

J.P.Morgan

October 31, 2013

San Antonio Higher Education Facilities Corporation
c/o San Antonio Economic Development Department
P.O. Box 839966
San Antonio, TX 78283-3966
Attn: Rene Dominguez, Director

Re: Disclosures by Senior Managing Underwriter
Pursuant to MSRB Rule G-17
Higher Education Revenue Bonds, Trinity University Project, Series 2013

Dear Mr. Dominguez:

We are writing to provide you, as Director of the San Antonio Higher Education Facilities Corporation ("Issuer"), with certain disclosures relating to the captioned bond issue ("Bonds"), as required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012)¹.

The Obligor (as defined below) has engaged J.P. Morgan Securities LLC ("J.P. Morgan") to serve as an underwriter, and not as a financial advisor or municipal advisor, in connection with the issuance of the Bonds.

Although J.P. Morgan is not being engaged as your financial advisor, as part of our services as senior managing underwriter, J.P. Morgan may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds. As senior managing underwriter, we are providing this letter on behalf of the underwriters that are members of the underwriting syndicate for the Bonds, except with respect to the disclosures in Section III, which are made solely for J.P. Morgan. You also may receive additional separate disclosure letters pursuant to Rule G-17 from one or more of these co-managing underwriters for the Bonds. J.P. Morgan makes no representations with respect to any conflicts disclosures provided, or required to be made, by any of the other co-managing underwriters pursuant to MSRB Rule G-17 or otherwise.

As the issuer of the Bonds, you will be a party to the bond purchase agreement and certain other legal documents to be entered into in connection with the issuance of the Bonds, but the material financial risks described in this letter will be borne by Trinity University ("Obligor"), as set forth in those legal documents. A copy of this letter is also being sent to the Obligor so that they may review and consider the relevant disclosures related to the Bonds and the financing structure as well.

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

I. Disclosures Concerning the Underwriters' Role:

- (i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors.
- (ii) The underwriters' primary role is to purchase the Bonds with a view to distribution in an arm's-length commercial transaction with the Issuer. The underwriters have financial and other interests that differ from those of the Issuer and the Obligor.
- (iii) Unlike a municipal advisor, the underwriters do not have a fiduciary duty to the Issuer or the Obligor under the federal securities laws and are, therefore, not required by federal law to act in the best interests of the Issuer or the Obligor without regard to their own financial or other interests.
- (iv) The underwriters have a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the Bonds to investors at prices that are fair and reasonable.
- (v) The underwriters will review the official statement for the Bonds in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction².

II. Disclosures Concerning the Underwriters' Compensation:

The underwriters will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriters may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

III. Additional Conflicts Disclosures:

J.P. Morgan has identified the following additional potential or actual material conflicts:

- Conflicts of Interest/Ordinary Course Business Relationships
 - J.P. Morgan and its affiliates comprise a full service securities firm and a commercial bank engaged in securities trading and brokerage activities, as well as providing investment banking, asset management, financing, and financial advisory services and other commercial and investment banking products and services to a wide range of corporations and individuals. In addition, J.P. Morgan and its affiliates may currently have and may in the future have investment and commercial banking, trust and other relationships with parties that may relate to

² Under federal securities law, an issuer and/or conduit obligor of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters' obligations under the federal securities laws and such review should not be construed by an issuer or a conduit obligor as a guarantee of the accuracy or completeness of the information in the official statement.

assets of, or be involved in the issuance of securities and/or instruments by, the Issuer and/or the Obligor and their affiliates.

- In the ordinary course of their respective businesses, J.P. Morgan and its affiliates have engaged, and may in the future engage, in transactions with, and perform services for, the Issuer and/or the Obligor and their affiliates for which they received or will receive customary fees and expenses. Under certain circumstances, J.P. Morgan and its affiliates may have certain creditor and/or other rights against the Issuer and/or the Obligor and its/their affiliates in connection with such transactions and/or services.
 - In the ordinary course of their various business activities, J.P. Morgan and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and may actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer and/or the Obligor (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with (or that are otherwise involved with transactions by) the Issuer. J.P. Morgan and its affiliates also may communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.
- Conflicts of Interest/Payments to or from Third Parties
 - J.P. Morgan has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Bonds from J.P. Morgan at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.
 - Conflicts of Interest/Sealed Bids
 - If the Issuer and/or the Obligor decide or are otherwise advised to sell any maturity of the Bonds through a competitive process among the underwriters commonly known as a "sealed bid," you should consider the potential conflict of having the underwriter running the competitive process and participating as a bidder. We would encourage you and the Obligor to consider requiring your financial advisor or other independent party to receive any bids and determine the winning purchaser(s) of any such maturities of the Bonds.
 - Other Conflicts of Interest Disclosure
 - J.P. Morgan may place Bonds in J.P. Morgan's or an affiliate's tender option bond program to be held for the account of J.P. Morgan or the affiliate, as the case may be.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest disclosed herein relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement that you have received this letter. Accordingly, please send me an email to that effect or, sign and return the enclosed copy of this letter to me at the address set forth below. Depending on the structure of the transaction that the Obligor decides to pursue, or if additional potential or actual material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you and the Issuer and the Obligor in connection with the issuance of the Bonds. Thank you.

Sincerely,

J.P. MORGAN SECURITIES LLC

By: 

Laura Powell, Executive Director
1020 North East Loop 410
Floor 2
San Antonio, TX 78209-1204

Acknowledgement:


Rene Dominguez

Date: Nov. 5, 2013

CC: Gary Logan, Trinity University
James McDonough, Cox Smith Matthews Inc.
Tom Spurgeon, McCall, Parkhurst & Horton
Steve Hass, Public Financial Management
Clayton Binford, Fulbright & Jaworski LLP
Raymond James
Frost Bank