021, adjusted	4,905,851	91,368	4,997,219
Changes recognized for the measurement period			
Service cost	536,672	11,567	548,239
Interest on total pension liability	1,926,489	38,269	1,964,758
Changes of assumptions	820,734	21,690	842,424
Recognized difference between expected and actual experience	(245,549)	(7,973)	(253,522)
Plan to plan resource movement	563	(11)	552
Employer contributions	(1,124,757)	(21,508)	(1,146,265)
Employee contributions	(238,104)	(4,728)	(242,832)
Projected earnings on pension plan assets	(1,574,359)	(31,483)	(1,605,842)
Investment earnings greater than projected earnings	3,299,059	66,387	3,365,446
Administrative expenses	14,303	285	14,588
Beginning of year adjustment	101	(11)	90
Net changes	3,415,152	72,484	3,487,636
Balance at June 30, 2022 (measurement date)	$ 8,321,003	163,852	8,484,855

(j) Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. For example, for the accounting valuations, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation.

(In thousands)

(k) Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

The University recognized pension expense of $836,073 for State Miscellaneous Plan and State Peace Officers and Firefighters Plan, which were reported as benefits expense.

The following table presents deferred outflows and inflows of resources as of June 30, 2023 related to pension.

	Deferred outflows of resources	Deferred inflows of resources
University's retirement contributions subsequent to the measurement date	$ 1,132,533	—
Net differences between projected and actual earnings on pension plan investments	1,105,846	—
Differences due to changes in assumptions	646,941	—
Differences due to changes in proportionate share	—	478,396
Differences between expected and actual experience	136,962	194,721
Total	$ 3,022,282	673,117

Deferred outflows of resources recognized for the University's retirement contributions made subsequent to the measurement date of June 30, 2022, will be recognized as a reduction of the net pension liability in the next measurement date.

The deferred outflows of resources will be recognized as pension expense as follows:

			Increase (Decrease) in pension expense arising from the recognition of the differences between projected and actual earnings on pension plan investments (measurement dates)				
Measurement period ended June 30	Initial differences*	Recognition period (year)	2023	2024	2025	2026	Total
Miscellaneous Plan							
2019	$ 109,489	5.0	$ 21,898	—	—	—	21,898
2020	399,608	5.0	79,922	79,922	—	—	159,844
2021	(2,894,392)	5.0	(578,878)	(578,878)	(578,878)	—	(1,736,634)
2022	3,299,059	5.0	659,812	659,812	659,812	659,812	2,639,248
Peace Officers and Firefighters Plan							
2019	(1,942)	5.0	388	—	—	—	388
2020	(7,484)	5.0	1,496	1,496	—	—	2,992
2021	58,331	5.0	(11,666)	(11,666)	(11,666)	—	(34,998)
2022	(66,387)	5.0	13,277	13,277	13,277	13,277	53,108
Decrease in pension expense			$ 186,249	163,963	82,545	673,089	1,105,846

**Adjusted for any changes in University's proportionate share*

(In thousands)

Measurement Period ended June 30	Initial differences*	Recognition period (year)	Increase in pension expense arising from the recognition of the effects of changes in assumptions (measurement dates)				
			2023	2024	2025	2026	Total
Miscellaneous Plan							
2022	$ 820,734	4.3	$ 190,868	190,868	190,868	57,261	629,865
Peace Officers and Firefighters Plan							
2022	21,690	4.7	4,615	4,615	4,615	3,231	17,076
Increase in pension expense			$ 195,483	195,483	195,483	60,492	646,941

** Adjusted for any changes in University's proportionate share*

Measurement Period ended June 30	Initial differences*	Recognition period (year)	Increase in pension expense arising from the recognition of the effects of differences between expected and actual experience (measurement date)			
			2023	2024	2025	Total
Miscellaneous Plan						
2019	$ 447,338	4.1	10,910	—	—	10,910
2020	163,418	4.2	38,909	7,782	—	46,691
2021	138,296	4.3	32,162	32,162	9,649	73,973
Peace Officers and Firefighters Plan						
2019	6,580	5.00	1,316	—	—	1,316
2020	1,705	4.80	355	284	—	639
2021	5,800	4.90	1,184	1,184	1,065	3,433
Increase in pension expense			$ 84,836	41,412	10,714	136,962

**Adjusted for any changes in University's proportionate share*

(In thousands)

The deferred inflows of resources will be recognized as pension expense as follows:

Measurement period ended June 30	Initial differences	Recognition period (year)	Decrease (Increase) in pension expense arising from the recognition of the effects of changes in proportionate share (measurement dates) 2023	2024	2025	2026	Total
Miscellaneous Plan							
2021	$ (312,344)	4.3	$ (72,638)	(72,638)	(21,791)	—	(167,067)
2022	830,870	4.3	193,225	193,225	193,225	57,968	637,643
Peace Officers and Firefighters Plan							
2021	(5,640)	5.1	(1,151)	(1,151)	(1,036)	—	(3,338)
2022	14,172	5.1	3,015	(3,015)	3,015	8,142	11,157
Decrease in pension expense			$ 122,451	116,421	173,413	66,110	478,395

Measurement period ended June 30	Initial differences*	Recognition period (year)	Decrease in pension expense arising from the recognition of the effects of differences between expected and actual experience (measurement dates) 2023	2024	2025	2026	Total
Miscellaneous Plan							
2022	$ 245,549	4.3	$ 57,104	57,104	57,104	17,131	188,443
Peace Officers and Firefighters Plan							
2022	7,973	4.7	1,696	1,696	1,696	1,190	6,278
Decrease in pension expense			$ 58,800	58,800	58,800	18,321	194,721

** Adjusted for any changes in University's proportionate share*

(13) Other Postemployment Benefits (OPEB)

(a) OPEB Plan Description

The State provides retiree health and dental benefits to annuitants of retirement systems through an agent multiple-employer defined benefit plan which operates as a single-employer defined benefit plan for the University. The design of health and dental benefit plans can be amended by CalPERS Board of Administration. To be eligible, employees must retire within 120 days of separation from employment and have met the health and dental vesting period to be eligible to receive these benefits.

(b) Benefits Provided

For healthcare benefits, CalPERS offers Preferred Provider Organizations (PPOs), Health Maintenance Organizations (HMOs), and Exclusive Provider Organizations (EPOs) (limited to members in certain California counties). For dental benefits, a Dental Maintenance Organization (DMO) and dental indemnity plans are offered to the University's retirees. Health plans offered, covered benefits, monthly rates, and co-payments are determined by the CalPERS Board of Administration, who reviews health plan contracts annually. At measurement date, the count of retired and active employees covered by the benefit terms were:

	Headcount
Retirees elected to receive healthcare benefits	33,792
Active employees	49,766
Total headcount	83,558

(c) Contributions

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

For healthcare benefits, responsibility for funding the cost of the employer share of premiums is apportioned between the State and the University based on “billable” and “nonbillable” accounts. Billable accounts have special revenue sources such as fees, licenses, penalties, assessments, and interest, which offset the costs incurred by a State department during the year. The University reimburses the State for retiree's health benefit costs allocated to billable accounts but not for costs allocated to nonbillable accounts. The University is responsible for funding the costs of the billable accounts on a pay-as-you-go basis as part of the statewide general administrative costs charged to the University. The State is responsible for funding the cost of the employer share of healthcare premiums of retirees for all nonbillable accounts. Historically, the State has funded approximately 95% of the cost of the benefits.

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

In addition to the explicit University contribution provided to retirees, there is an "implicit rate subsidy" The gross premium for retired members not eligible for Medicare who are charged a premium based on the experience of both active and retired members will be receiving a subsidy because the average healthcare costs of retired members is generally higher than the blended average costs of a group comprised of both active and retired members. The subsidy is referred to as the implicit rate subsidy. The implicit subsidy associated with the retiree health costs paid during the past year is also considered to be a contribution from the University.

(In thousands)

(d) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are consistent with 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 total OPEB liability were:

Valuation date	June 30, 2022
Actuarial cost method	Entry Age Normal Actuarial Cost Method and the blended discount rates in accordance with the requirements of GASB Statement Nos. 74 and 75.
Actuarial assumptions	
Discount rate	3.69%
Price inflation	2.30%
Wage inflation	2.80%
Healthcare-related	Assumptions were based on healthcare census information, claims experience data and actuarial valuations for the period from July 1, 2014, to June 30, 2018. The actuarial assumptions determined by this study were first used for the actuarial valuations effective as of June 30, 2019.
Healthcare trend	
Pre-Medicare cost trend rate	Select and ultimate trend rates were set at actual increases for 2023, 7.00% in 2024 grading down to 4.50% in 2029, 4.50% from 2030 to 2037, and 4.25% on and after 2038.
Post-Medicare cost trend rate	Select and ultimate trend rates were set at actual increases for 2023, 7.00% in 2024 grading down to 4.50% in 2029, 4.50% from 2030 to 2037, and 4.25% on and after 2038.
Participation	On average approximately 95% of all eligible retirees elect healthcare coverage.
Per capita claim costs	Costs were developed for pre-Medicare and post-Medicare coverage at each respective age and gender, using overall average costs adjusted for morbidity.
Pension-related	Assumptions were based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions and were first adopted beginning with the actuarial valuation as of June 30, 2021. Key assumptions include: salary increase rates, termination rates, disability rates, retirement rates, and mortality rates.
Mortality	Assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board in November 2021. The pre-retirement and postretirement mortality assumptions include generational mortality improvement and the rates are projected using 80% of scale MP-2020 published by the Society of Actuaries.

(In thousands)

(e) Sensitivity of the University's Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

One of the key assumptions influencing costs is the assumed growth or trend in healthcare costs. The healthcare trend assumption for OPEB actuarial valuations spans over the lifetime of a covered retiree, which could extend to over 30 years. This is in contrast to the short-term healthcare inflation used to develop premiums for the next fiscal year. This long-term healthcare assumption is by far the most difficult to set.

The following table presents the University's total OPEB liability as of the measurement date, calculated using the healthcare cost trend rate (7.00% decreasing to 4.25%), as well as what the total OPEB liability would be if it were calculated using the healthcare cost trend rate that are one-percentage-point lower (6.00% decreasing to 3.25%) and one-percentage-point higher (8.00% decreasing to 5.25%) than the current healthcare cost trend rate:

	Trend rate -1%	Current trend rate	Trend rate +1%
OPEB liability	$ 11,484,646	13,342,974	15,701,046

(f) Discount Rate

The discount rate used to estimate the total OPEB liability as of measurement dates June 30, 2022 and 2021 was 3.69% and 1.92%, respectively. The discount rates were based on Fidelity's 20-Year Municipal GO AA Index since the University has no plan assets sufficient to make benefit payments.

(g) Sensitivity of the University's Total OPEB Liability to Changes in the Discount Rate

The following table presents the University's total OPEB liability as of the measurement date, calculated using the discount rate of 3.69%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (2.69%) or one-percentage point higher (4.69%) than the current rate:

	Discount rate -1%	Current discount rate	Discount rate +1%
OPEB liability	$ 15,434,428	13,342,974	11,640,588

(In thousands)

(h) Changes in Total OPEB Liability

The following table presents the changes in total OPEB liability of the University recognized over the measurement period:

Balance at June 30, 2021 (measurement date)	$	15,434,384
Changes recognized for the measurement period:		
Service cost		763,258
Interest on total OPEB liability		306,867
Recognized changes of assumptions		(3,779,507)
Differences between expected and actual experience (non-investment)		1,049,961
Benefit payments		(431,989)
Net changes		(2,091,410)
Balance at June 30, 2022 (measurement date)	$	13,342,974

(i) OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The University recognized OPEB expense of $254,205 which was reported as benefits expense. The following table summarizes the deferred outflows and inflows of resources related to OPEB liabilities.

		Deferred outflows of resources	Deferred inflows of resources
University's contributions subsequent to the measurement date	$	461,842	—
Differences due to changes in assumptions		1,000,090	3,638,842
Differences between expected and actual experience (non-investment)		909,005	1,430,728
Total	$	2,370,937	5,069,570

The University's contributions subsequent to the measurement date includes $426,423 contributed by the State on behalf of the University as authorized by Government Code Section 22871. The State's contributions are recognized as State appropriations, noncapital.

The deferred outflows of resources related to the University’s contributions made subsequent to the measurement date of June 30, 2022 will be recognized as a reduction of total OPEB liability on the subsequent measurement date, and are not amortized to OPEB expense.

(In thousands)

The deferred outflows of resources to be recognized as OPEB expense are as follows:

Measurement period ended June 30	Initial difference	Recognition period (year)	Increase in OPEB expense from changes of assumptions (measurement dates) 2023	2024	2025	2026	2027	2028	2029	Total
2019	$ 751,688	7.25	$ 103,631	103,631	103,631	26,271	—			337,164
2020	585,190	7.30	80,110	80,110	80,110	80,110	24,420	—		344,860
2021	437,934	7.31	59,934	59,934	59,934	59,934	59,934	18,396	—	318,066
Increase in OPEB expense			$ 243,675	243,675	243,675	166,315	84,354	18,396	—	1,000,090

Measurement period ended June 30	Initial difference	Recognition period (year)	Increase in OPEB expense arising from differences between expected and actual experience (non investment) (measurement dates) 2023	2024	2025	2026	2027	2028	2029	Total
2022	$1,049,961	7.45	$ 140,956	140,956	140,956	140,956	140,956	140,956	63,269	909,005
Increase in OPEB expense			$ 140,956	140,956	140,956	140,956	140,956	140,956	63,269	909,005

The deferred inflows of resources to be recognized as OPEB expense are as follows:

Measurement period ended June 30	Initial difference	Recognition period (year)	Decrease in OPEB expense arising from changes in assumptions (measurement dates) 2023	2024	2025	2026	2027	2028	2029	Total
2017	$1,663,194	6.86	$ 209,400	—	—	—	—	—	—	209,400
2018	519,714	7.17	72,477	72,477	12,375	—	—	—	—	157,329
2022	3,779,507	7.45	507,394	507,394	507,394	507,394	507,394	507,394	227,749	3,272,113
Decrease in OPEB expense			$ 789,271	579,871	519,769	507,394	507,394	507,394	227,749	3,638,842

Measurement period ended June 30	Initial difference	Recognition period (year)	Decrease in OPEB expense arising from differences between expected and actual experience (non investment) (measurement dates) 2023	2024	2025	2026	2027	2028	2029	Total
2018	$1,111,239	7.17	$ 154,968	154,968	26,463	—	—	—	—	336,399
2019	94,145	7.25	12,979	12,979	12,979	3,292	—	—	—	42,229
2020	471,337	7.30	64,524	64,524	64,524	64,524	19,669	—	—	277,765
2021	1,066,155	7.31	145,910	145,910	145,910	145,910	145,910	44,785	—	774,335
Decrease in OPEB expense			$ 378,381	378,381	249,876	213,726	165,579	44,785	—	1,430,728

(In thousands)

(14) Deferred Outflows and Inflows of Resources

The composition of deferred outflows and inflows of resources at June 30, 2023 is summarized as follows:

	Deferred outflows of resources	Deferred inflows of resources
Related to:		
Net pension liability (note 11)	$ 3,022,282	673,117
Other postemployment benefits liability (note 12)	2,370,937	5,069,570
Unamortized loss on SRB debt refunding	87,506	—
Leases	—	215,738
Unamortized gain on SRB debt refunding	—	3,666
Nonexchange transactions	—	849
Others	17	—
Total	$ 5,480,742	5,962,940

(15) Claims Liability for Losses and Loss Adjustment Expenses

The University and certain auxiliary organizations have established the CSURMA, a discretely presented component unit of the University, to centrally manage workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, and other risk-related programs. The claims liability included in the discretely presented component unit column reflects the estimated ultimate cost of settling claims related to events that have occurred on or before June 30, 2023. The liability includes estimated amounts that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not yet been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. Although considerable variability is inherent in such estimates, management believes that the liability is a reasonable estimate at June 30, 2023.

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

(16) Commitments and Contingencies

The University is a defendant in multiple lawsuits involving matters not covered by the CSURMA as discussed in note 15. Management of the University is of the opinion that the liabilities, if any, arising from litigation will not have a material effect on the financial position of the University.

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

(In thousands)

Authorized but unexpended costs for construction projects as of June 30, 2023 totaled $1,170,131. These expenditures will be funded primarily by state appropriations and bond proceeds.

In order to secure access to electricity used for normal operation, the University participates in forward purchase contract of electricity operated by Shell Energy North America. The University's obligations under these special purchase arrangements require it to purchase an estimated total of $25,067 of electricity at fixed prices through December 2024. The University estimates that the special purchase contract in place represent approximately 20.61% of its total annual electricity expenses.

(17) Classification of Operating Expenses

The University has elected to report operating expenses by functional classification in the Statement of Revenues, Expenses, and Changes in Net Position, and to provide the natural classification of those expenses as an additional disclosure. Operating expenses by natural classification consisted of the following for the year ended June 30, 2023:

	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	$ 2,195,509	1,145,514	—	213,458	—	3,554,481
Research	44,325	14,466	—	24,598	—	83,389
Public service	25,758	5,990	—	29,040	—	60,788
Academic support	504,564	215,410	—	222,610	—	942,584
Student services	563,324	271,248	—	503,482	—	1,338,054
Institutional support	548,924	230,117	—	358,213	—	1,137,254
Operation and maintenance of plant	298,427	153,170	—	503,894	—	955,491
Student grants and scholarships	—	—	1,243,155	—	—	1,243,155
Auxiliary enterprise expenses	110,293	64,201	—	497,084	—	671,578
Depreciation and amortization	—	—	—	—	687,995	687,995
Total operating expenses	$ 4,291,124	2,100,116	1,243,155	2,352,379	687,995	10,674,769

(In thousands)

(18) Transactions with Related Entities

The University is an agency of the State and receives approximately 48.76% of total revenues through state appropriations. State appropriations allocated to the University aggregated $6,223,371 for the year ended June 30, 2023. State appropriations receivable is $1,484 at June 30, 2023.

State appropriations allocated to the University for the year ended June 30, 2023 are as follows:

State appropriations, general fund	$	5,765,422
State's contribution on behalf of the University for OPEB		457,949
Total state appropriations	$	6,223,371

(19) Subsequent Events

The following information describes significant events that occurred subsequent to June 30, 2023, but prior to the date of the auditors' report.

- *SRB Issuance*

  In August 2023, the University issued $799,355 of SRB Series 2023A (Tax Exempt) and 2023B (Taxable). The new bonds were issued to fund various capital projects and redeem maturing BANs.

- *BAN Issuance and Redemption*

  The University issued BANs for the following capital projects:

SDSU Aztec Shops, Ltd. The Essential Student Housing Property Acquisition Project	$	40,426
Cal Poly Corporation – 4800 Morabito Place Acquisition and Renovation Project		22,896
California State University, San Marcos University Village Housing Project		20,805
Cal Poly Humboldt Student Housing Project		5,703
Total BAN issuance	$	89,830

The University redeemed BANs for the following capital projects:

SDSU Aztec Shops, Ltd. Viva 5750 Apartment Acquisition	$	38,157
San Diego State Multi-Use Stadium at Mission Valley Project		20,000
SFSU Science Replacement Building - College of Extended Learning (CEL) Addition Project		14,618
SLO Science and Agricultural Teaching and Research Complex Project		528
Total BAN redemption	$	73,303

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA STATE UNIVERSITY

Schedule of University's Proportionate Share of the Net Pension Liability and Related Ratios

June 30, 2023

(In thousands)

Last Ten Fiscal Years[1]

	2022[2]	2021[2]	2020[2]	2019[2]	2018[2]	2017[2]	2016[2]	2015[2]	2014[2]
State of California Miscellaneous Plan									
University's proportion of the net pension liability	22.00970%	24.75083	23.79119	23.85065	24.09757	23.87558	22.87662	22.84970	22.72891
University's proportionate share of the net pension liability	$8,321,003	5,516,848	8,270,213	8,022,235	7,570,176	8,723,068	7,575,326	6,453,200	5,411,439
University's proportionate share of covered payroll	$3,103,947	3,441,594	3,152,983	3,002,439	2,900,140	2,780,552	2,567,251	2,407,821	2,209,786
University's proportionate share of the net pension liability as a percentage of covered payroll	268.07813%	160.29921	262.29805	267.19061	261.02795	313.71711	295.07539	268.00996	244.88521
Plan fiduciary net position as a percentage of the total pension liability	71.62525%	82.39493	71.51054	71.34328	71.82994	66.41644	66.81100	70.68274	74.17418
State of California Peace Officers and Firefighters Plan									
University's proportion of the net pension liability	0.99039%	1.10385	1.05879	1.14289	1.17223	1.15890	1.15882	1.07094	1.00623
University's proportionate share of the net pension liability	$ 163,852	101,834	149,100	168,535	163,075	176,894	158,599	124,994	102,216
University's proportionate share of covered payroll	$ 37,769	43,493	39,417	41,367	41,153	38,632	37,528	33,341	30,160
University's proportionate share of the net pension liability as a percentage of covered payroll	433.82668%	234.13883	378.26319	407.41440	396.26516	457.89066	422.61507	374.89140	338.91247
Plan fiduciary net position as a percentage of the total pension liability	71.99753%	83.34760	73.18576	70.56276	70.53476	65.89199	66.09678	69.61241	72.18915

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

[2] *The date in the column heading represents the end of the measurement period of the net pension liability, which is one year prior to the reporting period.*

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

Schedule of Employer Contributions Related to Pension

Year ended June 30, 2023

(In thousands)

Last Ten Fiscal Years[1]

	2023	2022	2021	2020	2019	2018	2017	2016	2015
State of California Miscellaneous Plan									
Actuarially determined contribution	$1,074,129	943,908	1,014,772	1,000,772	902,330	836,450	737,766	641,710	588,353
Contributions in relation to the actuarially determined contributions	(1,110,522)	(950,453)	(936,487)	(992,004)	(909,834)	(839,367)	(740,571)	(644,679)	(589,385)
Contribution deficiency (excess)	$ (36,393)	(6,545)	78,285	8,768	(7,504)	(2,917)	(2,805)	(2,969)	(1,032)
University's covered payroll	$3,497,651	3,241,442	3,195,126	3,230,694	3,079,834	2,953,043	2,768,770	2,559,878	2,431,410
Contributions as a percentage of covered payroll	31.75051 %	29.32192	29.30986	30.70560	29.54166	28.42380	26.74729	25.18397	24.24046
State of California Peace Officers and Firefighters Plan									
Actuarially determined contribution	$ 20,824	12,465	19,601	19,512	18,374	17,762	15,858	14,027	11,737
Contributions in relation to the actuarially determined contributions	(22,012)	(13,270)	(14,448)	(19,514)	(19,153)	(18,442)	(16,600)	(14,647)	(13,610)
Contribution deficiency (excess)	$ (1,188)	(805)	5,153	(2)	(779)	(680)	(742)	(620)	(1,873)
University's covered payroll	$ 44,108	39,966	40,060	41,342	42,022	41,696	39,372	37,568	33,363
Contributions as a percentage of covered payroll	49.90347 %	33.20322	36.06590	47.20139	45.57851	44.22966	42.16194	38.98797	40.79369

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

See accompanying independent auditors' report.

(Continued)

CALIFORNIA STATE UNIVERSITY

Schedule of Employer Contributions Related to Pension

Year ended June 30, 2023

Notes to required supplementary information schedule for the most recent fiscal year presented:

Valuation date	Actuarially calculated contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Methods and assumption used to determine contribution rates	
Actuarial cost method	Entry age normal in accordance with the requirement of GASB Statement No. 68.
Amortization method/period	For details, see June 30, 2021 Funding Valuation Report.
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
Inflation	2.30%
Salary increases	Varies by entry age and duration of service
Payroll growth	2.80%
Investment rate of return	6.80%, net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80.00% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.
Significant factors affecting contribution rates	For details, see June 30, 2021 Funding Valuation Report.

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

Schedule of University's Total Other Postemployment Benefits Liability and Related Ratios

June 30, 2023

(In thousands)

Last Ten Fiscal Years[1]

	2022[2]	2021[2]	2020[2]	2019[2]	2018[2]	2017[2]
University's total other postemployment benefits liability at beginning of the year	$ 15,434,384	15,323,276	14,498,545	13,128,996	13,918,525	14,683,420
Changes recognized for the measurement period						
Service cost	763,258	768,498	643,745	603,049	680,934	795,696
Interest on total other postemployment benefits liability	306,867	389,155	467,733	490,260	513,512	436,431
Recognized changes of assumptions	(3,779,507)	437,934	585,190	751,688	(519,714)	(1,663,194)
Recognized differences between Expected and Actual Experience (Non-Investment)	1,049,961	(1,066,155)	(471,337)	(94,145)	(1,111,239)	—
Employer contributions	(431,989)	(418,324)	(400,600)	(381,303)	(353,022)	(333,828)
Net changes	$ (2,091,410)	111,108	824,731	1,369,549	(789,529)	(764,895)
University's total other postemployment benefits liability at end of the year	$ 13,342,974	15,434,384	15,323,276	14,498,545	13,128,996	13,918,525
University's covered payroll	$ 3,541,759	3,281,408	3,235,186	3,272,036	3,121,856	2,994,739
University's total other postemployment benefits liability as a percentage of covered payroll	376.73297 %	470.35858	473.64436	443.10469	420.55098	464.76588

[1]The University implemented GASB Statement No. 75 effective July 1, 2017, therefore, no information is available for the measurement periods prior to June 30, 2017.

[2]The date in the column heading represents the end of the measurement period of the total OPEB liability, which is one year prior to the reporting period.

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

Schedule of Employer Contributions Related to Other Postemployment Benefits

Year ended June 30, 2023

(In thousands)

Last Ten Fiscal Years[1]

	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	$ 858,253	744,383	771,153	786,426	743,648	754,550
Contributions in relation to the actuarially determined contributions	(461,842)	(400,463)	(390,008)	(404,389)	(362,260)	(349,487)
Contribution deficiency	$ 396,411	343,920	381,145	382,037	381,388	405,063
University's covered payroll	$ 3,541,759	3,281,408	3,235,186	3,272,036	3,121,856	2,994,739
Contributions as a percentage of covered payroll	13.03990 %	12.20400	12.05520	12.35894	11.60399	11.67003

[1]*The University implemented GASB Statement No. 75 effective July 1, 2017, therefore, no information is available for the measurement periods prior to June 30, 2017.*

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

Schedule of Employer Contributions Related to Other Postemployment Benefits

Year ended June 30, 2023

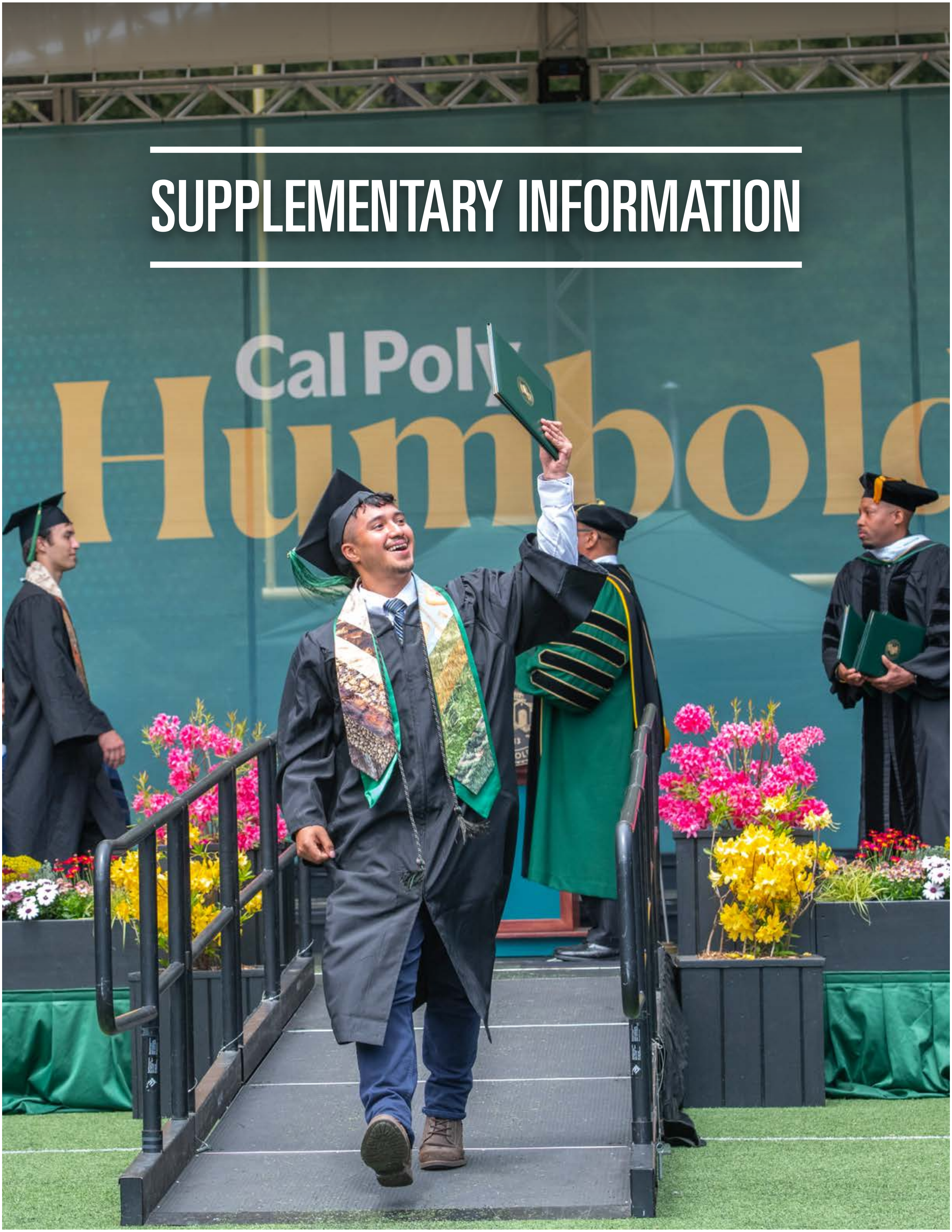
Notes to required supplementary information schedule for the most recent fiscal year presented

Valuation date	Actuarially calculated contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.
Methods and assumption used to determine actuarially determined contributions	
Actuarial cost method	Actuarial valuation results used for accounting purposes, such as the Total OPEB Liability and Service Cost, were developed using the Entry Age Normal Actuarial Cost Method and the blended discount rates as required by GASB Statements No. 74 and 75. The Normal Cost and Actuarial Accrued Liability for the purpose of calculating the Actuarially Determined Contribution were developed using the Entry Age Normal Actuarial Cost Method and a full-funding discount rate of 6.00 percent.
Inflation	2.30%
Payroll growth	2.80%
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019.
Mortality	Assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board in November 2021. The pre-retirement and postretirement mortality assumptions include generational mortality improvement and the rates are projected using 80% of scale MP-2020 published by the Society of Actuaries.

[1] *The University implemented GASB Statement No. 75 effective July 1, 2017, therefore, no information is available for the measurement periods prior to June 30, 2017.*

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION



Schedule 5

CALIFORNIA STATE UNIVERSITY

Systemwide Revenue Bond Program's Net Income Available for Debt Service

Year ended June 30, 2023

(In thousands)

Gross revenues		
Tuition fees	$	3,319,703
Student housing		731,829
Student unions/recreation centers		293,806
Parking		121,762
Health centers		13,000
Professional and continuing education		435,485
Auxiliary organizations[1]		684,579
Other related entity[2]		6,216
Total gross revenues		5,606,380
Maintenance and operation expenses[3]		
Academic facilities		562,508
Student housing		520,988
Student unions/recreation centers		172,080
Parking		64,817
Health centers		4,701
Professional and continuing education		380,677
Auxiliary organizations[1]		571,171
Total maintenance and operation expenses		2,276,942
Net income available for debt service	$	3,329,438
Debt service		
Systemwide revenue bonds debt		511,896
Designated auxiliary organizations debt		2,007
Total debt service	$	513,903

The purpose of this schedule is to meet bond reporting covenants covering the operations of the projects showing the gross revenues and expenses for the fiscal year.

[1] *This includes gross revenues and maintenance and operations expenses of 17 auxiliary organizations that have financed with SRB through lease or loan arrangements. This excludes research grants and contracts activity and restricted gifts. Gross revenues under the SRB Indenture are a smaller amount derived from payments under certain leases or with the Board of Trustees.*

[2] *This includes gross revenues derived from leases with California State University, Channel Islands Site Authority which are used solely to pay debt service. The maintenance and operations expense are excluded as these are not paid by the pledged gross revenues.*

[3] *Maintenance and operation expenses for the year ended June 30, 2023 include extraordinary maintenance and repair projects, which are generally paid from existing program fund balance of $120 million, other postemployment benefits expense of $4.5 million pursuant to GASB Statement No. 75, and pension expense of $30.9 million pursuant to GASB Statement No. 68.*

See accompanying independent auditors' report.

Schedule 6

CALIFORNIA STATE UNIVERSITY

Systemwide Revenue Bond Program's Residence and Dining Halls Operating Data by Campus[1]

Year ended June 30, 2023

	Operating and other revenues	Operating expenditures	Excess of revenues over expenditures	Design capacity	Operational capacity[2]	Average number of spaces occupied	% of spaces occupied[3]
		(In thousands)					
California State University, Bakersfield	$ 5,222	6,620	(1,398)	500	500	366	73.20%
California State University Channel Islands	17,774	13,525	4,249	1,529	1,526	1,181	77.39%
California State University, Chico	23,201	22,160	1,041	2,239	2,276	1,845	81.06%
California State University, Dominguez Hills	8,581	3,107	5,474	1,198	1,192	848	71.14%
California State University, East Bay	15,458	15,062	396	1,296	1,482	1,014	68.42%
California State University, Fullerton	37,516	20,273	17,244	2,137	2,270	2,208	97.27%
California State Polytechnic University, Humboldt	24,223	19,511	4,712	2,074	2,170	1,932	89.03%
California State University, Long Beach	43,496	33,363	10,133	2,285	2,500	2,443	97.72%
California State University, Los Angeles	25,190	17,351	7,839	2,572	2,459	1,908	77.59%
California State University Maritime Academy	8,174	(524)	8,697	823	823	684	83.11%
California State University, Northridge	26,163	15,313	10,850	3,606	3,164	2,815	88.97%
California State Polytechnic University, Pomona	48,182	35,857	12,326	2,862	2,884	2,683	93.03%
California State University, Sacramento	28,153	23,382	4,772	2,088	2,182	2,134	97.80%
California State University, San Bernardino	11,959	6,318	5,641	1,934	1,477	1,191	80.64%
San Diego State University	134,948	104,118	30,830	6,787	8,288	7,852	94.74%
San Francisco State University[5]	71,226	58,755	12,471	4,679	4,627	4,034	87.18%
San José State University	63,704	32,242	31,462	3,740	4,261	4,010	94.11%
California Polytechnic State University, San Luis Obispo	94,805	43,425	51,380	7,722	8,683	8,375	96.45%
Sonoma State University[6]	33,140	18,243	14,897	3,244	3,304	2,130	64.47%
California State University, Stanislaus	5,925	6,016	(91)	460	472	385	81.57%
	727,040	494,117	232,925	53,775	56,540	50,038	88.50%
California State University, Office of the Chancellor (Systemwide Office)	—	—	—				
Interest income	4,788	—	4,788				
Total	$ 731,828	494,117	237,713				

(Continued)

CALIFORNIA STATE UNIVERSITY

Systemwide Revenue Bond Program's Residence and Dining Halls Operating Data by Campus[1]

Year ended June 30, 2023

	Average annual rates per academic year[4]								
	Residence Halls			Apartments			Suites		
	Single	Double	Triple	Single	Double	Triple	Single	Double	Triple
California State University, Bakersfield	$ 12,600	9,000	7,500						
California State University Channel Islands	10,820	9,740		12,670			11,660	11,060	
California State University, Chico	10,428	8,609	7,262	10,428	8,609				
California State University, Dominguez Hills	10,816	9,920	9,094	12,676	9,370				
California State University, East Bay				11,904	10,337	8,105		9,937	7,779
California State University, Fullerton		13,308	11,708	14,178			14,640		
California State Polytechnic University, Humboldt	8,216	5,252	4,938	8,216	6,638	4,938			
California State University, Long Beach	9,850	8,850	7,850	13,900			10,850		
California State University, Los Angeles	13,203	10,198	8,209	14,353	11,086	8,926	12,503		
California State University Maritime Academy		6,342							
California State University, Northridge				12,818	7,534				
California State Polytechnic University, Pomona	11,988	10,461	9,552	13,824	11,406				
California State University, Sacramento	8,352	7,744	5,250	9,840	8,610		9,219	8,306	
California State University, San Bernardino	8,608	6,796		10,352	10,020	8,580			
San Diego State University	15,560	13,528	11,744	12,688	10,576	9,200	12,272	10,232	8,896
San Francisco State University[5]		10,440		11,205	10,017	10,980			
San José State University	10,800	9,476	7,948	15,127	12,025	10,941	17,982	11,990	10,480
California Polytechnic State University, San Luis Obispo		10,356	9,654	13,395	11,946				
Sonoma State University[6]	10,976	8,048	5,872	13,140	9,914	6,730			
California State University, Stanislaus	7,895	6,970	5,500	8,409	6,970				
Average annual rates	$ 10,722	9,169	8,006	12,174	9,671	8,550	12,732	10,305	9,052

[1]Does not include housing facilities at the Fresno, Monterey Bay and San Marcos campuses that are operated by Auxiliary Organizations.

[2]This column reflects capacity adjusted for increase or decrease in permanent conversions and temporary adjustments.

[3]Percent (%) of spaces occupied is based on Operational Capacity. The percentages represent the average academic year occupancy.

[4]This section primarily reflects an average of the more traditional rates to students. Each campus has different rates depending on accommodations, such as super doubles, cluster occupancy, etc.

[5]The operational capacity does not include 1,862 apartment units, of which 1,794 units were occupied by students, faculty and staff. The monthly rates for the one-bedroom, two-bedroom or three-bedroom units (not bed-spaces) vary between $2,485 and $4,325.

[6]The operational capacity does not include 17 faculty and staff apartment units, of which 11 units were occupied.

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

Schedule 7

Systemwide Revenue Bond Program's Statement of Insurance Coverage

Year ended June 30, 2023

(In thousands)

Expiration date[1]	Insurance Coverage	Coverage Limit	Insurance Company	Policy number
	Property Insurance			
July 1, 2023	CSU Master Property Policy, "All Risk" Building, Equipment, Rental Income (excluding earthquake)	$1,000,000 per occurrence	Alliant Property Insurance Program	Multiple
July 1, 2023	CSU Master Property Policy, Boiler & Machinery	100,000	Alliant Property Insurance Program	Multiple
	General Liability Insurance			
July 1, 2023	Bodily Injury & Property Damage Liability (Primary)	10,000	CSU Risk Management Authority (self-insured portion)	CSURMA-LIAB-2223
July 1, 2023	Bodily Injury & Property Damage Liability (Reinsurance)	2,000 xs 8,000	SiriusPoint Bermuda Insurance Co. Ltd (Arcadian)	ARCGL010162022
July 1, 2023	Bodily Injury & Property Damage Liability (Reinsurance)	3,000 xs 5,000	Continetal Indemnity (Applied)/Upland	CI21NPX-01046-02 USXPE0146322
July 1, 2023	Bodily Injury & Property Damage Liability (Reinsurance)	4,500 xs 500	Great American Insurance Company	1827309
July 1, 2023	Bodily Injury & Property Damage Liability (Reinsurance)	5,000 xs 10,000	Everest Reinsurance Company	FC10044208-2022
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	10,000 xs 15,000	Allied World National Assurance Company	0312-4050
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	5,000 xs 25,000	Liberty Surplus Insurance Corporation	1000479134-02
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	5,000 xs 30,000	Hallmark Specialty Insurance Company	77PEF220182
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	10,000 xs 35,000	Gemini Insurance Company	CEX09600368-09
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	5,000 xs 45,000	Hamilton Re	CX21-6549
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	5,000 xs 50,000	Group Ark Insurance Limited	YLZ22-00302
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	5,000 xs 55,000	Howden Insurance Brokers Limited/Arcadian	B0180PN2205698
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	5,000 xs 60,000	Liberty Surplus Insurance Corporation	1000550140 01
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	35,000 xs 65,000	Multiple	Multiple
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	15,000 xs 100,000	Hiscox/Canopius Managing Agents Limited	B0180PN2206854
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	30,000 xs 115,000	Multiple	Multiple
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	30,000 xs 145,000	Multiple	Multiple
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	65,000 xs 175,000	Multiple	Multiple
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	10,000 xs 240,000	Inigo	B0180PN2206856
July 1, 2023	Bodily Injury & Property Damage Liability (Excess)	50,000 xs 250,000	Multiple	Multiple
	Workers' Compensation and Employer's Liability Insurance			
July 1, 2023	Workers' Compensation and Employer's Liability	2,500	PRISM	PRISM-PE 22 EWC-143
July 1, 2023	Workers' Compensation and Employer's Liability	in excess of 2,500 up to California Workers' Compensation Statutes	Safety National Casualty Corporation	SP 4067010

[1]*Additional insurance policies are maintained for the period from July 1, 2023 through July 1, 2024. These policies provide the same coverage indicated above.*

See accompanying independent auditors' report.

CSU The California State University

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

CERTAIN DEFINED TERMS

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

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

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

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

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

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

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

"Bonds" means any or all of the Trustees of the California State University Systemwide Revenue Bonds authorized under and secured by the Indenture.

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

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

"Certificate," "Request," "Requisition," "Statement" and "Written Order" mean, respectively, a written certificate, request, requisition, statement or order signed, in the case of the Board, in the name of the Board by an authorized representative of the Board, which may be combined in a single instrument with any other instrument, opinion or representation, and if to the extent required by the Indenture, shall also include the statements provided for in the Indenture.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed and delivered by the Board on the date of issuance and delivery of the Series 2024 Bonds as originally executed and as it may be amended from time to time in accordance with the terms thereof.

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

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

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

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

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

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

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

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

“Fortieth Supplemental Indenture” means the Fortieth Supplemental Indenture, dated as of August 1, 2024, by and between the Board and the Trustee, in respect of the Series 2024B Bonds.

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

“Gross Revenue Fund” means the fund by that name established pursuant to the Indenture, and which shall be comprised of such funds and accounts at the Gross Revenue Fund Depositories as the Board shall designate from time to time as the funds and accounts comprising the Gross Revenue Fund, all as set forth in a Certificate of the Board filed with the Trustee.

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

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

“Interest Payment Date” means, with respect to the Series 2024 Bonds, each May 1 and November 1, commencing May 1, 2025, until the principal and interest on all Series 2024 Bonds has been paid or payment has been duly provided for such amounts, and such other interest payment date or dates as may be specified in a Supplemental Indenture for a Series of Bonds. The Series 2024 Bonds shall bear interest at the rates per annum shown in the Official Statement based on a 360-day year consisting of twelve 30-day months.

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

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

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

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

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

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

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

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

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

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

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

"Series 2024A Term Bonds" means the Series 2024A Bonds, if any, payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Series 2024A Bonds on or before their specified maturity date or dates.

"Series 2024B Term Bonds" means the Series 2024B Bonds, if any, payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Series 2024B Bonds on or before their specified maturity date or dates.

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

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

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

"Term Bonds" shall mean the Bonds, if any, payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

"Thirty-Ninth Supplemental Indenture" means the Thirty-Ninth Supplemental Indenture, dated as of August 1, 2024, by and between the Board and the Trustee, in respect of the Series 2024A Bonds.

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

Application of Proceeds of the Series 2024 Bonds

The Board shall deposit the proceeds from the sale of the Series 2024 Bonds in the State Treasury of the State to the credit of the Program Fund within the fund designated as the "California State University Dormitory Construction Fund," which fund was created by Section 90073 of the Education Code of the State and is referred to as the "Program Fund." The Board shall account separately in the Program Fund for the proceeds from the sale of the Series 2024A Bonds and the Series 2024B Bonds.

Proceeds from the sale of the Series 2024A Bonds shall be deposited in an account established within the Program Fund and designated as the "Series 2024A Project Account." Immediately after the receipt of the proceeds from the sale of the Series 2024A Bonds, the Trustee, upon the order of the Controller of the State, and in accordance with the Certificate of the Board, shall withdraw certain proceeds from the Series 2024A Project Account and transfer and/or deposit such moneys in one or more separate accounts relating to the Series 2024A

Bonds. Except as described in this section, the moneys remaining in the Series 2024A Project Account shall be used and applied solely to meet the costs of acquisition and construction of the Series 2024A Projects and expenses and costs incidental to the acquisition and construction of the Series 2024A Projects, including the repayment of the principal of and interest on any interim loan, bond anticipation notes or other financing of such costs, and costs and expenses incident to the issuance and sale of the Series 2024A Bonds (including transfer to any fund or funds from which advances have been made for any such costs and expenses, in repayment of such advances), and/or for capitalized interest. Moneys shall be paid from the Series 2024A Project Account within the Program Fund upon claims filed by the Board with the Controller of the State and after audit by the Controller of the State in the manner provided by law and upon warrants drawn by the Controller of the State. Any moneys remaining in the Series 2024A Project Account in the Program Fund after all applicable costs and expenses have been transferred shall be used for such other purposes permitted under the Act as the Board may determine (including deposit to the Rebate Fund).

Proceeds from the sale of the Series 2024B Bonds shall be deposited in an account established within the Program Fund and designated as the "Series 2024B Project Account." Immediately after the receipt of the proceeds from the sale of the Series 2024B Bonds, the Trustee, upon the order of the Controller of the State, and in accordance with the Certificate of the Board, shall withdraw certain proceeds from the Series 2024B Project Account and transfer and/or deposit such moneys in one or more separate accounts relating to the Series 2024B Bonds. Except as described in this section, the moneys remaining in the Series 2024B Project Account shall be used and applied solely to meet the costs of acquisition and construction of the Series 2024B Projects and expenses and costs incidental to the acquisition and construction of the Series 2024B Projects, including the repayment of the principal of and interest on any interim loan, bond anticipation notes or other financing of such costs, and costs and expenses incident to the issuance and sale of the Series 2024B Bonds (including transfer to any fund or funds from which advances have been made for any such costs and expenses, in repayment of such advances), and/or for capitalized interest. Moneys shall be paid from the Series 2024B Project Account within the Program Fund upon claims filed by the Board with the Controller of the State and after audit by the Controller of the State in the manner provided by law and upon warrants drawn by the Controller of the State. Any moneys remaining in the Series 2024B Project Account in the Program Fund after all applicable costs and expenses have been transferred shall be used for such other purposes permitted under the Act as the Board may determine.

Program Fund; Project Accounts; Series Project Accounts

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

With respect to the Series 2024A Bonds, the Board shall establish and maintain a separate account within the Program Fund designated as the "Series 2024A Project Account." With respect to the Series 2024B Bonds, the Board shall establish and maintain a separate account within the Program Fund designated as the "Series 2024B Project Account."

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

The amount initially deposited in the Series 2024A Project Account and any investment earnings thereon shall be held by the Trustee. The Board may establish and maintain a Costs of Issuance subaccount within the Series 2024A Project Account. Moneys in the Costs of Issuance subaccount of the Series 2024A Project Account shall be used and withdrawn by the Board to pay Costs of Issuance, the cost of acquisition or construction of the Series 2024A Projects, including reimbursements of any sums advanced by the Board for such purposes and refunding bond anticipation notes or other obligations incurred for such purposes, and to pay interest on the Series 2024A Bonds in such amounts and on such dates as may be determined by the Board. Notwithstanding any other provision of the Indenture, amounts in the Series 2024A Project Account may be invested in Investment Securities or any other lawful investment for funds of the Board.

The amount initially deposited in the Series 2024B Project Account and any investment earnings thereon shall be held by the Trustee. The Board may establish and maintain a Costs of Issuance subaccount within the Series 2024B Project Account. Moneys in the Costs of Issuance subaccount of the Series 2024B Project Account shall be used and withdrawn by the Board to pay Costs of Issuance, the cost of acquisition or construction of the Series 2024B Projects, including reimbursements of any sums advanced by the Board for such purposes and refunding bond anticipation notes or other obligations incurred for such purposes, and to pay interest on the Series 2024B Bonds in such amounts and on such dates as may be determined by the Board. Notwithstanding any other provision of the Indenture, amounts in the Series 2024B Project Account may be invested in Investment Securities or any other lawful investment for funds of the Board.

Issuance of Additional Series of Bonds

In addition to the Series 2024 Bonds and other Outstanding Bonds, the Board may by Supplemental Indenture establish one or more other Series of Bonds, and the Board may issue, and the Trustee may authenticate and deliver to, or upon the Written Order of, the Board, Bonds of any Series so established, in such principal amount as shall be determined by the Board, subject to the requirements of the Indenture, and subject to the following specific conditions, which are made conditions precedent to the issuance of any such additional Series of Bonds:

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

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

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

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

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

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

Pledge and Assignment; Gross Revenue Fund; Revenue Fund

Subject only to the provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indenture, the Board pledges to the Trustee to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Indenture, all of the Gross Revenues, all of the proceeds of the Bonds and any other amounts held in any fund or account established pursuant to the Indenture, excluding the Rebate Fund. Said pledge shall constitute a lien on and security interest in such assets and shall attach and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act, against all parties having claims of any kind in tort, contract or otherwise against the Board or the Trustee, irrespective of whether the parties have notice thereof; provided, however, that the pledge of Gross Revenues set forth in this section shall in all respects be junior to any Indebtedness secured by a Senior Lien. As of April 20, 2016, the date of issuance of the Series 2016 Bonds, the Tuition Fee (previously known as the State University Fee), which is the basic enrollment charge paid by all students who attend CSU, was added to the pledge of Gross Revenues under the Indenture.

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

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

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

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

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

Allocation of Gross Revenues to Funds

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

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

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

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

Allocation of Interest Fund

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

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

Moneys in any Capitalized Interest Account established pursuant to the Indenture shall be transferred to the Bond Interest Fund in the amounts and on or before the Interest Payment Dates set forth in the related Supplemental Indenture, and shall be used for the purpose of paying a portion of the interest on the applicable Series of Bonds

Outstanding as the same shall become due and payable (including accrued interest on a Series of Bonds purchased or redeemed prior to maturity).

Application of Principal Fund

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

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

Establishment and Application of Redemption Fund

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

Series purchased or redeemed from the Redemption Fund shall be allocated to applicable Mandatory Sinking Account Payments pro rata to the Mandatory Sinking Account Payments required for such Series and maturity of Bonds in proportion to the amount of such Mandatory Sinking Account Payments.

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

Investment of Moneys in Funds

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

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

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

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

Rebate Fund

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

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

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

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

Funds and Accounts and Subaccounts

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

Particular Covenants of the Board of Trustees

Additional Indebtedness.

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

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

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

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

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

Accounting Records and Financial Statements.

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

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

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

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

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

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

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

The Board may provide in a Supplemental Indenture for a Series of Bonds that all or a portion of the provisions of this sub-section shall not apply to such Series of Bonds. The Board has provided in the Fortieth Supplemental Indenture that this sub-section does not apply to the Series 2024B Bonds.

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

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

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

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

Continuing Disclosure for the Series 2024 Bonds. The Board and the Trustee covenant and agree that they will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Board or the Treasurer to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Treasurer may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Series 2024 Bonds shall) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board or the Treasurer, as the case may be, to comply with its obligations under this section. For purposes of this section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2024 Bonds (including persons holding Series 2024 Bonds through nominees, depositories or other intermediaries).

Events of Default

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

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

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

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

Acceleration of Maturities

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

Application of Gross Revenues and Other Funds after Default

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

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

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

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

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

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

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

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

Modification of Indenture without Consent of Bondholders

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

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

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

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

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

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

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

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

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

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

Any Supplemental Indenture authorized by the provisions of this section may be executed by the Board and the Trustee without the consent of the owners of any of the Bonds at the time Outstanding but the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

Modification of Indenture with Consent of Bondholders

With the consent of the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds at the time Outstanding, the Board and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner, or eliminating any of the provisions of, the Indenture or of any Supplemental Indenture; provided, however, that no such Supplemental Indenture shall (1) extend the stated maturity of the Bonds or reduce the rate of interest thereon, or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each Bond so affected, (2) reduce the aforesaid percentage of owners of Bonds required to approve any such Supplemental Indenture, without the consent of the owners of all Bonds then Outstanding, or (3) modify any of the rights or obligations of the Trustee without his written assent thereto. Upon receipt by the Trustee of a Certificate of the Board authorizing the execution of any such Supplemental Indenture, and upon the filing with the Trustee of evidence of the consent of Bondholders, the Trustee shall join with the Board in the execution of such Supplemental Indenture.

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

Effect of Supplemental Indenture

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

Defeasance

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

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

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

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

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

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

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

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

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

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

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

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated August 29, 2024 (the "Disclosure Certificate") is executed and delivered by the Trustees of the California State University (the "Board") in connection with the issuance of $659,325,000 principal amount of the Trustees of the California State University Systemwide Revenue Bonds, Series 2024A and $11,590,000 principal amount of the Trustees of the California State University Systemwide Revenue Bonds, Series 2024B (Taxable) (collectively, the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of April 1, 2002, as supplemented, including by a Thirty-Ninth Supplemental Indenture and a Fortieth Supplemental Indenture, each dated as of August 1, 2024 (collectively, the "Indenture"), by and between the Board and the Treasurer of the State of California, as trustee (the "Trustee"). The Board covenants and agrees as follows:

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

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report filed by the Board pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the Board, or any successor Dissemination Agent designated in writing by the Board and which has filed with the Board a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" shall have the meaning given thereto in Section 4(2) of this Disclosure Certificate.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Board shall, or shall cause the Dissemination Agent to, not later than January 1 of each year in which the Bonds are Outstanding, commencing January 1, 2025, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Board with respect to the Gross Revenues (as defined in the Indenture) may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if such financial statements are not available by that date. If the Board's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the Board shall provide the Annual Report to the Dissemination Agent (if other than the Board). If the Board is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Board shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Board) file a report with the Board certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. Content of Annual Reports. The Board's Annual Report shall contain or include by reference the following:

(1) The audited financial statements of the Board with respect to the Gross Revenues (as defined in the Indenture) for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board or the Government Accounting Standards Board, as may then be applicable in the judgment of the Board. If these audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements for the prior fiscal year, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(2) The Board's Annual Reports shall contain updates or changes to certain information contained in Appendix A of the Official Statement relating to the Bonds dated August 7, 2024 (the "Official Statement") concerning the immediately preceding fiscal year, as follows:

(i) in Tables 1, 6, 8 and under the column entitled "Total Systemwide Revenue Bonds" in Table 9 (including information regarding debt service on any debt secured on a parity with the Bonds);

(ii) under the caption "SYSTEMWIDE REVENUE BOND PROGRAMS – Housing Program – Capacity and Occupancy" pertaining to the design capacity and occupancy rate of the Housing Program;

(iii) under the caption "SYSTEMWIDE REVENUE BOND PROGRAMS – Student Union Program – Rates and Charges" pertaining to the range of student body center fees per student; and

(iv) under the caption "SYSTEMWIDE REVENUE BOND PROGRAMS – Health Center Facilities Program" pertaining to the amount of the health center facility fee and the campuses of the California State University system at which such fee is imposed.

(3) Information regarding the issuance by the Board of any debt secured on a parity with the Bonds since the date of the last Annual Report.

(4) Information regarding any amendments to the Indenture made since the date of the last Annual Report.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Board or related public entities, which have been made available to the public on the MSRB's website. The Board shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Board shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Board, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Board shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the Board, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Board, any of which affect security holders.

(c) Whenever the Board obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Board shall determine if such event would be material under applicable federal securities laws.

(d) If a Listed Event described in Section 5(a) has occurred, or if the Board determines that a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Board shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Indenture.

(e) The Board intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect the amendments to the Rule effected by the 2018 Release.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination. The Board's reporting obligations under this Disclosure Certificate with respect to any particular Bond shall terminate upon the legal defeasance, prior redemption or payment in full of such Bond. The Board's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Board shall give notice of such termination in a filing with the MSRB.

Section 8. Dissemination Agent. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Board pursuant to this Disclosure Certificate.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the

Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Board shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event or other notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event or other notice in addition to that which is specifically required by this Disclosure Certificate, the Board shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 11. Default. In the event of a failure of the Board to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Board to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Board to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Board agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise of performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Board under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Board, the Trustee, the Dissemination Agent, each Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Board has caused this Disclosure Certificate to be executed by its authorized representative as of the date first above written.

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

By:____
Authorized Representative

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Trustees of the California State University
Name of Bond Issue:	Trustees of the California State University Systemwide Revenue Bonds, Series 2024A and Trustees of the California State University Systemwide Revenue Bonds, Series 2024B (Taxable)
Date of Issuance:	August 29, 2024

NOTICE IS HEREBY GIVEN that the Trustees of the California State University (the "Board") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed and delivered by the Board with respect to the above-named Bonds. [The Board anticipates that the Annual Report will be filed by ______________.]

Dated: ________________

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

____
Authorized Representative

APPENDIX F

FORM OF BOND COUNSEL OPINION

Upon delivery of the Series 2024 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Board, proposes to render its final approving opinion with respect to the Series 2024 Bonds in substantially the following form:

[Closing Date]

Trustees of the California State University
Long Beach, California

Trustees of the California State University
Systemwide Revenue Bonds, Series 2024A and Series 2024B (Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Trustees of the California State University (the "Issuer") in connection with the issuance of $659,325,000 aggregate principal amount of Trustees of the California State University Systemwide Revenue Bonds, Series 2024A (the "Series 2024A Bonds") and $11,590,000 aggregate principal amount of Trustees of the California State University Systemwide Revenue Bonds, Series 2024B (Taxable) (the "Series 2024B Bonds" and, together with the Series 2024A Bonds, the "Series 2024 Bonds"), issued pursuant to The State University Revenue Bond Act of 1947 of the State of California, as amended, and pursuant to an Indenture dated as of April 1, 2002, as supplemented, including by a Thirty-Ninth Supplemental Indenture and a Fortieth Supplemental Indenture, each dated as of August 1, 2024 (the "Indenture"), each by and between the Issuer and the Treasurer of the State of California, as trustee (the "State Treasurer"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2024 Bonds on 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 original delivery of the Series 2024 Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2024A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2024 Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against agencies of the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2024 Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2024 Bonds constitute the valid and binding special obligations of the Issuer payable from Gross Revenues and other amounts pledged under the Indenture, subject to the terms of the Indenture. The Issuer is not obligated to pay the principal of or interest on the Series 2024 Bonds except from such Gross Revenues and any other amounts pledged under the Indenture, subject to the terms of the Indenture.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Series 2024 Bonds, of the Gross Revenues and amounts held by the State Treasurer in any fund or account established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Series 2024 Bonds are not a lien, charge or liability against the State of California, or against the Issuer or against the property or funds of either, except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2024 Bonds. The Series 2024 Bonds are not a debt of the State of California, and said State is not liable for the payment thereof.

4. Interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Series 2024A Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Series 2024A Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Series 2024 Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2024 Bonds.

Faithfully yours,

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Trustees of the California State University Systemwide Revenue Bonds, Series 2024A and the Trustees of the California State University Systemwide Revenue Bonds, Series 2024B (Taxable) (collectively, the "Series 2024 Bonds"). The Series 2024 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 2024 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 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 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 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 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 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 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024 Bond documents. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or the Trustee, on payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2024 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Series 2024 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2024 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2024 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2024 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2024 Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical Series 2024 Bonds are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Series 2024 Bonds will be printed and delivered.

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

APPENDIX H

PROJECTS FINANCED WITH SERIES 2024 BONDS

New Money and Bond Anticipation Note Projects to be Funded by Series 2024A Bonds

Campus, Project	***Allocation of Principal of Series 2024A Bonds***
Dominguez Hills Health, Wellness, and Recreation Center	$ 58,775,000
San Diego State University – Aztec Shops, Ltd. The Essential Student Housing Property Acquisition	37,155,000
San Luis Obispo – Cal Poly Corporation Morabito Place Acquisition and Renovation	21,085,000
San Luis Obispo Water Reclamation Facility	37,330,000
San Luis Obispo Student Housing, Phase 1	173,660,000
2023-2024 Facility, Infrastructure and Housing Projects	331,320,000
SUBTOTAL	$659,325,000

New Money and Bond Anticipation Note Projects to be Funded by Series 2024B (Taxable) Bonds

Campus, Project	***Allocation of Principal of Series 2024B Bonds***
Dominguez Hills Health, Wellness, and Recreation Center	$ 1,530,000
Humboldt Student Housing Project	6,475,000
2023-2024 Facility, Infrastructure and Housing Projects	3,585,000
SUBTOTAL	$11,590,000

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APPENDIX I

LETTERS FROM UNDERWRITERS

July 16, 2024

Mr. Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California
901 P Street, Suite 313-A
Sacramento, CA 95814

CC: Ms. Rosa Renaud
Director, Long Term Finance
California State University – Financing and Treasury
401 Golden Shore, 5th Floor
Long Beach, CA 90802

Re: Trustees of the California State University
Systemwide Revenue Bonds, Series 2024A and Series 2024B (Taxable) (the "Bonds")

Dear Mr. Fowler & Ms. Renaud,

Academy Securities, Inc., a Co-Managing Underwriter of the Bonds, intends to enter into a Third-Party Distribution Agreement with InspereX LLC for the retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to this Third-Party Distribution Agreement (if applicable for this transaction), Academy Securities, Inc. may share a portion of its underwriting compensation with this firm.

ACADEMY SECURITIES, INC.

BofA SECURITIES

July 28, 2024

State of California
Office of the State Treasurer

Attn: Blake Fowler

Re: Trustees of the California State University
Systemwide Revenue Bonds, Series 2024A and Series 2024B (Taxable) (the "Bonds")

Dear Mr. Fowler:

BofA Securities, Inc. is providing the following language for inclusion in the Official Statement:

BofA Securities, Inc., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

Sincerely,

BofA Securities, Inc.

J.P.Morgan

July 17, 2024

Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California

Re: Trustees of the California State University Systemwide Revenue Bonds, Series 2024A and Series 2024B (Taxable)

Dear Mr. Fowler:

J.P. Morgan Securities LLC (“JPMS”) has entered into a negotiated dealer agreement with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings to the retail customers of CS&Co. at the original issue prices. Subject to your consent, JPMS would like to invite CS&Co. to participate in the above captioned upcoming offering. As compensation to CS&Co., JPMS will share a portion of the selling concession with CS&Co.

If you consent, please note that we would include the below language in the “Underwriting” section of the POS and the OS:

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

J.P. MORGAN SECURITIES LLC

CC: Rosa Renaud, *California State University*

Morgan Stanley

July 10, 2024

Mr. Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California
901 P Street, Suite 313-A
Sacramento, CA 95814

Re: Trustees of the California State University
California State University Systemwide Revenue Bonds, Series 2024A and Series 2024B (Taxable)

Dear Mr. Fowler:

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

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

Morgan Stanley & Co. LLC

CC: Rosa Renaud, California State University

PIPER | SANDLER

June 17, 2024

Mr. Blake Fowler
Director of Public Finance
Office of the Treasurer of the State of California

RE: TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY SYSTEMWIDE REVENUE BONDS, SERIES 2024A AND SERIES 2024B (TAXABLE)

Dear Blake,

Piper Sandler & Co. is providing the following language for inclusion in the Official Statement.

Piper Sandler & Co., one of the Underwriters of the Bonds, has entered into a distribution agreement ("Distribution Agreement") with U.S. Bancorp Advisors, LLC ("U.S. Bancorp") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, U.S. Bancorp will purchase Bonds from Piper Sandler at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that US Bancorp sells.

Sincerely,

Piper Sandler & Co.

cc: Rosa Renaud, California State University

Corporate & Investment Banking
Public Finance

July 25, 2024

Mr. Blake Fowler
Director, Public Finance Division
Office of the Treasurer of the State of California
901 P Street, Suite 313-A
Sacramento, CA 95814

Re: Trustees of the California State University
Systemwide Revenue Bonds
Series 2024A and Series 2024B (Taxable) (the "Bonds")

Dear Mr. Fowler (cc Ms. Renaud):

Wells Fargo Corporate & Investment Banking is providing the following language for inclusion in the Official Statement.

Wells Fargo Bank, National Association ("WFBNA"), acting through its Municipal Finance Group, an Underwriter of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Corporate & Investment Banking (which may be referred to elsewhere as "CIB," "Wells Fargo Securities" or "WFS") is the trade name used for the corporate banking, capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"), a member of the National Futures Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, N.A. Municipal Finance Group, a separately identifiable department of WFBNA, registered with the U.S. Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY • SYSTEMWIDE REVENUE BONDS SERIES 2024A AND SERIES 2024B (TAXABLE)

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

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