

**NOTICE OF PROPOSED FINANCING
BY THE CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY**

NOTICE IS HEREBY GIVEN that on September 19, 2012 at 10:00 a.m., the California Educational Facilities Authority (the "Authority") will hold a public hearing, in accordance with Section 147(f) of the Internal Revenue Code of 1986 (the "Code") and an agreement with the Internal Revenue Service pursuant to its Voluntary Closing Agreement Program, with respect to the California Educational Facilities Authority Revenue Bonds (Chapman University) Series 2011, on behalf of Chapman University (the "Borrower"), in an aggregate principal amount of \$100,000,000 (the "Bonds"). The Borrower is an organization described in Section 501(c)(3) of the Code.

The proceeds of the Bonds were loaned to the Borrower, in accordance with a plan of finance, for the purposes of (including certain revised purposes as set forth below):

(1) financing (A) the costs of the construction, expansion, demolition, improvement, installation, rehabilitation, renovation, remodeling, furnishing and equipping of educational facilities including, but not limited to, the (a) former Filmmakers' Village, which will generally consist of: (i) classrooms, offices, and other educational facilities and (ii) a parking garage with approximately 358 parking spaces and (iii) infrastructure improvements relating thereto, the address of which is currently 220-296 North Cypress Street, Orange, California 92866 which is bounded generally by West Palm Avenue to the north, North Cypress Street to the east, West Maple Avenue to the south and the Orange County Transportation Authority Metrolink Railroad to the west in the City of Orange (the "Filmmakers' Village"), (b) Argyros Forum, Moulton Hall and Smith Hall (the building addresses are 386 North Center Street, 315 East Palm Avenue, and 215 East Palm Avenue, respectively), the address of which is One University Drive and bounded generally by East Walnut Avenue to the north, North Shaffer Street to the east, East Palm Avenue to the south and North Glassell Street to the west in the City of Orange (the "Orange Campus"), (c) the Marion Knott Studios, located at 283 North Cypress Street, Orange, California 92866 (the "Knott Studios"), (d) the Glassell Residential Complex, located at 342-348 North Glassell Street, Orange, California 92866, (e) the property located at 145 West Sycamore Avenue, Orange, California 92866, (f) a recreational use swimming pool located adjacent to certain residential halls in the area bounded generally by East Everett Place to the north, North Shaffer Street to the east, East Walnut Avenue to the south and North Grand Street to the west in the City of Orange (the "Residential Block"), (g) the relocated Entertainment Technology Center located at 603/607 West Palm Avenue, Orange, California 92868, (h) the facilities to be used for faculty and staff housing located at 311 North Lemon Street, Orange, California 92866 and 233 West Palm Avenue, Orange, California 92866, (i) the facility located at 544 North Cypress Street, Orange, California 92867 and (j) other related and appurtenant facilities of the Borrower, (B) the costs of infrastructure improvements of certain facilities located at or immediately adjacent to the Filmmakers' Village, the Orange Campus, the Knott Studios, the Residential Block, the campus facilities bounded generally by West Walnut Avenue to the north, North Parker Street to the west, West Palm Avenue to the south and the Orange County Transportation Authority Metrolink Railroad to the east in the City of Orange, the campus facilities bounded generally by West Walnut Avenue to the north, the Orange County Transportation Authority Metrolink Railroad to the west, West Palm Avenue

to the south, North Glassell Street to the east in the City of Orange and the campus facilities bounded generally by West Maple Avenue to the north, the Orange County Transportation Authority Metrolink Railroad to the west, West Chapman Avenue to the south and North Cypress Street to the east in the City of Orange, (C) the costs of acquisition, improvement, installation, rehabilitation, renovation, remodeling, furnishing and equipping of property located in (a) the approximately one-third square mile area bounded by East Mayfair Avenue to the north between North Lemon Street and North Shaffer Street, West Walnut Avenue to the north between the Orange County Transportation Authority Metrolink Railroad and North Lemon Street, the Orange County Transportation Authority Metrolink Railroad to the west, Chapman Avenue to the south and Shaffer Street to the east in the City of Orange and (b) the one-half block area bounded by 544 North Cypress Street to the north, the Orange County Transportation Authority Metrolink Railroad to the west, West Walnut Avenue to the south and North Cypress Street to the east in the City of Orange, (D) the costs of acquisition, installation and implementation of an integrated database management system to be used throughout the facilities described herein and (E) payment of certain expenses incurred in connection with the issuance of the Bonds (collectively, the "Project"). The Project will be owned and operated by the Borrower;

(2) refinancing the California Educational Facilities Authority Variable Rate Demand Revenue Bonds (Chapman University) Series 2000 (the "2000 Bonds"), the proceeds of which were to be used to finance and refinance all or a portion of the costs of the (A) construction, improvement and equipping of a residence hall, with an address of 535 North Grand Street, Orange, California 92867, with 310 beds and infrastructure improvements related thereto, (B) construction, improvement and equipping of a parking structure, with an address of 590 North Shaffer Street, Orange, California 92867, with 596 parking spaces and infrastructure improvements related thereto, (C) construction, improvement and equipping of an academic and administrative building for the School of Film and Television with an attached parking lot with up to 223 parking spaces, the address of which is 283 North Cypress Street Orange, California 92866 and bounded generally by West Palm Avenue to the north, North Lemon Street to the east, West Maple Avenue to the south and North Cypress Street to the west in the City of Orange, (D) then-existing mortgages on the following properties: 312 North Olive Street, 336 North Olive Street, 373 North Center Street, 375 North Center Street, 377 North Center Street, 415 East Walnut Avenue, 337 North Cypress Street, 420 East Walnut Avenue, 337 North Lemon Street, 323 North Center Street, 333 North Center Street, 339 North Center Street, all located in the City of Orange and 19252 Mesa Drive located in the City of Villa Park (E) acquisition of properties including: 452 North Glassell Street and 423 North Center Street, 348 North Olive Street, 350 North Olive Street and 313 North Center Street, all located in the City of Orange and located in the area bounded generally by East Everett Place to the north, North Shaffer Street to the east, Maple Avenue to the south and the Orange County Transportation Authority Metrolink Railroad to the west in the City of Orange, (F) 190 North Cypress Street, Orange, California 92866 located in the City of Orange and bounded generally by West Maple Avenue to the north, North Cypress Street to the east, West Chapman Avenue to the south and North Atchison Street to the west in the City of Orange, (G) other related and appurtenant facilities of the Borrower and (H) payment of certain expenses incurred in connection with the issuance of the 2000 Bonds (collectively, the "2000 Project"). The 2000 Project is owned and operated by the Borrower; and

(3) refinancing all or a portion of the California Educational Facilities Authority Variable Demand Revenue Bonds (Chapman University), 2008 Series A, 2008 Series B and 2008 Series C (the "2008 Bonds"), the proceeds of which were used to refinance (A) the California Educational Facilities Authority Variable Rate Revenue Bonds (Chapman University), 2005 Series A, which proceeds were used to finance the acquisition, construction, installation, expansion, renovation, rehabilitation, furnishing and equipping of educational facilities including but not limited to athletic facilities located at 350 East Walnut Avenue, parking facilities located at 350 East Walnut Avenue (presently addressed as 300 East Walnut Avenue), dining facilities located at 525 North Center Street, a residence hall located at 550 North Center Street, equipment and related and other infrastructure improvements, all in the City of Orange (the dining facilities and residence hall both currently comprise the Sandhu Residence & Conference Center at 571 North Grand Street), (B) the California Educational Facilities Authority Variable Rate Revenue Bonds (Chapman University), 2005 Series B, which proceeds were used to refinance the California Educational Facilities Authority Revenue Bonds (Chapman University) Series 1996, which in turn were used to finance the following projects: (i) construction, improvement and equipping of the Business and Information Technology building located at 393 North Glassell, on the corner of Glassell Street and University Drive, (ii) construction, improvement and equipping of the School of Law building located at 370 North Glassell Street, (iii) infrastructure improvements including parking facilities on the property bounded by Sycamore Street, Orange Street, Walnut Street and Glassell Street, but excluding that portion of the property bounded by Sycamore Street, Glassell Street and Walnut Street, (iv) the acquisition of property located at 121 and 123 East Sycamore Street, and (v) the acquisition, construction and rehabilitation of other general educational facilities located on the University's main campus at One University Drive in Orange, California and (C) two taxable loans which were used to finance the acquisition of land and buildings located at the following street addresses: 501, 535, 538, 545, 549, 603, 607, 611, 615, 625, 633 and 635 West Palm Avenue, 233 Lemon Street and 220, 228, 264 and 296 North Cypress Street, all in Orange, California (collectively, the "2008 Project"). The 2008 Project is owned and operated by the Borrower.

The hearing will commence at 10:00 a.m. local time, or as soon thereafter as the matter can be heard and will be held at 915 Capitol Mall, Room 590, Sacramento, California 95814. Interested persons wishing to express their views on the issuance of the Bonds or on the nature and location of the facilities proposed to be financed or refinanced may attend the public hearing or, prior to the time of the hearing, submit written comments to Ronald L. Washington, Executive Director, California Educational Facilities Authority, 915 Capitol Mall, Room 590, Sacramento, California 95814. The Authority reserves the right to limit the time available to any person presenting comments. Information on the proposed financing is available from the Authority at the address given above.

Dated: September 4, 2012