NEW ISSUE **Rating:** S&P "AA" (AGM insured; underlying "AA")
See "MISCELLANEOUS—Bond Ratings" herein.

Subject to compliance by the University and the Board of Regents with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2016 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2016 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See "TAX MATTERS" herein.

The 2016 Bonds are not "bank–qualified" obligations.

State Board of Regents of the State of Utah

Southern Utah University

$8,420,000 Auxiliary System and Student Building Fee Revenue Refunding Bonds, Series 2016

The $8,420,000, Auxiliary System and Student Building Fee Revenue Refunding Bonds, Series 2016, are issued by the State Board of Regents of the State of Utah for and on behalf of Southern Utah University, as fully–registered bonds and, when initially issued, will be in book–entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, which will act as securities depository for the 2016 Bonds.

Principal of and interest on the 2016 Bonds (interest payable May 1 and November 1 of each year, commencing November 1, 2016) are payable by Wells Fargo Bank, N.A., Corporate Trust Services, Denver, Colorado, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2016 BONDS—Book–Entry System" herein.

The 2016 Bonds are subject to optional, mandatory sinking fund and extraordinary optional redemption prior to maturity. See "THE 2016 BONDS—Redemption Provisions" herein.

The 2016 Bonds are being issued for the purpose of refunding in advance of their maturity certain auxiliary system and student building fee revenue bonds, previously issued by the Board of Regents, for and on behalf of the University, funding a Debt Service Reserve Fund and paying the costs associated with the issuance of the 2016 Bonds. See "THE 2016 BONDS—Sources And Uses Of Funds" and "—Plan Of Refunding" herein.

The 2016 Bonds will be issued pursuant to the Indenture, as described herein. The Board of Regents has pledged, pursuant to the Indenture, its rights in and to the Pledged Revenues to the payment of the 2016 Bonds. The 2016 Bonds are equally and ratably secured with the Outstanding Parity Bonds and any Additional Bonds hereafter issued under the Indenture. ***The 2016 Bonds are not an indebtedness of the State of Utah, the University or the Board of Regents but are special limited obligations of the Board of Regents, payable from and secured solely by the Pledged Revenues, and such funds and accounts established by the Indenture as described herein. See "SECURITY FOR THE 2016 BONDS" herein. The issuance of the 2016 Bonds shall not directly, indirectly, or contingently obligate the Board of Regents, the University or the State of Utah or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefore or to make any appropriation for the payment of the 2016 Bonds. Neither the Board of Regents nor the University has any taxing power.***

In addition, the 2016 Bonds are secured by amounts on deposit in an account in the Debt Service Reserve Fund. The Board of Regents has covenanted to annually certify to the Governor of the State of Utah the amount, if any, required to (i) restore such account to the Debt Service Reserve Requirement with respect to the 2016 Bonds (including payment of amounts under a reserve instrument) or (ii) meet any projected shortfalls of payment of principal and/or interest for the 2016 Bonds. The Governor may (but is not required to) request from the Legislature of the State of Utah an appropriation of the amount so certified and any sums appropriated by the Legislature shall, as appropriate, be deposited to restore such account to the 2016 Debt Service Reserve Requirement or to meet any projected principal or interest payment deficiency. The Legislature is not required to make any appropriation with respect to the 2016 Bonds.

The scheduled payment of principal of and interest on the 2016 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2016 Bonds by Assured Guaranty Municipal Corp. See "APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY" and "BOND INSURANCE" herein.

Dated: Date of Delivery[1] **Due:** May 1, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2016 Bonds.

The 2016 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY®* electronic bid submission system on April 27, 2016 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated April 19, 2016) to R. W. Baird & Co., Inc., Milwaukee, Wisconsin at a "true interest rate" of 2.44%

Zions Public Finance, Inc., Salt Lake City, Utah, acted as Municipal Advisor.

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

This OFFICIAL STATEMENT is dated April 27, 2016, and the information contained herein speaks only as of that date.

[1] The anticipated date of delivery is Wednesday, May 11, 2016.

State Board of Regents of the State of Utah

Southern Utah University

$8,420,000
Auxiliary System and Student Building Fee Revenue Refunding Bonds, Series 2016

Dated: Date of Delivery[1] **Due: May 1, as shown below**

Due May 1	CUSIP® 844089	Principal Amount	Interest Rate	Yield
2019……	CR1	$450,000	2.00 %	0.90%
2020……	CS9	460,000	2.00	1.00
2021……	CT7	470,000	2.00	1.15
2022……	CU4	480,000	2.00	1.30
2023……	CV2	490,000	5.00	1.45
2024……	CW0	515,000	5.00	1.65
2025……	CX8	535,000	5.00	1.80
2026……	CY6	565,000	5.00	1.90 [c]
2027……	CZ3	590,000	2.00	2.10
2028……	DA7	605,000	2.25	2.30
2029……	DB5	620,000	2.375	2.50
2030……	DC3	635,000	2.625	2.70
2031……	DD1	650,000	2.75	2.80

$1,355,000 3.00% Term Bonds Due May 1, 2033—Price 100% (CUSIP® 844089 DE9)

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[1] The anticipated date of delivery is Wednesday, May 11, 2016.

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[c] Priced to par call on November 1, 2025.

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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, the 2016 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other informational representations must not be relied upon as having been authorized by either the State Board of Regents of the State of Utah (the "Board of Regents"); Southern Utah University (the "University"); Wells Fargo Bank, N.A., Corporate Trust Services, Denver, Colorado (as Trustee, Bond Registrar and Paying Agent); Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); the successful bidder(s); Assured Guaranty Municipal Corp., New York, New York ("AGM"); or any other entity. All other information contained herein has been obtained from the Board of Regents, the University, AGM, and The Depository Trust Company, New York, New York and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2016 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Board of Regents or the University since the date hereof.

The 2016 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Any registration or qualification of the 2016 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2016 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

The yields/prices at which the 2016 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2016 Bonds to dealers and others. In connection with the offering of the 2016 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2016 Bonds. Such transactions may include overallotments in connection with the purchase of 2016 Bonds, the purchase of 2016 Bonds to stabilize their market price and the purchase of 2016 Bonds to cover short positions of the successful bidder(s). Such transactions, if commenced, may be discontinued at any time.

AGM makes no representation regarding the 2016 Bonds or the advisability of investing in the 2016 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted here from, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under "BOND INSURANCE" herein and "APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

Forward–Looking Statements. Certain statements included or incorporated by reference in this OFFICIAL STATEMENT constitute "forward–looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as "plan," "project," "forecast," "expect," "estimate," "budget" or other similar words. ***The achievement of certain results or other expectations contained in such forward–looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward–looking statements. Neither the Board of Regents nor the University plans 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. See in particular "PROJECTED PLEDGED REVENUES AND DEBT SERVICE COVERAGE" and "SOUTHERN UTAH UNIVERSITY—Enrollment Trends And Projected Enrollment" herein***.

The CUSIP® (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and neither the Board of Regents nor the University makes any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the 2016 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2016 Bonds.

The information available at the Web sites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2016 Bonds and is not a part of this OFFICIAL STATEMENT.

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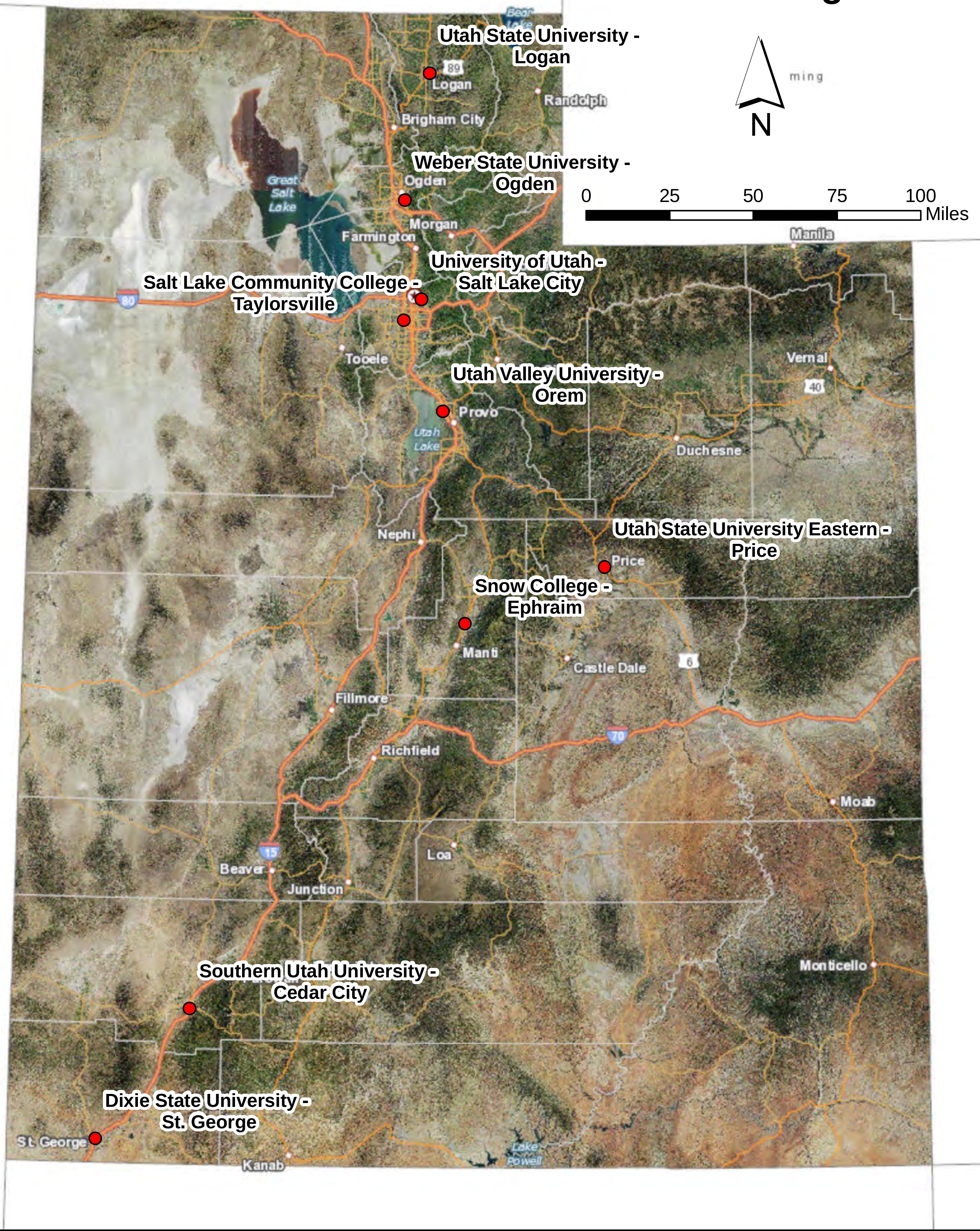
Utah State Board of Regents



OFFICIAL STATEMENT RELATING TO

$8,420,000

State Board of Regents of the State of Utah

Southern Utah University

Auxiliary System and Student Building Fee Revenue Refunding Bonds, Series 2016

INTRODUCTION

This introduction contains only a brief description of the hereinafter described and defined 2016 Bonds, the security and sources of payment for the 2016 Bonds and certain information regarding the State Board of Regents of the State of Utah (the "Board of Regents") and Southern Utah University (the "University"). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT as well as of the documents summarized or described herein. Capitalized terms used herein and not otherwise defined herein are defined in "APPENDIX A—EXTRACTS FROM THE GENERAL INDENTURE OF TRUST–Definitions" below or the Indenture (as defined below).

See the following appendices that are attached hereto and incorporated herein by reference: "APPENDIX A—EXTRACTS FROM THE GENERAL INDENTURE OF TRUST;" "APPENDIX B—FINANCIAL REPORT OF SOUTHERN UTAH UNIVERSITY FOR FISCAL YEAR 2015;" "APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL;" "APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING;" "APPENDIX E—BOOK–ENTRY SYSTEM;" and "APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

When used herein the terms "Fiscal Year[s] 20YY" or "Fiscal Year[s] End[ed][ing] June 30, 20YY" shall refer to the year ended or ending on June 30 of the year indicated and beginning on July 1 of the preceding calendar year. The term "Academic Year 20YY–0Y" of the University begins with the Summer Term (approximately the second week in May), includes the Fall Semester and ends with the Spring Semester (ending approximately the first week in May of the next calendar year).

Public Sale/Electronic Bid

The 2016 Bonds were awarded pursuant to competitive bidding received by means of the ***PARITY®*** electronic bid submission system on April 27, 2016 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated April 19, 2016) to R. W. Baird & Co., Inc., Milwaukee, Wisconsin at a "true interest rate" of 2.44%

The 2016 Bonds may be offered and sold to certain dealers (including dealers depositing the 2016 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside cover page of the OFFICIAL STATEMENT, and such public offering prices may be changed from time to time.

State Board Of Regents Of The State Of Utah And The 2016 Bonds

The Board of Regents is vested by statute with control, management and supervision of the institutions of higher education of the State of Utah (the "State"), including the University. The University is an institute of higher education and a body corporate and politic of the State created under provisions of Title 53B, Utah Code Annotated 1953, as amended (the "Higher Education Act"), located in Cedar City, Utah. See "STATE BOARD OF REGENTS OF THE STATE OF UTAH" and "SOUTHERN UTAH UNIVERSITY" below.

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the Board of Regents, acting for and on behalf of the University (the Board of Regents, when acting on behalf of the University as its governing body, and the University are sometimes referred to collectively herein as the "Issuer"), of its $8,420,000**,** Auxiliary System and Student Building Fee Revenue Refunding Bonds, Series 2016 (the "2016 Bonds" or "2016 Bond"), initially issued in book–entry form only.

Southern Utah University

The University is located in Cedar City, Utah (the "City"). The City, incorporated in 1868, is located in Iron County, Utah (the "County"), had 29,483 residents (according to a 2014 estimate by the U.S. Census Bureau), and was ranked as the 12th most populous city in the State (out of 246 municipalities in the State). The County covers 3,300 square miles and is located in southwestern portion of the State of Utah, about 250 miles south of Salt Lake City, Utah and 170 miles north of Las Vegas, Nevada and is bordered by Nevada on the west, by Garfield County, Utah on the east, by Beaver County, Utah on the north and by Washington and Kane Counties, Utah on the south. The County had 47,269 residents according to the 2014 Census Bureau and ranked as the 9th most populous county in the State (out of 29 counties). See location map above.

The University's is one of the institutions of the State system of higher education and had a combined enrollment for Academic Year 2014–2015 (Fall Semester 2015) of 8,881 students. See "SOUTHERN UTAH UNIVERSITY" below.

Authority And Purpose Of The 2016 Bonds; Outstanding Parity Bonds

Authority. The 2016 Bonds are being issued pursuant to: (i) the Utah Refunding Bond Act, Title 11, Chapter 27 (the "Refunding Act"), Utah Code Annotated 1953, as amended (the "Utah Code"), and other applicable provisions of law (collectively, with the Refunding Act, the "Act"); (ii) a resolution adopted by the Board of Regents on April 1, 2016 (the "Authorizing Resolution") which provides for the authorization, issuance, sale and delivery of the 2016 Bonds; and (ii) a General Indenture of Trust, dated as of March 15, 1993, as previously supplemented and amended (the "General Indenture"), and as further supplemented and amended by a Seventh Supplemental Indenture, dated as of May 1, 2016 (the "Seventh Supplemental Indenture"). The General Indenture and the Seventh Supplemental Indenture are collectively referred to herein as the "Indenture". Under the terms of the Indenture, Wells Fargo Bank, N.A., Corporate Trust Services, Denver, Colorado ("Wells Fargo Bank") has been appointed the trustee for the 2016 Bonds (the "Trustee").

The 2016 Bonds are being issued for the purpose of refunding in advance of their maturity certain outstanding Auxiliary System and Student Building Fee Revenue Bonds, previously issued by the Board of Regents, for and on behalf of the University. Proceeds from the sale of the 2016 Bonds will also be used to acquire a reserve fund surety bonds policy and pay the costs associated with the issuance of the 2016 Bonds. See "THE 2016 BONDS—Sources And Uses Of Funds" and "—Plan Of Refunding" below.

Outstanding Parity Bonds. The Board of Regents has outstanding under the Indenture its:

(i) $12,025,000 (original principal amount), Southern Utah University, Auxiliary System and Student Building Fee Revenue Bonds, Series 2008, dated July 22, 2008, currently outstanding in the aggregate principal amount of $10,030,000 (the "2008 Bonds") (*it is anticipated that the 2016 Bonds will refund in advance of their maturity all of the 2008 Bonds maturing on and after May 1, 2019, as described herein and subsequent to such defeasance, there will be $800,000 in aggregate principal amount of 2008 Bonds that will remain outstanding*); and

(ii) $8,285,000 (original principal amount), Southern Utah University, Auxiliary System and Student Building Fee Revenue Refunding Bonds, Series 2011, dated August 23, 2011, currently outstanding in the aggregate principal amount of $7,160,000 (the "2011 Bonds"), (the 2008 Bonds and the 2011 Bonds are sometimes collectively referred to herein as, the "Outstanding Parity Bonds").

The Outstanding Parity Bonds (as of the closing and delivery of the 2016 Bonds and the refunding of the 2008 Refunded Bonds, as hereinafter defined) will be outstanding in the aggregate principal amount of $7,960,000.

Security

Utah law provides for the issuance of revenue bonds by the Board of Regents to finance higher education capital facilities and projects that have been approved by the Legislature of the State (the "Legislature") for the State's institutions of higher education. The Board of Regents is authorized to issue revenue bonds backed by a pledge of the revenues derived from the operation of financed facilities, student building fees, land grant interests, net profits from proprietary activities or from any other source (or from any combination of such sources) other than tuition and appropriations by the Legislature.

The 2016 Bonds are payable, on a parity with the Outstanding Parity Bonds, and will be secured under the Indenture by a pledge of Pledged Revenues.

Pledged Revenues are defined in the Indenture to consist of (i) all rentals, charges, fees, income, and revenues to be derived from the ownership and operation of the University's auxiliary enterprise system (described more particularly below as the "System") after provision has been made for the payment of certain Operation and Maintenance Expenses (the "Net Operating Revenues"); (ii) certain student building fees (described more particularly below as the "Student Center Building Fees"), which the Board of Regents and the University fix, assess and collect from students for the use and availability of the University's Student Center; and (iii) all net earnings from the investment of moneys held by the University in the System Revenue Fund, and by the Trustee in any of the funds or accounts created pursuant to the Indenture except any rebate or refunding funds or accounts (the "Investment Income"). See "APPENDIX A—EXTRACTS FROM THE GENERAL INDENTURE OF TRUST—Definitions."

See "PROJECTED PLEDGED REVENUES AND DEBT SERVICE COVERAGE" below.

Neither the Board of Regents nor the University has mortgaged or granted a security interest in any property of the University or any portion thereof to secure payment of the 2016 Bonds.

The 2016 Bonds are not an indebtedness of the State, the University or the Board of Regents but are special, limited obligations of the Board of Regents, payable from and secured solely by the Pledged Revenues, and such funds and accounts established by the Indenture as described in this OFFICIAL STATEMENT. The issuance of the 2016 Bonds shall not directly, indirectly, or contingently obligate the Board of Regents, the University or the State or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefore or to make any appropriation for their payment. Neither the Board of Regents nor the University has any taxing power.

The 2016 Bonds are secured on a parity lien with the Outstanding Parity Bonds with any additional bonds, notes or other obligations that may be issued from time to time under the Indenture (the "Additional Bonds"). See "SECURITY FOR THE 2016 BONDS—Additional Bonds" below. The 2016 Bonds, the Outstanding Parity Bonds and any Additional Bonds which may be issued from time to time under the Indenture are collectively referred to herein as the "Bonds."

Bond Insurance

The scheduled payment of principal of and interest on the 2016 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2016 Bonds by Assured Guaranty Municipal Corp., New York, New York ("AGM"). See "BOND INSURANCE" below.

Debt Service Reserve Account For The 2016 Bonds

The 2016 Bonds are also secured by an account in the Debt Service Reserve Fund (the "2016 Debt Service Reserve Account"). The 2016 Debt Service Reserve Requirement, as defined herein, will be satisfied by obtaining a Reserve Instrument from AGM. See "SECURITY FOR THE 2016 BONDS—Debt Service Reserve Account" below.

Redemption Provisions

The 2016 Bonds are subject to optional, mandatory sinking fund and extraordinary optional redemption prior to maturity. See "THE 2016 BONDS—Redemption Provisions" below.

Registration, Denominations, Manner Of Payment

The 2016 Bonds are issuable only as fully–registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the 2016 Bonds. Purchases of 2016 Bonds will be made in book–entry form only, in the principal amount of $5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC Participants (as defined herein). Beneficial Owners (as defined herein) of the 2016 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2016 Bonds. "Direct Participants," "Indirect Participants" and "Beneficial Owners" are defined under "APPENDIX E—BOOK–ENTRY SYSTEM" below.

Principal of and interest on the 2016 Bonds (interest payable May 1 and November 1 of each year, commencing November 1, 2016) are payable by Wells Fargo Bank, as paying agent (the "Paying Agent"), to the registered owners of the 2016 Bonds. So long as Cede & Co. is the sole registered owner, it will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2016 Bonds, as described under the caption "APPENDIX E—BOOK–ENTRY SYSTEM" below.

So long as DTC or its nominee is the sole registered owner of the 2016 Bonds, neither the Board of Regents, the University, the State, the successful bidder(s) nor the Trustee will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to, among other things, the payments to or the providing of notice for the Direct Participants, Indirect Participants or the beneficial owners of the 2016 Bonds.

Regular Record Date; Transfer Or Exchange

The Regular Record Date for the 2016 Bonds is the 15th day of the calendar month (whether or not a Business Day) next preceding each Interest Payment Date. The Special Record Date for the 2016 Bonds is the date to be fixed by the Trustee for payment of defaulted interest, with notice thereof to be given to such Registered Owner not less than 10 days prior to such Special Record Date. The 2016 Bonds may be transferred or exchanged as provided in the Indenture. The Board of Regents, the University and the Trustee shall not be required to transfer or exchange any 2016 Bond (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day 15 days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, or (iii) during the period of 15 days prior to the mailing of notice calling such 2016 Bond for redemption nor at any time following the mailing of notice calling such 2016 Bond for redemption.

Tax Matters Regarding The 2016 Bonds

Subject to compliance by the University and the Board of Regents with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2016 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2016 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act.

See "TAX MATTERS" below for a more complete discussion.

The 2016 Bonds are not "bank–qualified" obligations.

Professional Services

In connection with the issuance of the 2016 Bonds, the following have served the Board of Regents in the capacity indicated.

Independent Auditor for the University

Office of the Utah State Auditor
Utah State Capitol Complex
East Office Bldg Ste E310
(PO Box 142310)
Salt Lake City UT 84114–2310
801.538.1025 | f 801.538.1383
jdougall@utah.gov

Bond Counsel and Disclosure Counsel to the Board of Regents

Chapman and Cutler LLP
215 S State St Ste 800
Salt Lake City UT 84111–2266
801.536.1426 | f 801.533.9595
bjerke@chapman.com

Counsel to the Board of Regents and the University

Utah Attorney General
Kevin V. Olsen Assistant Attorney General
160 E 300 S Ste 500
Salt Lake City UT 84114
801.366.0270 | f 801.366.0268
kvolsen@utah.gov

Trustee, Bond Registrar and Paying Agent

Wells Fargo Bank NA
Corporate Trust Services
MAC C7300–107
1740 Broadway
Denver CO 80274
303.863.4884 | f 303.863.5645
ethel.m.vick@wellsfargo.com

Municipal Advisor

Zions Public Finance Inc.
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484
brian.baker@zionsbancorp.com

Conditions Of Delivery, Anticipated Date, Manner And Place Of Delivery

The 2016 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of their legality by Chapman and Cutler LLP, Bond Counsel, and certain other conditions. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on by Chapman and Cutler LLP, Disclosure Counsel to the Board of Regents. Certain legal matters will be passed on for the Board of Regents and the University by the Attorney General of the State. It is expected that the 2016 Bonds, in book–entry form only, will be available for delivery to DTC or its agent on or about Wednesday, May 11, 2016.

Continuing Disclosure Undertaking

The University and the Board of Regents will enter into a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2016 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see "CONTINUING DISCLOSURE UNDERTAKING" below and "APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING."

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Board of Regents, the University and the 2016 Bonds are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture and the 2016 Bonds are qualified in their entirety by reference to each such document.

Descriptions of the Indenture and the 2016 Bonds are qualified by reference to bankruptcy and other laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. Other documentation authorizing the issuance of the 2016 Bonds and establishing the rights and responsibilities of the Board of Regents, the University and other parties to the transaction, may be obtained from the "contact persons" as indicated below. Certain extracts of the Indenture are attached hereto as "APPENDIX A—EXTRACTS FROM THE GENERAL INDENTURE OF TRUST."

Contact Persons

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Salt Lake City, Utah (the "Municipal Advisor"):

Brian Baker, Vice President, brian.baker@zionsbancorp.com
Eric John Pehrson, Vice President, eric.pehrson@zionsbancorp.com

Zions Public Finance, Inc.
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact person for the University concerning the 2016 Bonds is:

Marvin L. Dodge
Vice President Finance & Administration
marvindodge@suu.edu

Southern Utah University
351 W University Blvd
Cedar UT 84720
435.586.7721 | fax 435.865.8064

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Board of Regents concerning the 2016 Bonds is:

Kimberly L. Henrie
Associate Commissioner for Finance and Facilities
khenrie@ushe.edu

Utah System of Higher Education
60 S 400 W
Salt Lake City UT 84101
801.321.7104 | f 801.321.7199

Amendment Of General Indenture

The Seventh Supplemental Indenture modifies and amends the General Indenture by modifying certain definitions, including the definition of Reserve Instrument Provider. For the 2016 Bonds and any Additional Bond, Reserve Instrument Provider means any bank, savings bank, thrift institution, credit union, insurance company, surety company or other institution issuing a Reserve Instrument. These amendments have been incorporated into the relevant provisions of "APPENDIX A—EXTRACTS FROM THE GENERAL INDENTURE OF TRUST." Written consent to the amendments for the 2016 Bonds will be obtained from the successful bidder(s), and purchasers of the 2016 Bonds will be deemed to have consented to such amendments. Such amendments will be effective for the 2016 Bonds and all Additional Bonds, the original definition contained in the General Indenture will continue to be effective for the Outstanding Parity Bonds.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2016 Bonds, AGM will issue its Municipal Bond Insurance Policy for the 2016 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the 2016 Bonds when due as set forth in the form of the Policy included as "APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda–based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long–term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings. On June 29, 2015, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 8, 2015, Moody's published a credit opinion maintaining its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 10, 2015, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10–K for the fiscal year ended December 31, 2015.

Capitalization of AGM. At December 31, 2015, AGM's policyholders' surplus and contingency reserve were approximately $3,798 million and its net unearned premium reserve was approximately $1,597 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference. Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this OFFICIAL STATEMENT and shall be deemed to be a part hereof: the Annual Report on Form 10–K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8–K, after the filing of the last document referred to above and before the termination of the offering of the 2016 Bonds shall be deemed incorporated by reference into this OFFICIAAL STATEMENT and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 W 52nd St, New York, NY 10019, Attention: Communications Department (212.974.0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this OFFICIAL STATEMENT.

Any information regarding AGM included herein under the caption "BOND INSURANCE—Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this OFFICIAL STATEMENT, except as so modified or superseded.

Miscellaneous Matters. AGM makes no representation regarding the 2016 Bonds or the advisability of investing in the 2016 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented in this "BOND INSURANCE" section.

ADDITIONAL INFORMATION REGARDING THE BOND INSURER

Certain Rights Of The Bond Insurer

AGM is the provider of the Policy. For so long the Policy is in effect, AGM shall be deemed to be the sole holder of the 2016 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the 2016 Bonds are entitled to take pursuant to the provisions of the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee.

Any amendment, supplement, modification to or waiver of the Indenture that requires the consent of owners of the 2016 Bonds or adversely affects the rights and interests of AGM shall be subject to the prior written consent of AGM. The consent of AGM is required prior to any acceleration of the 2016 Bonds under the Indenture. In addition, in the event AGM makes any payments in respect of principal of or interest on the 2016 Bonds pursuant to the Policy to the owners of such 2016 Bonds, AGM shall become subrogated to the rights of such owners to the extent of such payments in accordance with the terms of the Policy.

For more information regarding AGM and the Policy, see "BOND INSURANCE" above.

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking For The 2016 Bonds

The University (as an "obligated person" under the Rule (as defined below)) will enter into a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the 2016 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system ("EMMA") pursuant to the requirements of paragraph (b)(5) of Rule 15c2–12 (the "Rule") adopted by the SEC under the Securities Exchange Act of 1934, as amended. No person, other than the University, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the 2016 Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the proposed form of the Disclosure Undertaking in “APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Based on the Disclosure Undertaking, the University will submit its annual financial report (Fiscal Year Ending June 30) (the “Financial Report”) and other operating and financial information on or before March 26 (not more than 270 days from the end of the Fiscal Year). The University will submit the Fiscal Year 2016 Financial Report and other operating and financial information for the 2016 Bonds on or before March 26, 2017, and annually thereafter on or before each March 26 of each year.

A failure by the University to comply with the Disclosure Undertaking will not constitute a default under the Indenture and the Beneficial Owners of the 2016 Bonds are limited to the remedies provided in the Disclosure Undertaking. A failure by the University to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2016 Bonds in the secondary market. Any such failure may adversely affect the marketability of the 2016 Bonds.

Board Of Regents Continuing Disclosure Compliance

Except as noted below under “University’s Failure To Provide Certain Operating Information; Current Filings” during the five years prior to the date of this OFFICIAL STATEMENT, the Board of Regents has not failed to comply, in all material respects, with its prior undertakings pursuant to the Rule. Certain other higher education system institutions (colleges and universities) on behalf of which the Board of Regents has issued bonds have missed filing deadlines under their continuing disclosure undertakings or failed to include certain financial information in filings made pursuant to such continuing disclosure undertakings. At its May 2015 meeting, the Board of Regents adopted a disclosure compliance policy, which requires the State’s institutions of higher education, including the University, to adopt their own disclosure compliance policy and to train applicable employees regarding disclosure compliance.

University’s Failure To Provide Certain Operating Information; Current Filings

University’ Failure to Provide Certain Operating Information. The University currently provides continuing disclosure on the 2008 Bonds (CUSIP® 91754E (dated July 9, 2008) and the 2011 Bonds (CUSIP® 844089 (dated August 23, 2011). Continuing disclosure information is due on or before March 26 of each year.

Disclosure information for Fiscal Year 2011 was submitted on time on March 22, 2012; disclosure information for Fiscal Year 2012 was submitted on time on February 15, 2013; and disclosure information for Fiscal Year 2013 was submitted on time on March 5, 2014, *however in these filings the University failed to include two tables related to historical student housing rates and occupancy percentages*. The University included these missing tables in the Fiscal Year 2014 filing (and will include those tables in future filings), as discussed in the following paragraph.

Current Filings (Fiscal Year 2014 and 2015). The University has filed all required disclosure information for Fiscal Year 2014 (submitted on March 25, 2015) and for Fiscal Year 2015 (submitted on March 16, 2016). The University has retained a third party disclosure firm to assist with its future continuing disclosure filing responsibilities.

THE 2016 BONDS

General

The 2016 Bonds will be dated the date of their initial delivery[1] and will mature on May 1 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

The 2016 Bonds shall bear interest from their date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2016 Bonds is payable semiannually on each May 1 and November 1, commencing November 1, 2016. Interest on the 2016 Bonds shall be computed on the basis of a 360–day year consisting of 12, 30–day months. Wells Fargo Bank is the Trustee and Paying Agent with respect to the 2016 Bonds.

The 2016 Bonds will be issued as fully–registered 2016 Bonds, initially in book–entry form, in the denomination of $5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

Plan Of Refunding

The Board of Regents has previously issued its 2008 Bonds, the original bond proceeds of which were used by the Board of Regents for construction of a student housing project on the University's campus.

Proceeds from the 2016 Bonds, together with other legally available moneys, in the aggregate amount of $9,538,931.23 will be deposited with Wells Fargo Bank, as Escrow Agent (the "Escrow Agent"), pursuant to an Escrow Agreement (the "Escrow Agreement") to establish an irrevocable trust escrow account (the "Escrow Account"), consisting of cash and obligations of an obligation secured by the full faith and credit of the United States of America.

Amounts in the Escrow Account shall be used to pay interest on the 2008 Bonds maturing on and after May 1, 2019 (the "2008 Refunded Bonds") and to pay the redemption price of the 2008 Refunded Bonds at 100% of the principal amount thereof on May 1, 2018 (the "2008 Redemption Date") plus accrued interest thereon. The 2008 Refunded Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity (May 1)	Redemption Date	CUSIP® 91754E	Principal Amount	Interest Rate	Redemption Price
2019	May 1, 2018	DP8	$ 425,000	4.125 %	100%
2020	May 1, 2018	DQ6	440,000	4.25	100
2021	May 1, 2018	DR4	460,000	5.25	100
2024	May 1, 2018	DU7	1,520,000	4.375	100
2026	May 1, 2018	DW3	1,125,000	4.50	100
2028	May 1, 2018	DY9	1,230,000	5.00	100
2033	May 1, 2018	ED4	2,105,000	4.75	100
2033	May 1, 2018	EH5	1,550,000	5.00	100
Totals			$8,855,000		

[1] The anticipated date of delivery is Wednesday, May 11, 2016.

The cash and investments held in the Escrow Account will be sufficient to pay (a) the interest falling due on the 2008 Refunded Bonds through the 2008 Redemption Date and (b) the redemption price of the 2008 Refunded Bonds, due and payable on the 2008 Redemption Date.

Certain mathematical computations regarding the sufficiency of and the yield on the investments held in the Escrow Account will be verified by Grant Thornton LLP, Minneapolis, Minnesota. See "MISCELLANEOUS—Escrow Verification" below.

Sources And Uses Of Funds

The proceeds from the sale of the 2016 Bonds are estimated to be applied as set forth below:

Sources:	
Par amount of 2016 Bonds	$8,420,000.00
Transfers from prior issue debt service reserve fund	763,456.26
Original issue premium	606,597.10
Total	$9,790,053.36
Uses:	
Deposit into Escrow Account	$9,538,931.23
Costs of issuance (1)	120,539.19
Successful bidder's discount	103,646.19
Original issue discount	26,936.75
Total	$9,790,053.36

(1) Includes legal fees, Municipal Advisor fees, rating agency fees, Trustee, Escrow, Bond Registrar and Paying Agent fees, Escrow Agent fees, reserve instrument fees, Policy fees, escrow verification agent fees, rounding amounts and other miscellaneous costs of issuance.

Redemption Provisions

Optional Redemption. The 2016 Bonds maturing on or prior to May 1, 2025, are not subject to optional redemption prior to maturity. The 2016 Bonds maturing on or after May 1, 2026 are subject to redemption at the option of the Board of Regents on November 1, 2025, and on any date thereafter prior to maturity, in whole or in part, from such maturities as may be selected by the Board of Regents, and at random within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than 30 days' prior written notice, at a redemption price equal to 100% of the principal amount of the 2016 Bonds to be redeemed, plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The 2016 Bonds maturing on May 1, 2033 (the "2016 Term Bonds") are subject to mandatory sinking fund redemption, by lot in such manner as the Trustee may determine, at a price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, on the dates and in the principal amounts as follows:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
June 1, 2032	$ 670,000
June 1, 2033 (final maturity)	685,000
Total	$1,355,000

If less than all of the 2016 Term Bonds are redeemed in a manner other than pursuant to a mandatory sinking fund redemption, the principal amount so redeemed shall be credited at 100% of the principal amount thereof by the Trustee against the obligation of the Board of Regents on future mandatory sinking fund redemption dates for the 2016 Term Bonds in such order as shall be directed by the Board of Regents.

Extraordinary Optional Redemption. Under the Indenture, the University covenants that it will not sell, lease, mortgage, encumber, or in any manner dispose of its System or any part thereof, including any and all extensions and additions that may be made thereto, until all principal of and interest on the Bonds, and all Reserve Instrument Repayment Obligations, have been paid in full, except that the University may sell any portion of said property under certain circumstances set forth in the Indenture.

As provided in the Indenture, upon the sale, abandonment or substantial change in the use of any or all of the buildings or facilities of the System, and upon compliance with the provisions of the Indenture, the Board of Regents may elect to apply the proceeds of such sale or the insurance proceeds resulting from any destruction or casualty loss, as the case may be, to the redemption of Bonds Outstanding. Any Bonds so redeemed by the Board of Regents shall be redeemed in whole or in part, at a redemption price equal to the principal amount of each Bond without premium, plus accrued interest to the redemption date, such redemption date shall be any Business Day selected by the Board of Regents. If less than all Bonds Outstanding are to be redeemed, the Bonds to be redeemed shall be selected by lot and redeemed on a reasonably proportionate basis from among all the then Outstanding maturities of the Bonds, such basis to be determined and effectuated as nearly as practicable by the Paying Agent by multiplying the total amount of moneys available to redeem Bonds on the date fixed for redemption by the ratio which the principal amount of all Bonds Outstanding in each maturity bears to the principal amount of all Bonds then Outstanding; provided, however, that the Bonds shall be redeemed only in integral multiples of $5,000.

Partial Redemption of 2016 Bonds. If any 2016 Bond is to be redeemed in part only, upon the presentation of such bond for such partial redemption, the Board of Regents shall execute and the Trustee shall authenticate and deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Board of Regents, a 2016 Bond or 2016 Bonds of the same interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered 2016 Bond. A portion of any 2016 Bond of a denomination more than $5,000 will be in the principal amount of $5,000 or an integral multiple thereof and in selecting portions of such 2016 Bonds for redemption, the Trustee will treat each such 2016 Bond as representing that number of 2016 Bonds of $5,000 which is obtained by dividing the principal amount of such 2016 Bond by $5,000.

Notice of Redemption. Notice of redemption of any 2016 Bond shall be given by first class mail, not less than 30 nor more than 60 days prior to the redemption date, to the Registered Owner thereof, at the address of such Owner as it appears in the registration books kept by the Registrar. Each notice of redemption shall state (i) the official name of the 2016 Bonds and CUSIP numbers of the 2016 Bonds being redeemed; (ii) any other descriptive information needed to identify accurately the 2016 Bonds being redeemed, including, but not limited to, the dated date of and interest rate on such Bonds; (iii) in the case of partial redemption of 2016 Bonds, the respective principal amounts thereof to be redeemed, and a statement to the effect that on or after the redemption date, upon surrender of such 2016 Bond, a new 2016 Bond in principal amount equal to the unredeemed portion of such 2016 Bond will be issued; (iv) the date of mailing of redemption notices, the Regular Record Date for such purpose and the redemption date; (v) the redemption price; (vi) that on the redemption date the redemption price will become due and payable upon each such 2016 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (vii) the place where such 2016 Bonds are to be surrendered for payment of the redemption price, designating the name and address of the Paying Agent with the name of a contact person and telephone number. If at the time of mailing of notice of any optional redemption the Board of Regents or the University shall not have deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, the notice must state that it is subject to the availability of funds for such purpose not later than the opening of business on the redemption date and will be of no effect unless funds sufficient for such purpose are available.

For so long as a book–entry system is in effect with respect to the 2016 Bonds, the Trustee will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2016 Bonds.

Book–Entry System

DTC will act as securities depository for the 2016 Bonds. The 2016 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 2016 Bond certificate will be issued for each maturity of the 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX E—BOOK–ENTRY SYSTEM" for a more detailed discussion of the book–entry system and DTC.

Debt Service On The 2016 Bonds

	The 2016 Bonds			
Payment Date	Principal	Interest	Period Total	Fiscal Total
November 1, 2016	$ 0.00	$ 121,730.03	$ 121,730.03	
May 1, 2017	0.00	128,890.63	128,890.63	$250,620.66
November 1, 2017	0.00	128,890.63	128,890.63	
May 1, 2018	0.00	128,890.63	128,890.63	257,781.26
November 1, 2018	0.00	128,890.63	128,890.63	
May 1, 2019	450,000.00	128,890.63	578,890.63	707,781.26
November 1, 2019	0.00	124,390.63	124,390.63	
May 1, 2020	460,000.00	124,390.63	584,390.63	708,781.26
November 1, 2020	0.00	119,790.63	119,790.63	
May 1, 2021	470,000.00	119,790.63	589,790.63	709,581.26
November 1, 2021	0.00	115,090.63	115,090.63	
May 1, 2022	480,000.00	115,090.63	595,090.63	710,181.26
November 1, 2022	0.00	110,290.63	110,290.63	
May 1, 2023	490,000.00	110,290.63	600,290.63	710,581.26
November 1, 2023	0.00	98,040.63	98,040.63	
May 1, 2024	515,000.00	98,040.63	613,040.63	711,081.26
November 1, 2024	0.00	85,165.63	85,165.63	
May 1, 2025	535,000.00	85,165.63	620,165.63	705,331.26
November 1, 2025	0.00	71,790.63	71,790.63	
May 1, 2026	565,000.00	71,790.63	636,790.63	708,581.26
November 1, 2026	0.00	57,665.63	57,665.63	
May 1, 2027	590,000.00	57,665.63	647,665.63	705,331.26
November 1, 2027	0.00	51,765.63	51,765.63	
May 1, 2028	605,000.00	51,765.63	656,765.63	708,531.26
November 1, 2028	0.00	44,959.38	44,959.38	
May 1, 2029	620,000.00	44,959.38	664,959.38	709,918.76
November 1, 2029	0.00	37,596.88	37,596.88	
May 1, 2030	635,000.00	37,596.88	672,596.88	710,193.76
November 1, 2030	0.00	29,262.50	29,262.50	
May 1, 2031	650,000.00	29,262.50	679,262.50	708,525.00
November 1, 2031	0.00	20,325.00	20,325.00	
May 1, 2032	670,000.00 (1)	20,325.00	690,325.00	710,650.00
November 1, 2032	0.00	10,275.00	10,275.00	
May 1, 2033	685,000.00 (1)	10,275.00	695,275.00	705,550.00
Totals	$8,420,000.00	$2,719,002.04	$11,139,002.04	

(1) Mandatory sinking fund principal payments from a $1,355,000 3.00% term bond due May 1, 2033.

SECURITY FOR THE 2016 BONDS

Security And Source Of Payment

The 2016 Bonds will be issued on an equal lien parity basis with the Outstanding Parity Bonds and will be secured under the Indenture by a pledge of Pledged Revenues. Pledged Revenues are defined in the Indenture to consist of (i) all rentals, charges, fees, income, and revenues to be derived from the ownership and operation of the University's System after provision has been made for the payment of certain Operation and Maintenance Expenses; (ii) certain Student Center Building Fees, which the Board of Regents and the University fix, assess and collect from students for the use and availability of the University's Student Center; and (iii) all Investment Income earnings. See "DESCRIPTION OF PLEDGED REVENUES—The System" below.

For a further discussion of Pledged Revenues, including factors and circumstances affecting Pledged Revenue sources and future receipts of Pledged Revenues, see "DESCRIPTION OF PLEDGED REVENUES—Management Discussion Of Certain Pledged Revenues;" and "SOUTHERN UTAH UNIVERSITY—Student Enrollment" and "–Enrollment Trends And Projected Enrollment" below.

The 2016 Bonds are not an indebtedness of the State, the University or the Board of Regents but are special, limited obligations of the Board of Regents, payable from and secured solely by the Pledged Revenues. The issuance of the 2016 Bonds shall not directly, indirectly, or contingently obligate the Board of Regents, the University or the State or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefore or to make any appropriation for their payment. Neither the Board of Regents nor the University has any taxing power.

Rate Covenant

The Board of Regents and the University have covenanted under the Indenture that while any of the principal and interest payments on the Bonds are outstanding, Student Center Building Fees shall be charged to all full–time and part–time on–campus students of the University for the availability and use of the Student Center, and the rates and fees for all services supplied by the System to all students and other users shall be sufficient to pay the Operation and Maintenance Expenses for the System, and to provide Pledged Revenues for each Bond Fund Year of not less than (i) 115% of the Aggregate Annual Debt Service Requirement for the next succeeding Bond Fund Year, plus (ii) if a Reserve Instrument shall be in effect with respect to any of the Bonds Outstanding, the Reserve Instrument Repayment Obligations which the Board of Regents anticipates will be due and payable for the next succeeding Bond Fund year; provided, however, that in the event the Pledged Revenues for any Bond Fund Year (the "Current Bond Fund Year") are less than 100% of the Aggregate Annual Debt Service Requirement for the next succeeding Bond Fund Year, the Board of Regents and the University agree and covenant in the Indenture to increase Student Center Building Fees, to the extent permitted by applicable law, as soon as practicable to such amount as would have resulted in the Pledged Revenues for the Current Bond Fund Year equaling 100% of the Aggregate Annual Debt Service Requirement for the next succeeding Bond Fund Year, had such increase been in effect as of the beginning of the Current Bond Fund Year; and provided further that such fees must be reasonable fees for the type, kind and character of the service rendered. There shall be no free service supplied by the System for students, and such rates and fees shall be charged against all users of the System.

Flow Of Funds

Under the Indenture, the University is to account for all Operating Revenues and Student Center Building Fees in the System Revenue Fund. Operating Revenues are first to be used to pay Operation and Maintenance Expenses and thereafter the University is to use Net Operating Revenues and Student Center Building Fees and Investment Income to pay debt service on the Bonds, to replenish the Debt Service Reserve and repay amounts due under Reserve Instruments, to pay Reserve Instrument Costs, and to fund a

Repair and Replacement Fund. Following such use, amounts on deposit in the System Revenue Fund may be used for any other lawful purpose. See "APPENDIX A—EXTRACTS FROM THE GENERAL INDENTURE OF TRUST—Use Of System Revenue Fund."

Debt Service Reserve Account

2016 Debt Service Reserve Account; 2016 Reserve Instrument. The Indenture requires the establishment of the 2016 Debt Service Reserve Account with respect to the 2016 Bonds and a Debt Service Reserve Requirement with respect to the 2016 Bonds in an amount equal to the maximum annual debt service on the 2016 Bonds, which, as of the date of issuance of the 2016 Bonds, will be $711,081.26 (the "2016 Debt Service Reserve Requirement"). Accordingly, application has been made to AGM for the issuance of a surety bond for the purpose of funding the 2016 Debt Service Reserve Account (the "2016 Reserve Instrument").

The 2016 Reserve Instrument Insurance Policy. AGM has made a commitment to issue a municipal bond debt service reserve insurance policy for the 2016 Reserve Instrument with respect to the 2016 Bonds (the "2016 Reserve Instrument Insurance Policy"), effective as of the date of the issuance of such 2016 Bonds. Under the terms of the 2016 Reserve Instrument Insurance Policy, AGM will unconditionally and irrevocably guarantee to pay that portion of the scheduled principal and interest on the 2016 Bonds that become due for payment but shall be unpaid by reason of nonpayment by the Board of Regents (the "Insured Payments").

AGM will pay each portion of an Insured Payment that is due for payment and unpaid by reason of nonpayment by the Board of Regents to the Trustee or Paying Agent, as beneficiary of the 2016 Reserve Instrument Insurance Policy on behalf of the holders of the 2016 Bonds on the later to occur of (i) the date such scheduled principal or interest becomes due for payment or (ii) the business day next following the day on which AGM receives a demand for payment therefore in accordance with the terms of the 2016 Reserve Instrument Insurance Policy.

No payment shall be made under the 2016 Reserve Instrument Insurance Policy in excess of $711,081.26 (the "2016 Reserve Instrument Insurance Policy Limit"). Pursuant to the terms of the 2016 Reserve Instrument Insurance Policy, the amount available at any particular time to be paid to the Trustee or Paying Agent shall automatically be reduced to the extent of any payment made by AGM under the 2016 Reserve Instrument Insurance Policy, provided that, to the extent of the reimbursement of such payment to AGM, the amount available under the 2016 Reserve Instrument Insurance Policy shall be reinstated in an amount not to exceed the 2016 Reserve Instrument Insurance Policy Limit.

Special Provisions Relating to the 2016 Reserve Instrument. Upon a failure to pay policy costs when due or any other breach of the provisions contained in the Indenture relating to the 2016 Reserve Instrument Insurance Policy, AGM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Outstanding Bonds or (ii) remedies that would adversely affect owners of the Outstanding Bonds.

Any Policy costs then due and owing to AGM shall be included in the calculation of maximum Aggregate Annual Debt Service Requirement in the calculation of the additional bonds test.

The Board of Regents shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of AGM), of the Indenture applicable to it. No provision of the Indenture or any other related document shall be amended, supplemented, modified or waived, without the prior written consent of AGM, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Board of Regents under the Indenture or the priority accorded to the reimbursement of policy costs under the Indenture. AGM is expressly made a third party beneficiary of the Indenture and each other related document.

Covenant To Request Legislative Appropriation For The 2016 Bonds

In accordance with the Higher Education Revenue Bond Act, the Indenture provides that the Chairman of the Board of Regents shall, not later than December 1, in each year, certify to the Governor and the Director of Finance of the State the amount, if any, required to (i) restore the 2016 Debt Service Reserve Account (including payment of any amounts due under the 2016 Reserve Instrument) to the 2016 Debt Service Reserve Requirement, (ii) restore the Reserve Instrument Fund to the required amount, if any, or (iii) meet projected shortfalls of payment of Principal and/or interest for the following year on any 2016 Bonds. The Governor may (but is not required to) request from the Legislature an appropriation of the amount so certified and any sums appropriated by the Legislature shall, as appropriate, be deposited in the 2016 Debt Service Reserve Account, in the Reserve Instrument Fund, or in the Bond Fund, as applicable. The Legislature is not required to make any appropriation with respect to the 2016 Bonds.

Covenant To Request Legislative Appropriation For Outstanding Parity Bonds; Debt Service Reserve Accounts

The Outstanding Parity Bonds enjoy the same "moral obligation" pledge of the State and its legislature concerning the restoration of the respective debt service reserve accounts and the appropriation to meet a projected shortfall of payment of principal and/or interest for the following year on the Outstanding Parity Bonds. The Legislature is not required to make any appropriation with respect to the Outstanding Parity Bonds.

The Outstanding Parity Bonds; Debt Service Reserve Accounts. Under the Indenture, each Series of Outstanding Bonds for which a Debt Service Reserve Requirement is established is secured by a separate Series Account in the Debt Service Reserve Fund.

The 2011 Bonds. The 2011 Bonds are secured by cash in the amount of $1,066,000 held in the Debt Service Reserve Account relating to the 2011 Bonds.

The 2008 Bonds. With the refunding of the 2008 Refunded Bonds, the 2008 Bonds are secured by cash in the amount of $80,000 held in the Debt Service Reserve Account relating to the 2008 Bonds.

Additional Bonds

Other than Additional Bonds, no bonds, notes or other additional indebtedness of the Board of Regents or the University payable out of Pledged Revenues on a priority ahead of, or on a parity with, the Bonds authorized under the Indenture shall be issued, created or incurred. Subject to the provisions of the Indenture, Additional Bonds payable out of Pledged Revenues, on a parity with the Bonds theretofore authorized and issued under the Indenture, may be issued from time to time to (i) finance all or a portion of the Costs of a Project or (ii) refund any one or more Series or maturities within a Series of Outstanding Bonds.

Prior to the issuance of any Additional Bonds under the Indenture, there shall have been filed with the Trustee, satisfactory evidence to the effect that: (i) the Chief Financial Officer of the University has certified that the total of (A) Net Operating Revenues, (B) Student Center Building Fees, and (C) Investment Income during any period of 12 consecutive calendar months within the 18 calendar months next preceding the date of the authentication and delivery of such Additional Bonds were equal to not less than (1) 115% of the maximum Aggregate Annual Debt Service Requirement on all of the Bonds and Additional Bonds then outstanding and the Additional Bonds so proposed to be issued, plus (2) all Reserve Instrument Repayment Obligations then outstanding if a Reserve Instrument was then in effect with respect to any of the Bonds Outstanding. In calculating the amount of Net Operating Revenues and Student Center Building Fees for this purpose, the amount of Student Center Building Fees and the rentals, charges and fees derived from the ownership and operation of the System included in Operating Revenues for such 12–month period shall be deemed to include the amounts that would have been received as a result of any increases therein, approved by the Board of Regents or the University where necessary, on or before the date of issuance of such proposed Additional Bonds had such increases been in place as of the first day of such 12–month period; provided, however, that the requirements of this clause (i) shall not apply to the issuance of any Additional Bonds to the extent they are issued for refunding purposes and the Average Annual Debt Service Requirement for such Additional Bonds does not exceed the then remaining Average Annual Debt Service Requirement for the Bonds being refunded therewith; (ii) all payments required by the Indenture to have been made into the Bond Fund must have been made in full, and there must be in the Debt Service Reserve Fund (taking into account any Reserve Instrument Coverage) the full amount required by the Indenture to have been accumulated therein; (iii) the proceedings authorizing the Additional Bonds must provide for raising the amount to which the Debt Service Reserve Fund shall be accumulated to an amount no less than the Debt Service Reserve Requirement of all Bonds then Outstanding and the Additional Bonds so proposed to be issued, and must require the accumulation of such amount in the Debt Service Reserve Fund (taking into account any Reserve Instrument Coverage) at the time of issuance of the Additional Bonds so proposed to be issued; (iv) the proceeds of the Additional Bonds must be used in connection with (A) the refunding of Bonds issued under the Indenture, (B) the financing of additions, improvements, extensions, replacements or repairs to the System or property that is a part thereof, or (C) other Costs with respect to the System; and (v) no Event of Default may have occurred and be continuing under the Indenture on the date of authentication of such Additional Bonds unless each and every Bond Insurer of Outstanding Bonds has consented to the issuance of such Additional Bonds despite the existence of an Event of Default.

DESCRIPTION OF PLEDGED REVENUES

The System

Student Center. The "Student Center" consists of a 173,625 square–foot building located on the campus of the University that serves as the campus hub for students, faculty, staff and visitors. The Student Center was built in phases, the first of which was completed in 1996 and consisted of student government offices, an open living room, a reading lounge, Food Services facilities and the Bookstore. The second phase, which was completed in 1999, expanded the Student Center by connecting it to the Centrum (a combined classroom/basketball arena), and included Student Services offices, a new Bookstore, a ballroom, a theater, conference and meeting rooms, a post office and other offices, and a cafeteria and food court area. (In addition to Net Operating Revenues derived from operation of the Student Center (and other components of the System), Student Center Building Fees (described below) are also pledged to secure the payment of debt service on Bonds.)

University Bookstore. The University operates the University Bookstore, from which it sells textbooks, general books, student classroom supplies and computer equipment and supplies.

Food Services Operations. The University contracts with a private party to provide and manage its food service operations including catering services, from kitchen and dining facilities, snack–bars, and vending machines located in the Student Center and other campus locations.

Student Housing System. The current Student Housing System derives its source of income from the following:

(1) Eccles Living Center—constructed in 2004, consists of three buildings with 291 apartment–style rooms with modern living, kitchen, bath and bedrooms in the apartments and new administrative offices, lobbies and computer labs.

(2) Cedar Hall—constructed in 2009, consists of 69 two–bedroom units (double occupancy, without kitchen or dining facilities) housing 260 students.

Juniper Hall was part of the Student Housing System until November 2011. This on–campus dormitory–style residence hall was constructed in 1964 and accommodated 280 students, but in 2011 the building was determined to have mechanical problems and was demolished in April 2013. The Board of Regents filed a "release, substitution or sale of property" material event on EMMA on June 29, 2012 related to the demolition of Juniper Hall.

The following table sets forth the number of students in housing, occupancy rates, and annual rental rates for the current housing facilities:

Student Housing System—Fall Occupancy and Annual Rental Rates

	Fall 2015			Fall 2014			Fall 2013			Fall 2012 (1)			Fall 2011		
	Cap-acity	Occu-pancy	%	Cap-acity	Occu-pancy	%	Cap-acity	Occu-pancy	%	Cap-acity	Occu-pancy	%	Cap-acity	Occu-pancy	%
Residential Halls:															
Cedar Hall…………	268	264	99	260	259	100	260	257	99	260	258	99	260	258	99
Eccles Living & Leaning Center….	301	299	99	298	298	100	298	297	100	291	288	99	291	288	99
Juniper Hall……….	–	–	–	–	–	–	–	–	–	–	–	–	281	218	78
Total residential housing……….	569	563	99	558	557	100	558	554	99	551	546	99	832	764	92
Average rental rates…..	$3,830			$3,692			$3,611			$2,947			$2,907		
% change from prior year………….	3.7%			2.2%			22.5%			1.4%			7.6%		

(1) Juniper Hall was closed in November 2011.

(Source: The University.)

For revenues and expenditures of the Student Center, the University Bookstore, the Food Service Operations and the Student Housing System see "HISTORICAL DEBT SERVICE COVERAGE" and "PROJECTED PLEDGED REVENUES AND DEBT SERVICE COVERAGE;" below.

Student Building Fees

Student building fees are assessed against all full–time and part–time, on–campus graduate and undergraduate students attending the University for the use and availability of certain of the facilities and buildings of the University. As part of the student building fees paid by students attending the University, students pay a fee for the use and availability of the Student Center (the "Student Center Building Fees"). For the Academic Year 2015–16, total semester student building fees for a full–time student are $161.00, with the Student Center Building Fees making up $146.00 of that total. Part–time students pay Student Center Building Fees in varying amounts based on the number of credit hours taken.

The following table shows the history of amounts collected in total student fees and the amounts provided for Student Center Building Fees for Pledged Revenues, other Student Building Fees and total Student Building Fees:

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	Fiscal Year				
	2015	2014	2013	2012	2011
Student Center Building Fees (*which constitute Pledged Revenues*):					
Student Center Building Fees ...	$1,808,464	$1,816,139	$1,196,772	$1,210,729	$1,236,560
% change from prior year	(0.4)%	51.8%	(1.2)%	(2.1)%	3.8%
Other Student Building Fees (not pledged).........................	185,802	186,589	196,940	199,572	203,830
Total Student Building Fees	$1,994,266	$2,002,728	$1,393,702	$1,410,301	$1,440,390
% change from prior year	(0.4)%	43.7%	(1.2)%	(2.1)%	1.1%

(Source: The University.)

See "HISTORICAL DEBT SERVICE COVERAGE;" "PROJECTED PLEDGED REVENUES AND DEBT SERVICE COVERAGE;" and "SOUTHERN UTAH UNIVERSITY—Tuition and Fees" below.

Management's Discussion Of Certain Pledged Revenues

Student Housing System. The University continues to face a very competitive student housing market. University students are not required to live on campus and there is currently a viable market for off–campus housing.

In response to this competition, the University has focused its marketing efforts on "Learning Communities" within its housing units. Focusing on the fact that college is more than just computers and classrooms, Every effort is made to place students with similar academic and social interests on the same floor of the Student Housing System providing them easy access to meet other students who will soon become friends as part of an intellectual community—even before they ever step a foot in a classroom. Recent studies suggest that students who live in learning communities are far more likely to succeed during their college years. Students experience a smoother transition into their new environment, build and maintain important social networks, enhance relationships with professors and mentors, and feel more at home while away from home perceiving their residence hall as academically and socially supportive. In addition to the marketing efforts mentioned above the Student Housing System continues to offer traditional advantages compared to off–campus options including on–campus location, easier access to University information and services, and reduced transportation costs.

Additionally, the University has made other efforts to make its housing facilities more attractive to students. These efforts include the completion of the Eccles Living and Learning Center in 2005 and Cedar Hall in the fall of 2009. Efforts are continually being made by the University to provide quality services while at the same time containing the cost of delivery.

While the University continually makes every effort, and considers it a priority, to keep its Student Housing System facilities, competitive with off–campus housing options, quality off–campus housing is to an extent beneficial and even necessary to the University, as it provides additional housing options for ever–increasing student attendance at the University.

Continued availability of quality student housing is essential to the University's continued enrollment growth. The University believes that past occupancy rates combined with its marketing efforts will ensure its Student Housing System facilities will remain competitive, and together with off–campus housing, support, and accommodate projected enrollment growth.

Student Center Building, Stability of Student Building Fee Revenue. A Student Center Building Fee has been approved at $146 per semester for a full–time student and at the amounts for part–time students as set forth under the caption "SOUTHERN UTAH UNIVERSITY—Tuition and Fees" below. The total funds available from this fee are a result of total student enrollment.

The assessment of Student Center Building Fees occurs at the time of registration and is collected in conjunction with tuition payments. Students who fail to pay their tuition and fees by the applicable deadline are dropped for non–payment.

Enrollment for fee distribution is measured based on the "3rd week" census report preventing the inclusion in the student headcount of any students not attending the University in the given semester. The timing for measuring the total number of students (full–time and part–time) enrolled in a semester essentially eliminates the possibility of inflating enrollment statistics and provides a solid basis for projecting Student Center Building Fee revenues.

The University believes the major strength in this revenue flow is the potential increase in revenues derived from enrollment growth. The University intends to grow with the demand for education in the State and anticipates there will be support from the State to accommodate that growth. The University is projecting an incremental growth rate at 5% for Fiscal Year 2016 and 3% per year through Fiscal Year 2020. On this basis, the projected Fall Student Head Count will grow to a total of 10,761 students by Fiscal Year 2020.

As discussed below under "SOUTHERN UTAH UNIVERSITY—Enrollment Trends and Projected Enrollment," projected enrollments are, in part, dependent on the availability of additional quality student housing beyond what the University and the private sector currently provide. The University expects that the University's Student Housing System, together with private sector projects currently under construction, will provide sufficient housing to support projected enrollment. Continued growth is also dependent on continued State support.

HISTORICAL DEBT SERVICE COVERAGE

The following table is a summary of historical Pledged Revenues and debt service coverage. The "actual" information has been derived from the University's financial statements for Fiscal Years 2011 through 2015 and has been compiled by the University. This information is not presented in a form that can be recognized from the University's financial statements.

In Fiscal Year 2015, the University received approximately 65% of the net pledged revenue available for debt service from Student Center Building Fees and approximately 34% of its net pledged revenue available for debt service from net Operating Revenues. Interest Income also contributed a small amount to debt service.

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The following table shows the past five Fiscal Years historical operating revenues, operating expenses, total Pledge Revenues, the debt service requirements for the Outstanding Parity Bonds and debt service coverage amounts.

	Fiscal Year Ended June 30				
	Actual				
	2011	2012	2013	2014	2015
Operating revenues:					
Bookstore	$ 3,782,675	$ 3,341,384	$ 3,291,461	$ 3,138,394	$ 3,201,480
Food services	324,367	288,389	247,302	241,845	275,324
Student Center building	355,414	353,184	377,357	373,083	383,976
Resident Living	3,159,789	2,560,037 (1)	2,572,197	2,533,369	2,476,204
Fitness center	133,974	138,238	144,313	123,381	111,790
Total operating revenues	7,756,219	6,681,232	6,632,630	6,410,072	6,448,774
Operation and maintenance expenses:					
Bookstore	3,536,379	3,299,242	3,056,798	3,076,775	2,979,383
Food services	213,052	195,994	202,024	201,534	227,453
Student Center building	757,865	730,636	646,670	1,149,909 (2)	1,244,830
Resident Living	1,215,746	1,108,792	929,422	907,311	914,389
Fitness center	108,752	178,435	111,737	126,702	131,975
Total operating and maintenance expenses	5,831,794	5,513,099	4,946,651	5,462,231	5,498,030
Net revenue from operations	1,924,425	1,168,133	1,685,979	947,841	950,744
Other pledged revenue:					
Student Center Building Fees	1,236,560	1,210,729	1,196,772	1,816,139 (3)	1,808,464
Investment Income	8,390	15,580	16,265	11,728	10,190
Total other pledged revenues	1,244,950	1,226,309	1,213,037	1,827,867	1,818,654
Total Pledged Revenues	$ 3,169,375	$ 2,394,442	$ 2,899,016	$ 2,775,708	$ 2,769,398
Debt service:					
2011 Bonds	$ 0	$ 378,320	$ 374,000	$ 406,750	$ 1,063,450
2008 Bonds	842,781	840,969	838,781	841,219	843,094
2003 Bonds	509,833	91,715	88,400	–	–
2002A Bonds	648,100	651,350	655,925	654,688	–
Total debt service	$ 2,000,714	$ 1,962,354	$ 1,957,106	$ 1,902,657	$ 1,906,544
Debt service coverage (Net Revenues)	**1.58X**	**1.22X**	**1.48X**	**1.46X**	**1.45X**
Rate Covenant Requirement	**1.15X**	**1.15X**	**1.15X**	**1.15X**	**1.15X**

(1) Revenues decreased because of the closurer of Juniper Hall.
(2) Operation and maintenance expenses increased in Fiscal Year 2014 because Student Center Building costs were allocated to actual cost of the maintenance and operation expenses. The University began new cost
(3) To compensate for increased Student Center Building allocation costs, the University increased Student Building Fees (which fees consititute Pledged Revenues) beginning in Fiscal Year 2014.

(Source: The University.)

PROJECTED PLEDGED REVENUES AND DEBT SERVICE COVERAGE

Projected Pledged Revenues And Debt Service Coverage

The "projected" information is based on the historical data of the University with modifications made for operating changes being implemented in specific areas.

Revenue and expense projections for Fiscal Years 2016 through 2020 include annual increases of 0.5% to 3%.

Student Center Building Fees are also projected to increase at the rate of 5% in Fiscal Year 2016 and annually thereafter at the rate of 3% through Fiscal Year 2020. Also see "SOUTHERN UTAH UNIVERSITY—Enrollment Trends And Projected Enrollment" below.

The University does not as a matter of course make public projections as to future sales, earnings, or other results. However, the Administration has prepared the prospective financial information set forth below to present the projected Pledged Revenues. The accompanying prospective financial information was, in the view of the Administration, prepared on a reasonable basis, reflects the best currently available estimates, and presents, to the best of the Administration's knowledge, belief and judgment, the expected course of action and the expected future financial performance of the University. However, the accompanying financial information was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, and this information is not fact and should not be relied upon as being necessarily indicative of future results. Readers of this statement are cautioned not to place undue reliance on the prospective financial information.

Neither the University's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

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	Fiscal Year Ended June 30				
	Projected				
	2016	2017	2018	2019	2020
Operating revenues:					
Bookstore (1)……	$ 3,329,000	$ 3,428,870	$ 3,531,736	$ 3,637,688	$ 3,746,819
Food services (2)……	280,000	290,750	301,511	312,284	323,068
Student Center building (1)……	397,000	408,910	421,177	433,813	446,827
Resident Living (3)……	2,464,000	2,476,320	2,488,702	2,501,145	2,513,651
Fitness center (1)……	118,400	121,952	125,611	129,379	133,260
Total operating revenues……	6,588,400	6,726,802	6,868,737	7,014,309	7,163,625
Operation and maintenance expenses:					
Bookstore (1)……	3,028,020	3,118,861	3,212,426	3,308,799	3,408,063
Food services (2)……	214,300	217,515	220,777	224,089	227,450
Student Center building (1)……	1,263,660	1,301,570	1,340,617	1,380,835	1,422,260
Resident Living (3)……	893,900	898,370	902,861	907,376	911,913
Fitness center (1)……	154,100	158,723	163,485	168,389	173,441
Total operating and maintenance expenses…	5,553,980	5,695,039	5,840,166	5,989,488	6,143,127
Net revenue from operations……	1,034,420	1,031,763	1,028,571	1,024,821	1,020,498
Other pledged revenue:					
Student Center Building Fees (4)……	1,898,900	1,993,845	2,053,660	2,115,270	2,178,728
Investment Income (1)……	13,000	13,390	13,792	14,205	14,632
Total other pledged revenues……	1,911,900	2,007,235	2,067,452	2,129,475	2,193,360
Total Pledged Revenues……	$ 2,946,320	$ 3,038,998	$ 3,096,023	$ 3,154,296	$ 3,213,858
Debt service:					
2016 Bonds……	$ 0	$ 250,621	$ 257,781	$ 707,781	$ 708,781
2011 Bonds……	1,060,350	1,061,650	1,062,200	1,063,600	1,053,600
2008 Bonds……	838,494	422,000	426,400	–	–
Total debt service……	$ 1,898,844	$ 1,734,271	$ 1,746,381	$ 1,771,381	$ 1,762,381
Debt service coverage (Net Revenues)……	**1.55X**	**1.75X**	**1.77X**	**1.78X**	**1.82X**
Rate Covenant Requirement……	**1.15X**	**1.15X**	**1.15X**	**1.15X**	**1.15X**

(1) Projections based on an estimated 3% annual growth rate over 2016 projected amounts.
(2) Projections based on an estimated 1.5% annual growth rate over 2016 projected amounts.
(3) Projections based on an estimated 0.5% annual growth rate over 2016 projected amounts.
(4) Projections based on an estimated 5% growth rate over 2016 projected amounts in 2017 and 3% growth thereafter.

(Source: The University.)

STATE BOARD OF REGENTS OF THE STATE OF UTAH

The University is a body politic and corporate of the State operating under the provisions of the Higher Education Act. The Board of Regents is vested by statute with control, management and supervision of the State institutions of higher education, including the University. The Board of Regents consists of 19 resident citizens of the State, 15 of whom are appointed by the State's governor with the consent of the State Senate for staggered six–year terms; two members who are appointed by the Chair of the State Board of Education and are currently members of the State Board of Education (these members have no vote and no set term expiration date); one member of the Utah College of Applied Technology Board of Trustees (appointed by its chair, with no vote and no set term expiration) and one student member (with voting rights) appointed by the Governor from nominations of the student body presidents' council for a one–year term. From its members, the members of the Board of Regents elect a Chair and Vice Chair, each for two–year terms.

The Board of Regents appoints a Commissioner of Higher Education, who serves as the chief executive officer of the Board of Regents and is responsible for, among other things, proper execution of the policies and programs established by the Board of Regents. The Board of Regents, in consultation with the respective Board of Trustees of each institution of higher education, appoints a President for each institution of higher education in the State. The President of each such institution, including the University, is responsible to the Board of Regents for the governance and administration of his or her institution.

Board of Regents

Board Member/Vocation/Location		Current Term Expires
Daniel W. Campbell	Chair, Businessperson, Provo City	June 2019
France A. Davis	Vice Chair, Businessperson, Salt Lake City	June 2017
Jesselie B. Anderson	Member, Businessperson, Salt Lake City	June 2019
Nina R. Barnes	Member, Businessperson, Cedar City	June 2021
Leslie Castle	Member (non–voting), State Board of Education	No term set
Wilford W. Clyde	Member, Businessperson, Springville City	June 2017
Steven R. Moore	Member (non–voting), Utah College of Applied Tech., Salt Lake City	No term set
Marlin K. Jensen	Member, Businessperson, Salt Lake City	June 2021
Patricia Jones	Member, Businessperson, Salt Lake City	June 2021
Steven J. Lund	Member, Businessperson, Provo City	June 2021
Robert S. Marquardt	Member, Businessperson, Salt Lake City	June 2019
Robert W. Prince	Member, Orthodontist, St. George City	June 2017
Harris H. Simmons	Member, Businessperson, Salt Lake City	June 2021
Mark T. Stoddard	Member, Businessperson, Nephi City	June 2017
Teresa L. Theurer	Member, Community Leader, Logan City	June 2019
Joyce P. Valdez	Member, Businessperson, Salt Lake City	June 2019
John H. Zenger	Member, Businessperson, Midway City	June 2017
Bailey Bowthorpe	Student Member	June 2016
vacant	Member (non–voting), State Board of Education	No term set

The Board of Regents owns its own office building located in Salt Lake City, Utah and maintains a Web site that may be accessed at http://www.higheredutah.org.

SOUTHERN UTAH UNIVERSITY

General

Through its more than 100–year history, the University has evolved from a teacher training school into its current role as a comprehensive, regional university. Located on a 133–acre campus in the City, it serves the southern region of the State and the contiguous counties of two states with undergraduate and graduate programs and applied technology training. Citizens of the region look to the University for outreach services, culture, economic and business development, public education, regional history, public affairs, and major academic specialties.

The University maintains a Web site that may be accessed at http://www.suu.edu.

The University's combined enrollment for Academic Year 2014–2015 (Fall Semester 2015) was 8,881 students. The University is one of the units of the State system of higher education which is comprised of the following institutions which had Academic Year 2014–2015 End of Term student head count enrollments (budget related and self–support/including satellite campuses) as listed below:

Name	Location	Student Head Count Enrollment	% of Total Student Enrollment
Salt Lake Community College	Salt Lake City, Utah	33,451	19.2%
University of Utah	Salt Lake City, Utah	32,003	18.4
Utah Valley University	Orem, Utah	31,589	18.2
Utah State University	Logan/Price, Utah	28,707	16.5
Weber State University	Ogden, Utah	26,913	15.5
Dixie State University	City of St. George, Utah	8,342	4.8
Southern Utah University	*Cedar City, Utah*	*8,200*	*4.7*
Snow College	Ephraim, Utah	4,805	2.8
Total		174,010	100.0%

(Source: Utah System of Higher Education Data Book, Fall 2015.)

The largest private institutions of higher education in the State include Brigham Young University (approximate head count of 30,250) in the City of Provo, Utah; Westminster College (approximate head count of 3,100) in Salt Lake City, Utah; and L.D.S. Business College (approximate head count of 2,200) in Salt Lake City, Utah.

University's Board Of Trustees

The responsibilities and powers of the Board of Trustees for the University are identified in the Higher Education Act, in the Board of Regents' policy, and in the University's policies. The Board of Trustees serves as the legislative authority for the University. The Board of Trustees' duties include approving the hiring of faculty and other professional employees, approving all University policies recommended to it by the University, monitoring institutional finances, and other responsibilities. The Higher Education Act assigns four specific duties to the Board of Trustees: (i) facilitate communication between the University and the community; (ii) assist in planning, implementing and executing fund raising and development projects aimed at supplementing University appropriations; (iii) perpetuate and strengthen alumni and community identification with the University's tradition and goals; and (iv) select recipients of honorary degrees. The Board of Trustees has 10 members, consisting of: (i) eight persons appointed by the Governor with the consent of the State Senate for staggered four–year terms; (ii) the president of the University's alumni association; and (iii) the president of the associated students of the University.

University's Board of Trustees

Board Member (1)	Current Term Expires
Eric O. Levitt, Chair, Businessperson, Cedar City	June 2019
Sherrie Hansen Vice Chair, Businessperson, Cedar City	June 2019
Matt Cannon, Attorney, Salt Lake City	June 2017
Shannon Dulaney, Educator, Cedar City	no set term
Marshall Erb, Businessperson, Draper City	June 2017
Brandon Day, Student Representative	June 2016
David Nakken, Businessperson, Cedar City	June 2017
Elyce Schmutz, Businessperson, New Harmony City	June 2017
Sandra Lord Thomas, Alumni, Businessperson, Cedar City	no set term

(1) Board Member may serve past term expiration date until a new member is appointed.

University Executive Officers

The President of the University is appointed by and serves at the pleasure of the Board of Regents. Executive officers and other officers of the University include:

Office	Person	Years of Service	Expiration of Term
President	Scott L. Wyatt	3	Appointed
Provost	Bradley J. Cook	7	Appointed
Vice President for Finance and Administration	Marvin L. Dodge	2	Appointed
Assistant Vice President for Finance	Michael Beach	5	At Will
Assistant Vice President Planning and Budget	A. Mitchel Bealer	31	At Will
Controller	Brian Wright	2	At Will
Executive Director Facilities Management	Tiger Funk	10	At Will
Vice President for Alumni and Community Relations	Mindy Benson	21	Appointed
Vice President for Student Affairs	Jared Tippets	2	Appointed
Vice President for Advancement and Enrollment	Stuart Jones	19	Appointed
Director of Athletics	Jason Butikofer	1	At Will
Assistant Attorney General/Legal Counsel	D. Michael Carter	27	Appointed

Accreditation

The University is fully accredited by the Northwest Commission on Colleges and Universities. In addition, many of the University's academic programs have earned specialized, disciplinary, and/or professional accreditation in such areas as engineering and technology, business–international, athletic training, nursing, art and design, dance, music, public policy and administration and teacher education.

Faculty And Staff

The number of full–time equivalent ("FTE") faculty, executives and staff at the University for the last five years were as follows:

	Fall Semester				
	2015	2014	2013	2012	2011
Faculty:					
Full–time	306	282	250	255	247
Part–time	115	85	105	101	94
Total faculty	421	367	355	346	341
Executives	27	26	22	24	23
Staff	475	469	477	484	473
Part–time	459	453	424	463	384
Total employees	1,382	1,315	1,278	1,327	1,222
% change from prior year	5.1%	2.9%	(3.7)%	8.6%	(1.1)%

(Source: Utah System of Higher Education ("USHE"), Data Book for the indicated years.)

Currently, approximately 37% of the University's full–time faculty is tenured.

Student Enrollment

Enrollment periods based on Academic Years do not correspond to the University's Fiscal Years and should not be used for comparison purposes.

Enrollment Statistics—Head Count

	Fall Semester				
	2015	2014	2013	2012	2011
Total enrollment	8,881	7,656	7,745	8,297	7,750
% change from prior year	10.7%	(4.6)%	(3.5)%	3.4%	(3.4)%
Resident enrollment	7,271	6,436	6,614	7,167	6,832
Nonresident enrollment	1,610	1,220	1,131	1,130	918
Undergraduate enrollment	8,035	6,953	7,017	7,633	7,166
Graduate enrollment	846	703	728	664	584
Full–time enrollment	5,844	5,301	5,421	5,722	5,681
Part–time enrollment	3,037	2,355	2,324	2,575	2,069

(Source: The University.)

Enrollment Trends And Projected Enrollment

No projections of future enrollments can be assured or guaranteed. In particular, possible changes in student aid programs and in the general economy, as well as potential actions by the Board of Regents or the Legislature, make the current prediction of enrollments somewhat difficult.

The Administration has attempted to develop realistic predictions by reviewing historical trends and seeking a consensus of opinion on various, non–quantifiable factors. The resulting long–term enrollment estimates are as follows:

Projected Fall Semester Enrollments

	2016	2017	2018	2019	2020
Total enrollment	9,379	9,848	10,143	10,447	10,761
% change from prior year	5.6%	5.0%	3.0%	3.0%	3.0%

(Source: The University.)

Admissions

University admission is based on successful completion in high school of a core curriculum consisting of the following units: four English, three advanced mathematics, three science, two social studies and two foreign languages (recommended) and four other academic areas. An admissions index is based on high school grade point average and an Academic College Test "ACT" score which determines admission eligibility.

Tuition And Fees

General. Payment in full of all tuition and total student fees is required by the third week of class of each semester. *Tuition and total student fees other than Student Center Building Fees are not pledged for the repayment of the 2016 Bonds.* The schedule set forth below shows resident and non–resident tuition and fees per credit hour per semester for Academic Year 2016–2017.

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Tuition and Fees Schedule 2016–2017
Per Semester (effective Fall 2016 Term)

	Tuition				**Student Building Fees**			**Other**	**Total**			
	Undergraduate		Graduate (1)						Undergraduate		Graduate (1)	
Credit Hours	Resident Students	Non-Resident Students	Resident Students	Non-Resident Students	Pledged for Debt Service under Indenture	Not Pledged for Debt Service under Indenture	Total Building Fees	Total Other Fees	New Students	Non-Resident Students	Resident Students	Non-Resident Students
1	$448	$1,454	$588	$1,897	$17.92	$1.92	$19.84	$25.91	$473.91	$1,479.91	$613.91	$1,922.91
2	719	2,351	849	2,763	32.14	3.38	35.52	45.23	764.23	2,396.23	894.23	2,808.23
3	990	3,248	1,110	3,629	46.36	4.84	51.20	64.55	1,054.55	3,312.55	1,174.55	3,693.55
4	1,261	4,145	1,371	4,495	60.59	6.30	66.89	83.86	1,344.86	4,228.86	1,454.86	4,578.86
5	1,532	5,042	1,632	5,361	74.80	7.77	82.57	103.18	1,635.18	5,145.18	1,735.18	5,464.18
6	1,803	5,939	1,893	6,227	89.03	9.23	98.26	122.49	1,925.49	6,061.49	2,015.49	6,349.49
7	2,074	6,836	2,154	7,093	103.25	10.69	113.94	141.81	2,215.81	6,977.81	2,295.81	7,234.81
8	2,345	7,733	2,415	7,959	117.48	12.15	129.63	161.12	2,506.12	7,894.12	2,576.12	8,120.12
9	2,626	8,630	2,676	8,825	131.71	13.61	145.32	180.43	2,806.43	8,810.43	2,856.43	9,005.43
10	2,887	9,527	2,937	9,691	146.00	15.00	161.00	199.75	3,086.75	9,726.75	3,136.75	9,890.75
11	2,887	9,527	3,198	10,557	146.00	15.00	161.00	199.75	3,086.75	9,726.75	3,397.75	10,756.75
12	2,887	9,527	3,459	11,423	146.00	15.00	161.00	199.75	3,086.75	9,726.75	3,658.75	11,622.75
13	2,887	9,527	3,720	12,289	146.00	15.00	161.00	199.75	3,086.75	9,726.75	3,919.75	12,488.75
14	2,887	9,527	3,981	13,155	146.00	15.00	161.00	199.75	3,086.75	9,726.75	4,180.75	13,354.75
15	2,887	9,527	4,242	14,021	146.00	15.00	161.00	199.75	3,086.75	9,726.75	4,441.75	14,220.75
16	2,887	9,527	4,503	14,887	146.00	15.00	161.00	199.75	3,086.75	9,726.75	4,702.75	15,086.75
17	2,887	9,527	4,764	15,753	146.00	15.00	161.00	199.75	3,086.75	9,726.75	4,963.75	15,952.75
18	2,887	9,527	5,025	16,619	146.00	15.00	161.00	199.75	3,086.75	9,726.75	5,224.75	16,818.75
19	3,158	10,424	5,286	17,485	146.00	15.00	161.00	199.75	3,357.75	10,623.75	5,485.75	17,684.75
20	3,429	11,321	5,547	18,351	146.00	15.00	161.00	199.75	3,628.75	11,520.75	5,746.75	18,550.75
21	3,700	12,218	5,808	19,217	146.00	15.00	161.00	199.75	3,899.75	12,417.75	6,007.75	19,416.75
22	3,971	13,115	6,069	20,083	146.00	15.00	161.00	199.75	4,170.75	13,314.75	6,268.75	20,282.75
23	4,242	14,012	6,330	20,949	146.00	15.00	161.00	199.75	4,441.75	14,211.75	6,529.75	21,148.75
24	4,513	14,909	6,591	21,815	146.00	15.00	161.00	199.75	4,712.75	15,108.75	6,790.75	22,014.75
25	4,784	15,806	6,852	22,681	146.00	15.00	161.00	199.75	4,983.75	16,005.75	7,051.75	22,880.75

(1) Graduate fees vary by individual discipline. Graduate fees pertinent to the College of Education are used in this schedule as an example.

(Source: The University.)

Annual Semester Tuition and Fees. The following table sets forth the annual tuition and fees for full–time (undergraduate credit hours of 15; and graduate credit hours of 10) University students for the Academic Years indicated.

	Two Academic Semesters				
	2015–16	2014–15	2013–14	2012–13	2011–12
Undergraduate, resident	$ 6,300	$ 6,138	$ 5,924	$ 5,576	$ 5,198
Undergraduate, nonresident	19,132	18,596	17,902	16,984	15,910
Graduate, resident:					
Masters of Education (MED)	6,398	6,232	6,014	5,662	5,278
Masters of Accountancy (MAcc) /MBA (1)	9,276	9,026	8,700	8,220	6,758
Masters of Public Administration (MPA)/MFA (2)/MA (3)	8,170	7,954	7,670	7,238	6,218
Masters of Communications (MCOM)/MSSCP (4)	7,180	6,992	6,744	6,356	5,930
Graduate, nonresident:					
Masters of Education (MED)	19,448	18,902	18,196	17,265	16,172
Masters of Accountancy (MAcc) /MBA (1)	25,310	24,594	23,670	22,476	21,066
Masters of Public Administration (MPA)/MFA (2)/MA (3)	24,846	21,948	23,238	22,066	20,526
Masters of Communications (MCOM)/MSSCP (4)	21,634	21,024	20,238	19,208	18,332

(1) Master of Business Administration (MBA).
(2) Master of Fine Arts Administration (MFA).
(3) Master of Arts Administration (MA)
(4) Master of Science in Sports Conditioning and Performance (MSSCP).

(Source: The University.)

Estimated Student Costs. The following student budget is being used by the University's Financial Aid Office and represents estimated average resident and nonresident undergraduate student costs (exclusive of tuition and fees as shown above) at the University for the past five Academic Years. Students are able to select estimated costs depending on their type of room and board (Off–campus, on–campus and with family). The numbers in the table reflect the estimated costs of students using on–campus housing:

	Estimated Student Costs				
Category	2015–16	2014–15	2013–14	2012–13	2011–12
Room and board	$ 6,957	$ 6,758	$ 6,758	$ 6,458	$ 5,814
Miscellaneous	2,400	2,400	2,400	2,400	2,400
Transportation	2,400	2,400	2,400	2,400	2,400
Books and supplies	1,600	1,600	1,600	1,600	1,600
Total	$13,357	$13,158	$13,158	$12,858	$12,214

(Source: The University.)

Student Tuition and Fee Revenues. The total amount of student tuition and fee revenues of the University including instructional fees, Student Center Building Fees and other fees assessed during the past five Fiscal Year are as follows:

	Fiscal Year				
	2015 (1)	2014 (1)	2013	2012	2011
Tuition and fee revenues	$65,446,703	$46,346,728	$35,085,930	$32,259,248	$28,922,972
% increase from prior year	41.2%	32.1%	8.8%	11.5%	11.9%

(1) Increases in tuition and fee revenues in Fiscal Years 2015 and 2014 are attributed to the University's addition of an Aviation program which began in Fiscal Year 2014. The program enrolled 100 new students and had approximately 200 new students in Fiscal Year 2015.

(Source: The University's financial reports for the indicated years.)

Student Financial Aid

Approximately 78% of the students of the University receive financial aid through various programs administered by the University. The primary responsibility for this function is placed with the University Office of Financial Aid. A substantial portion of funds provided are from sources outside the University. Historically, federal loans, grants and other programs have provided a large portion of student financial assistance. All programs furnished by the federal and State government are subject to appropriation and funding by the respective legislatures. There can be no assurance that the current amounts of federal and State financial aid to students will be available in the future at the same levels and under the same terms and conditions as presently apply.

The University offers students a full range of fellowships, assistantships, scholarships, grants, loans, work study, and employment opportunities. Many part–time and temporary jobs on campus are available to student applicants.

Scope Of Education Programs

The academic programs offered at the University are segregated into six academic colleges, 22 departments, a Division of Continuing Education, and the University Library. The University's academic colleges are the School of Business; the College of Education; the College of Humanities and Social Sciences; the College of the Performing and Visual Arts; the College of Science and Engineering; and the University College.

The University offers a diversified curriculum leading to 21 less–than–Baccalaureate awards, as well as 62 distinct Bachelor's degrees and Master's degrees in nine academic fields.

Athletic Associations. The University is a National Collegiate Athletic Association Division I University and a member of the Big Sky Conference. The University sponsors 17 varsity sports, 10 for women and seven for men. The athletic facilities on campus include Eccles Coliseum (football and track & field), the Centrum Arena (volleyball, basketball and gymnastics), Kathryn Berg Field (softball), Thunderbird Park Complex (soccer) and the J. D. & Alice C. Harris Center (weight training, gymnastics practice and administrative offices). In addition to intercollegiate athletics, the University sponsors an extensive and active intramural sports program and recreational opportunities for students, faculty and the community as a whole.

Budget Process

State Appropriations. The portion of the University's operating budget request supporting the general academic, student service, institutional support, and plant fund that includes State General Fund appropriations is approved annually by the Board of Regents and transmitted to the Governor for his or her consideration and inclusion in the Executive Budget.

Other Funds. The budget for other University funds, such as auxiliary enterprises (bookstore, student housing), federal funds, loan funds, etc., are approved annually by the University and are not subject to legislative appropriation.

The University adopts an operating budget each fiscal year for each University department. These departmental budgets are reviewed by the President and senior administrative officers. Those budgets funded with State appropriations are then submitted to the Board of Trustees and the Board of Regents. The State appropriation includes various components for operations, maintenance, instruction, research, public service and other special functions. For more information, see "State Appropriation To The University" in this section below. The Board of Regents considers the amount of appropriation, when determined, along with the University's budget requirements and other revenue sources in establishing student tuition and Total Student Fees for each Academic Year.

Capital Improvement Program

Each year, the University prepares and updates its five–year capital improvement program. This provides the basis for a capital appropriation request which the University submits to the Board of Regents, the Governor, and the Legislature. The request identifies the projects, purpose, priority and the amount and source of funds. The Legislature may approve or decline each project in its capital appropriation program for the University and may stipulate the source of funding and amount.

State Appropriations To The University

The University has annually received and anticipates continuing to receive appropriations from the Legislature which are to be applied to the educational and general expenditures of the University, as well as for capital construction and facilities maintenance.

Annual State appropriations to the University are not pledged for the repayment of the 2016 Bonds.

The State's General Fund appropriations for operations to the University for the indicated years are set forth below:

Fiscal Year Ended June 30	General Operating	% Change From Prior Period	Restricted	% Change From Prior Period	Total Appropriations	% Change From Prior Period
2015	$32,887,809	3.4%	$402,275	(8.0)%	$33,290,084	3.2%
2014	31,808,558	5.3	437,345	(3.7)	32,245,903	5.2
2013	30,195,158	2.5	454,102	6.9	30,649,260	2.6
2012	29,461,558	(1.4)	424,639	(1.3)	29,886,197	(1.4)
2011	29,879,749	(1.9)	430,140	(6.2)	30,309,889	(2.0)

(Source: The University.)

Appropriations for New Facilities, Renovations and Repairs. In addition to the appropriations set forth above, the University receives an appropriation for new facilities, renovation and major repairs. These appropriations are project–specific and the amount of funding will fluctuate from year to year depending on the availability of funds at the State level and the demand for those funds State wide.

The following table sets forth State appropriations to the University for new facilities, renovations and major repairs for the following Fiscal Years. Appropriations are booked and considered final in the Fiscal Year in which the project on which appropriated amounts were spent is completed. Accordingly, the amount of appropriations in each Fiscal Year below includes all appropriations spent on projects completed in such Fiscal Year (regardless of when the appropriation was actually spent by the University).

Fiscal Year	State Appropriations for Building	% Change From Prior Period
2015	$ 1,962,314	(64.7)%
2014	5,555,623	432.8
2013	1,042,674	(70.6)
2012	3,548,502	(75.9)
2011	14,711,348 (1)	822.4

(1) The large increase of funding was for an addition to the Walter P. Gibson Science Center.

(Source: The University.)

Annual Fund Raising

The University conducts an ongoing annual fund raising campaign as well as special development programs to raise funds for scholarship funds and other special projects and programs.

The amount of funds raised will often vary from year to year depending on the nature of the special projects and programs. Annual fund raising amounts are not pledged to the payment of Bonds and the University does not rely on such amounts in its annual operating budgets. The following table summarizes the annual private gifts received by the University for the following Fiscal Years:

Fiscal Year	Receipts	% Change From Prior Period
2015	$12,874,914	80.5%
2014	7,131,638	(51.0)
2013	14,539,034	28.3
2012	11,328,604	125.5
2011	5,024,175	(24.7)

(Source: The University.)

Investment of University Funds

Investment of Operating Funds; The State Money Management Act. The State Money Management Act, Title 51, Chapter 7, Utah Code (the "Money Management Act") governs the investment of all public funds held by public treasurers in the State. The Money Management Act establishes a limited list of approved investments, including the Utah Public Treasurers' Investment Fund ("PTIF"), and establishes a five member State Money Management Council to exercise oversight of public deposits and investments.

The University is currently complying with all of the provisions of the Money Management Act for all University operating funds.

The Utah Public Treasurers' Investment Fund. A portion of the University's cash and cash equivalent funds are invested in PTIF. PTIF is a local government investment fund established in 1981, and managed by the State Treasurer. PTIF invests to ensure safety of principal, liquidity and a competitive rate of return. All moneys transferred to the PTIF are promptly invested in securities authorized by the Money

Management Act. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act. PTIF is not rated.

See “APPENDIX B—FINANCIAL REPORT OF SOUTHERN UTAH UNIVERSITY FOR FISCAL YEAR 2015–Notes to the Financial Statements–Note B. Cash and Cash Equivalents, Short–Term Investments and Investments” (page B–24) below.

Insurance Coverage

The University insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage through policies administered by the Utah State Risk Management Fund. This all–risk insurance coverage, that includes earthquake insurance, provides for repair or replacement of damaged property at a replacement cost basis subject to a $1,000 per occurrence deductible.

All revenues from University operations, rental income for its residence halls, and tuition are insured against loss due to business interruption caused by fire or other insurable perils with the Utah State Risk Management Fund.

The Utah State Risk Management Fund provides coverage to the University for general, automobile, personal injury, errors and omissions, employee dishonesty and malpractice liability at up to $10 million per occurrence. The University qualifies as a “governmental body” under the Utah Governmental Immunity Act which limits applicable claim settlements to the amounts specified in that act.

All University employees are covered by worker’s compensation insurance, including employer’s liability coverage by the Workers Compensation Fund of Utah.

See “APPENDIX B—FINANCIAL REPORT OF SOUTHERN UTAH UNIVERSITY FOR FISCAL YEAR 2015–Notes to the Financial Statements–Note Q. Insurance Coverage” (page B–40).

Employee Workforce; Retirement System; Other Post–Employment Benefits; Termination Benefits

Employee Workforce; Retirement System. The University currently employs approximately 925 full–time employees and approximately 460 part–time employees for a total employment of approximately 1,385 employees. The University participates in three retirement plans—the Utah State Retirement Systems (“URS”); the Teacher’s Insurance and Annuity Association; and Fidelity Investments–covering substantially all of its full–time employees. The University also participates in several defined contribution plans, which are administered by unrelated third–party financial institutions. For a detailed discussion regarding retirement benefits and contributions see “APPENDIX B—FINANCIAL REPORT OF SOUTHERN UTAH UNIVERSITY FOR FISCAL YEAR 2015–Notes to the Financial Statements–Note N. Retirement Plans” (page B–34).

Due to the implementation of Governmental Auditing Standard Board Statement 68, beginning Fiscal Year 2015, the University is required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of URS. See “APPENDIX B—FINANCIAL REPORT OF SOUTHERN UTAH UNIVERSITY FOR FISCAL YEAR 2015–Notes to the Financial Statements–Note A. Summary of Significant Accounting Policies–Adjustment to beginning Net Position” (page B–23).

Other Post–Employment Benefits. The University does provide certain other post–employment benefits to approximately 10 former employees who retired prior to June 30, 1990. These benefits are funded on a pay–as–you–go basis and for Fiscal Year 2015 was $63,996.

Termination Benefits. The University offers termination benefits by means of an early retirement program to qualified full–time salaried employees who have been allowed to retire early. There were 25 retirees who received termination benefits under the University's discretionary early retirement program during Fiscal Year 2015. The cost of termination benefits is funded on a pay–as–you–go basis. Termination benefits expense for Fiscal Year 2015 was $425,843. The University has recorded a current liability in respect of termination benefits for Fiscal Year 2015 of $1,806,404. See "APPENDIX B—FINANCIAL REPORT OF SOUTHERN UTAH UNIVERSITY FOR FISCAL YEAR 2015–Notes to the Financial Statements–Note K. Compensated Absences, Termination Benefits and Net Pension Liability" (page B–31).

The University currently does not expect its current or future policies regarding post–employment and termination benefits to have a material negative financial impact on the University.

DEBT STRUCTURE OF SOUTHERN UTAH UNIVERSITY

Outstanding Debt Of The University

The University has complied with the covenants of its bond agreements. The University has the following debt outstanding.

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2016 (a) (1)	Refunding	$ 8,420,000	May 1, 2033	$ 8,420,000
2011 (2).....................	Refunding	8,285,000	May 1, 2023	7,160,000
2008 (2) (3)	Housing	12,025,000	May 1, 2018 (4)	800,000
Total principal amount of outstanding debt (5)				$16,380,000

(a) For purposes of this OFFICIAL STATEMENT, the 2016 Bonds will be considered issued and outstanding.
(1) Rated "AA" by S&P (AGM insured; underlying "AA"), as of the date of this OFFICIAL STATEMENT.
(2) Rated "AA" by S&P, as of the date of this OFFICIAL STATEMENT.
(3) Certain principal amounts of these bonds were refunded by the 2016 Bonds.
(4) Final maturity date after a portion of these bonds was refunded by the 2016 Bonds.
(5) For accounting purposes, the net unamortized bond premium is $509,793 (as of June 30, 2015), and together with current outstanding debt of $16,380,000, results in total outstanding net direct debt of $16,889,793.

For the University's Fiscal Year 2015 debt information see "APPENDIX B—FINANCIAL REPORT OF SOUTHERN UTAH UNIVERSITY FOR FISCAL YEAR 2015—Notes to the Financial Statements–Note L. Bonds, Notes, Contracts Payables" (page B–32) and "–Note M. Auxiliary System Bond Revenue Fund" (page B–34).

Other Financial Considerations

Other than the Bonds, as discussed therein, the University has no other financial obligations outstanding.

The University's Foundation had a line of credit which was retired in January 2016. The Fiscal Year 2015 Financial Report shows that this line of credit was outstanding, see "APPENDIX B—FINANCIAL REPORT OF SOUTHERN UTAH UNIVERSITY FOR FISCAL YEAR 2015—Notes to the Financial Statements–Note L. Bonds, Notes and Contracts Payables" (page B–32).

Proposed Revenue Debt Of The University; Private/Public Partnerships

Proposed Revenue Debt of the University. The Board of Regents may issue from time to time various debt for student loan programs and debt for projects for colleges and universities.

As of the date of this OFFICIAL STATEMENT, the Board of Regents and the University may issue Additional Bonds or bonds secured by revenues that are not Pledged Revenues, for housing projects as needed. However, the University does not anticipate that it will need to issue such bonds for additional housing projects within the next three years. See "SECURITY FOR THE 2015 BONDS—Additional Bonds" above.

Private/Public Partnerships. Additionally, the University, with the approval of the Board of Regents, may enter into on–campus housing development agreements with private foundations or housing developers. In April 2016, the Board of Regents approved a land swap which, in part, allows the University to enter into a lease agreement with a private foundation to lease an approximate 300 bed student residential housing project located adjacent to the University. The University will make lease payments to the private foundation and will operating and maintain the housing project, but revenues and expenditures are not considered Pledged Revenues for the payment of Bonds. This housing project is not considered part of the University's Student Housing System. This housing project is anticipated to cost approximately $17 million and be operational in the fall of 2017. *The University believes that the construction of this private housing project will not adversely impact the revenues and expenditures of the University's Student Housing System or the Pledged Revenues. The proposed project provides needed housing options for the University's current and future students.*

No Defaulted Obligations

The University has never failed to pay principal of and interest on its financial obligations when due.

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Debt Service Schedule Of Outstanding Debt Of The University By Fiscal Year

Fiscal Year Ending June 30	Series 2016 $8,420,000		Series 2011 $8,285,000		Series 2008 $12,025,000		**Total All Debt**		
	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2015..........	$ 0	$ 0	$ 770,000	$ 293,450	$ 365,000	$478,094	$ 1,135,000	$ 771,544	$ 1,906,544
2016..........	0	0	790,000	270,350	375,000	463,494	1,165,000	733,844	1,898,844
2017..........	0	250,621	815,000	246,650	390,000	32,000	1,205,000	529,271	1,734,271
2018..........	0	257,781	840,000	222,200	410,000	16,400	1,250,000	496,381	1,746,381
2019..........	450,000	257,781	875,000	188,600	0	0 (2)	1,325,000	446,381	1,771,381
2020..........	460,000	248,781	900,000	153,600	0	0 (2)	1,360,000	402,381	1,762,381
							0	0	
2021..........	470,000	239,581	930,000	117,600	0	0 (2)	1,400,000	357,181	1,757,181
2022..........	480,000	230,181	985,000	80,400	0	0 (2)	1,465,000	310,581	1,775,581
2023..........	490,000	220,581	1,025,000	41,000	0	0 (2)	1,515,000	261,581	1,776,581
2024..........	515,000	196,081	–	–	0	0 (2)	515,000	196,081	711,081
2025..........	535,000	170,331	–	–	0	0 (2)	535,000	170,331	705,331
2026..........	565,000	143,581	–	–	0	0 (2)	565,000	143,581	708,581
2027..........	590,000	115,331	–	–	0	0 (2)	590,000	115,331	705,331
2028..........	605,000	103,531	–	–	0	0 (2)	605,000	103,531	708,531
2029..........	620,000	89,919	–	–	0	0 (2)	620,000	89,919	709,919
2030..........	635,000	75,194	–	–	0	0 (2)	635,000	75,194	710,194
2031..........	650,000	58,525	–	–	0	0 (2)	650,000	58,525	708,525
2032..........	670,000 (1)	40,650	–	–	0	0 (2)	670,000	40,650	710,650
2033..........	685,000 (1)	20,550	–	–	0	0 (2)	685,000	20,550	705,550
Totals..........	$ 8,420,000	$2,719,002	$7,930,000	$1,613,850	$1,540,000	$989,988	$17,890,000	$5,322,839	$23,212,839

(1) Mandatory sinking fund principal payment from a $1,355,000 3.00% term bond due May 1, 2023.
(2) Principal and interest was refunded by the 2016 Bonds.

(Source: Zions Public Finance, Inc.)

FINANCIAL INFORMATION REGARDING SOUTHERN UTAH UNIVERSITY

Management's Discussion And Analysis

Economic Outlook. There are continuing signs of moderate expansion of the economy in the State. Decreasing unemployment rates, increased job growth, and increased personal income continue to be positive signs of increased economic activity in the State. Expectations of sustained economic growth in the foreseeable future improve the opportunity for increased legislative funding support for the University.

The Beverley Taylor Sorenson Center for the Arts. Recent on campus economic activity include the construction of the Beverley Taylor Sorenson Center for the Arts ("The Beverley") a \$37.7 million project incorporating visual arts, live theatre, and dynamic arts education at the University enriching the cultural life of the City and the surrounding region. The funds to construct The Beverly were raised through private donations, gifts, and grants. The Beverly will be a year–round destination for thousands of visitors and is anticipated to open in the fall of 2016.

The Beverley also includes the Utah Shakespeare Festival's new outdoor theatre—The Engelstad Shakespeare Theatre (this theatre complex comprises approximately \$28.2 million of total construction cost). The new outdoor theatre has updated amenities, modern accessibilities, a covered terrace on the lower level of the theatre and a rooftop garden on the back deck of the second level. The building also houses an artistic and production facility which includes a rehearsal space, costume shop, and administration offices. In addition the facility includes a studio theatre; a flexible, black box space that can seat roughly 200 people.

The Shakespeare Theatre operates as part of the University. This program provides employment to people in the community and students of the University. In addition, each year University students are given an opportunity to perform in productions of the theater. The Utah Shakespeare Festival and the University have enjoyed years of a mutually beneficial relationship that has significant enriched the community, State, and the University.

Southern Utah Museum of Art (SUMA). SUMA, currently under construction next to The Beverly, will open in the summer of 2016 and the building itself a work of art—a permanent sculpture that houses an art museum. This single story, approximate \$9.4 million, 20,500 square–foot museum is organized into four components: the entry sequence, five gallery spaces, administration and education zone, and the storage and support area (construction moneys raised through private donations and gifts). The galleries will host exhibitions from around the world and be home to a special collection of the work by Utah artist, Jim Jones, and feature rotating exhibits from the permanent collections. SUMA will also regularly exhibit work of the University's Art and Design students and faculty, and provide a venue for displaying regional artists and juried shows. SUMA is a student–centered experiential learning environment that collects, preserves and exhibits the visual arts of southern Utah and surrounding Colorado Plateau. The Museum's exhibitions and educational programs expand the collecting focus by connecting regional art, culture and interests with the larger world. Students and Faculty in the Art and Design Department and the MFA program of the College of Performing and Visual Arts will use SUMA to learn museum management and best practices for preservation and collection. They will exhibit their art. And they will serve as staff for specific projects.

Management's Discussion and Analysis of the University's Financial Statements for Fiscal Year 2015. The administration of the University prepared a narrative discussion, overview, and analysis of the financial activities of the University for Fiscal Year 2015. For the complete discussion see "APPENDIX B—FINANCIAL REPORT OF SOUTHERN UTAH UNIVERSITY FOR FISCAL YEAR 2015—Management's Discussion and Analysis" (page B–7").

Financial Summaries

The financial statements reflect the financial reporting standards as outlined by the Governmental Accounting Standards Board. The financial statements are prepared with a focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole. The following comparative summaries are unaudited.

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Southern Utah University

Statement of Net Position

(This summary has not been audited)

	As of June 30				
	2015	2014	2013	2012	2011
Assets					
Current assets:					
Short–term investments	$ 17,960,250	$ 2,006,337	$ 8,752,118	$ 12,819,206	$ 10,473,478
Cash and cash equivalents	14,854,728	32,756,470	28,083,537	19,076,774	21,058,856
Receivables, net of allowance	5,859,925	7,908,301	5,521,127	3,316,585	3,879,477
Prepaid expenses	4,798,444	4,421,949	4,946,695	4,761,248	4,076,807
Inventories	837,390	785,105	1,045,105	855,000	806,755
Due from related parties	686,060	405,346	493,428	467,075	1,757,837
Loans and notes receivable, net	440,853	430,067	402,720	281,400	362,468
Total current assets	45,437,650	48,713,575	49,244,730	41,577,288	42,415,678
Noncurrent assets:					
Capital assets, net of accumulated depreciation	123,488,878	126,170,881	130,839,062	137,287,462	139,180,271
Investments	43,504,329	35,664,917	10,773,239	11,852,993	6,789,965
Restricted cash and cash equivalents	22,211,887	18,512,038	24,795,994	13,224,808	10,594,187
Loans and notes receivable, net	11,379,280	1,351,611	1,443,673	1,664,742	1,754,511
Pledges receivable, net	5,748,528	3,050,566	3,041,331	1,112,841	672,393
Real estate held for sale	51,400	51,400	51,400	51,400	706,314
Net pension asset	5,642	–	–	–	–
Total non–current assets	206,389,944	184,801,413	170,944,699	165,194,246	159,697,641
Total assets	251,827,594	233,514,988	220,189,429	206,771,534	202,113,319
Deferred outflows of resources:					
Deferred outflows related to pensions	1,423,123	–	–	–	–
Total deferred outflows related to pensions	1,423,123	–	–	–	–
Total assets and deferred outflows related to pensions	$ 253,250,717	$ 233,514,988	$ 220,189,429	$ 206,771,534	$ 202,113,319
Liabilities:					
Current liabilities:					
Unearned revenues	$ 9,760,593	$ 8,348,867	$ 5,142,065	$ 5,634,552	$ 4,874,624
Accounts and interest payable	4,607,896	4,807,743	1,879,642	1,732,830	3,160,567
Compensated absences and termination benefits	2,205,952	2,122,178	1,845,111	1,645,109	1,611,000
Accrued benefits and deductions payable	1,995,015	1,158,804	2,169,711	1,765,476	–
Bonds, notes and contracts payable	1,275,634	1,638,831	1,589,437	1,227,333	1,404,661
Due to related parties	1,138,664	814,443	578,863	747,228	1,416,174
Payroll and withholding taxes payable	858,501	740,096	915,920	1,293,412	1,068,417
Deposits and other liabilities	454,948	469,390	503,043	553,702	658,296
Total current liabilities	22,297,203	20,100,352	14,623,792	14,599,642	14,193,739
Noncurrent liabilities:					
Bonds, notes and contracts payable	16,446,373	17,721,883	18,975,576	20,179,863	21,097,428
Net pension liability	9,370,780	–	–	–	–
Compensated absences and termination benefits	1,264,427	1,409,936	1,254,763	1,184,811	1,078,549
Total noncurrent liabilities	27,081,580	19,131,819	20,230,339	21,364,674	22,175,977
Total liabilities	49,378,783	39,232,171	34,854,131	35,964,316	36,369,716
Deferred inflows of resources:					
Deferred inflows related to pensions	889,517	–	–	–	–
Total deferred inflows related to pensions	889,517	–	–	–	–
Net position:					
Net investment in capital assets	105,818,795	106,870,287	110,341,762	115,955,008	117,071,717
Unrestricted	33,295,299	33,794,703	28,018,751	23,517,180	23,701,270
Restricted expendable:					
Capital projects	33,817,142	24,762,230	19,580,564	5,893,321	3,736,501
Other	5,305,799	4,904,088	5,139,927	5,152,733	4,712,306
Scholarships	3,176,541	3,217,846	3,594,581	3,514,748	1,652,306
Loans	2,058,763	2,159,570	2,277,593	2,372,278	2,455,473
Restricted nonexpendable:					
Scholarships	11,421,880	10,706,209	9,603,284	8,607,921	10,847,495
Other	8,082,556	7,867,884	6,778,836	5,794,029	1,566,535
Pensions	5,642	–	–	–	–
Total net position	202,982,417	194,282,817	185,335,298	170,807,218	165,743,603
Total deferred inflows related to pensions and net position	$ 253,250,717	$ 233,514,988	$ 220,189,429	$ 206,771,534	$ 202,113,319

(Source: Information taken from the University's audited financial statements. This summary itself has not been audited.)

Southern Utah University

Statement of Revenues, Expenses, and Changes in Net Position

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Operating revenues					
Student tuition and fees (net of allowances)…………………	$ 65,446,703	$ 46,346,728	$ 35,085,930	$ 32,259,248	$ 28,922,972
Sales and service of educational activities…………………...	15,151,813	15,525,924	16,934,022	16,394,341	13,923,792
Sales and services of auxiliary enterprises (net of allowances)	4,109,925	3,925,692	4,054,074	4,436,358	5,579,233
Governmental grants and contracts.…………………………	753,125	466,569	1,383,092	899,050	389,448
Interest income on student loans……………………………	27,836	31,930	36,520	39,434	39,968
Total operating revenues……………….…………	85,489,402	66,296,843	57,493,638	54,028,431	48,855,413
Operating expenses:					
Salaries……………………………...…………………………	52,030,245	48,586,209	49,360,224	47,659,575	44,552,301
Services and supplies…………………………………………	42,067,039	23,139,736	14,647,657	11,411,536	13,194,689
Benefits………………………………………………………	20,263,582	20,558,394	20,269,164	19,098,518	17,109,104
Other operating expenses……………………………………	10,329,538	10,927,563	10,494,824	13,229,726	11,810,724
Depreciation…………………………………………………	6,248,767	6,515,704	6,405,846	6,129,797	5,532,242
Student aid……………………………………………………	5,208,623	6,859,815	8,385,822	8,635,796	10,249,300
Utilities………………………………………………………	2,171,855	2,371,977	2,641,674	2,577,780	2,586,853
Repairs and maintenance……………………………………	1,158,585	3,341,428	1,074,066	2,057,176	1,540,461
Total operating expenses…………………………	139,478,234	122,300,826	113,279,277	110,799,904	106,575,674
Operating income (loss)…………………………	(53,988,832)	(56,003,983)	(55,785,639)	(56,771,473)	(57,720,261)
Nonoperating revenues (expenses):					
Government appropriations (State)…………………………	33,290,083	31,583,161	30,649,260	29,886,197	29,450,389
Government grants and contracts……………………………	21,460,934	22,242,823	20,825,103	21,772,212	26,199,874
Private gifts and grants………………………………………	3,546,827	2,700,432	3,001,796	3,465,604	2,914,431
Investment income……………………………………………	925,267	2,408,124	1,379,319	430,173	1,842,245
Other nonoperating revenues (expenses)……………………	703,693	13,481	28,980	11,768	20,892
Interest on indebtedness……………………………………...	(654,751)	(698,262)	(1,026,147)	(1,095,377)	(1,060,227)
Total nonoperating revenues………………………	57,864,667	58,222,797	54,800,351	54,447,041	59,325,820
Income (loss) before other revenue………………	3,875,835	2,218,814	(985,288)	(2,324,432)	1,605,559
Other revenue:					
Capital gifts and grants………………………………………	6,551,978	3,647,335	13,062,365	2,095,496	2,578,003
Nonreciprocal transfers in (from Foundation)………………	5,820,000	–	547,654	–	–
Capital appropriations………………………………………	1,155,726	2,919,461	644,989	2,242,072	12,962,655
Additions to permanent endowments………………………	977,040	161,909	1,258,360	4,371,325	855,642
Total other revenue……………………...………	14,504,744	6,728,705	15,513,368	8,708,893	16,396,300
Increase (decrease) in net assets…………………	18,380,579	8,947,519	14,528,080	6,384,461	18,001,859
Net position–beginning of year…………………………………	194,282,817	185,335,298	170,807,218	165,743,603	147,741,744
Prior year adjustments…………………………………………	(9,680,979)	–	–	(1,320,846)	–
Net position–end of year………………………………………	$202,982,417	$194,282,817	$185,335,298	$170,807,218	$165,743,603

(Source: Information taken from the University’s audited financial statements. This summary itself has not been audited.)

Additional Financial Information Regarding The University

See "APPENDIX B—FINANCIAL REPORT OF SOUTHERN UTAH UNIVERSITY FOR FISCAL YEAR 2015" below for additional financial information regarding the University.

LEGAL MATTERS

Absence Of Litigation Concerning The 2016 Bonds

There is no litigation pending or threatened against the Board of Regents or the University questioning or in any matter relating to or affecting the validity of the 2016 Bonds.

On the date of the execution and delivery of the 2016 Bonds, certificates will be delivered by the Board of Regents and the University to the effect that, to the best knowledge of the Board of Regents and the University, respectively, there is no action, suit, proceeding or litigation pending or threatened against the Board of Regents and the University, which in any way materially questions or affects the validity or enforceability of the 2016 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the Board of Regents or the University, respectively.

A non–litigation opinion of the Attorney General of the State, counsel to the Board of Regents and the University, dated the date of closing, will be provided stating, among other things, there is not now pending, or to his knowledge threatened, any action, suit, proceeding, inquiry or any other litigation or investigation, at law or in equity, before or by any court, public board or body, which is pending or threatened against the Board of Regents or the University challenging the creation, organization or existence of the Board of Regents or the University, or the performance of any of the covenants contained in the Indenture, or the titles of the officers of the Board of Regents or the University to their respective offices, or the adoption or performance of the Indenture.

Miscellaneous Legal Matters

The Board of Regents and the University, their respective officers, agencies, and departments, are parties to numerous routine legal proceedings, many of which normally occur in governmental operations.

Based on discussions with representatives of the Board of Regents and the University, the Attorney General is of the opinion that the miscellaneous legal proceedings against the Board of Regents and the University, individually or in the aggregate, are not likely to have a material adverse impact on the Board of Regents' and the University's ability to make its payments of the principal of and interest on the 2016 Bonds as those payments come due.

General

The authorization and issuance of the 2016 Bonds are subject to the approval of the 2016 Bonds by Chapman and Cutler LLP, Bond Counsel to the Board of Regents in connection with the issuance of the 2016 Bonds. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the Board of Regents and the University by Chapman and Cutler LLP, Disclosure Counsel to the Board of Regents. Certain legal matters will be passed on for the Board of Regents and the University by the Attorney General of the State. The approving opinion of Bond Counsel will be delivered with the 2016 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in "APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL" of this OFFICIAL STATEMENT will be made available upon request from the contact person for the University as indicated under "INTRODUCTION—Contact Persons" above.

The various legal opinions to be delivered concurrently with the delivery of the 2016 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Federal

Federal tax law contains a number of requirements and restrictions which apply to the 2016 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Board of Regents and the University have covenanted to comply with all requirements that must be satisfied in order for the interest on the 2016 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2016 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2016 Bonds.

Subject to the Board of Regents and the University's compliance with the above–referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2016 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the 2016 Bonds is taken into account, however, in computing and adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Board of Regents and the University with respect to certain material facts within the Board of Regents' and the University's knowledge and upon the mathematical computation of the yield on the 2016 Bonds and the yield on certain investments by Grant Thornton LLP, Certified Public Accountants. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax–exempt interest, including interest on the 2016 Bonds.

Ownership of the 2016 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax–exempt obligations. Prospective purchasers of the 2016 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the 2016 Bonds is the price at which a substantial amount of such maturity of the 2016 Bonds is first sold to the public. The Issue Price of a maturity of the 2016 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the 2016 Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the 2016 Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Board of Regents and the University comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of 2016 Bonds who dispose of 2016 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2016 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2016 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2016 Bond is purchased at any time for a price that is less than the 2016 Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a 2016 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2016 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2016 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2016 Bonds.

An investor may purchase a 2016 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the 2016 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax–exempt bond. The amortized bond premium is treated as a reduction in the tax–exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2016 Bond. Investors who purchase a 2016 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2016 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2016 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2016 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2016 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax–exempt obligations to determine whether, in the view of the Service, interest on such tax–exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2016 Bonds. If an audit is commenced, under current procedures the Service may treat the Board of Regents as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2016 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax–exempt obligations, including the 2016 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2016 Bond owner who fails to provide an accurate Form W–9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2016 Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

The 2016 Bonds are not "bank–qualified".

State

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2016 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the 2016 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2016 Bonds. Prospective purchasers of the 2016 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

MISCELLANEOUS

Bond Ratings

As of the date of this OFFICIAL STATEMENT, the 2016 Bonds are expected to be rated "AA" (stable outlook) by S&P, with the understanding that upon delivery of the 2016 Bonds, a policy guaranteeing the payment when due of the principal of and interest on the 2016 Bonds will be issued by AGM. See "BOND INSURANCE" above.

S&P has assigned their underlying municipal bond rating of "AA" to the 2016 Bonds. An explanation of the rating may be obtained from S&P. The Board of Regents has not directly applied to Fitch Ratings, Inc. or Moody's for a rating on the 2016 Bonds.

Such rating does not constitute a recommendation by the rating agency to buy, sell or hold the 2016 Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the rating given the 2016 Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change or withdrawal of such rating may have an adverse effect on the market price of the 2016 Bonds.

Trustee

The obligations and duties of the Trustee are described in the Indenture and the Trustee has undertaken only those obligations and duties that are expressly set out in the Indenture. The Trustee has not independently passed upon the validity of the 2016 Bonds, the security therefore, the adequacy of the provisions for payment thereof or the exclusion from gross income for federal tax purposes of the interest on the 2016 Bonds. The Trustee may resign or be removed or replaced as provided in the Indenture. The Trustee is not required to take any action with respect to any Event of Default (as defined in the Indenture) or otherwise unless indemnified to its satisfaction. See "APPENDIX A—EXTRACTS FROM THE GENERAL INDENTURE OF TRUST–Events of Default" and "–Remedies; Rights of Registered Owners."

Escrow Verification

Grant Thornton LLP, Minneapolis, Minnesota, Certified Public Accountants, will verify the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the obligations of the United States of America, together with other escrowed moneys to be placed in the Escrow Account to pay when due pursuant to prior redemption the redemption price of, and interest on the 2008 Refunded Bonds and the mathematical computations of the yield on the 2016 Bonds and the yield on the government obligations purchased with a portion of the proceeds of the sale of the 2016 Bonds. Such verifications shall be based in part upon information supplied by the successful bidder(s).

Municipal Advisor

The Board of Regents and the University have entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the Board of Regents and the University with respect to preparation for sale of the 2016 Bonds, timing of sale, tax–exempt bond market conditions, costs of issuance and other factors related to the sale of the 2016 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the Board of Regents and the University, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

Independent Auditors

The financial statements of the University as of June 30, 2015 and for the year then ended, included in "APPENDIX B—FINANCIAL REPORT OF SOUTHERN UTAH UNIVERSITY FOR FISCAL YEAR 2015" to this OFFICIAL STATEMENT, have been audited by the Office of the Utah State Auditor, as stated in its report thereon. The Board of Regents or the University has neither requested nor has been obligated to obtain the consent of the State Auditor to include its report in this OFFICIAL STATEMENT and therefore the State Auditor has not performed any procedures with respect to such financial statements subsequent to the date of its report.

Additional Information

All quotations contained herein from and summaries and explanations of the State Constitution, statutes, programs, laws of the State, court decisions and the Indenture, do not purport to be complete, and reference is made to said State Constitution, statutes, programs, laws, court decisions and the Indenture for full and complete statements of their respective provisions.

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact.

The Appendices attached hereto are an integral part of this OFFICIAL STATEMENT and should be read in conjunction with the foregoing material.

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the Board of Regents and the University.

State Board of Regents of the State of Utah

/s/ France A. Davis

France A. Davis, Vice Chair

Southern Utah University

/s/ Marvin L. Dodge

Marvin L. Dodge
Vice President Finance & Administration

APPENDIX A

EXTRACTS OF THE GENERAL INDENTURE OF TRUST

The following extracts briefly outline certain provisions contained in the Indenture and are not to be considered as a full statement thereof. Reference is made to the Indenture for full details of all the terms of the 2016 Bonds and the security provisions appertaining thereto, the application of the Pledged Revenues, and the definition of any terms used but not defined in this OFFICIAL STATEMENT.

Definitions

"Act" means, collectively, the Higher Education Revenue Bond Act and the Refunding Bond Act.

"Additional Bonds" means all Bonds issued under the Indenture other than the Initial Bonds.

"Aggregate Annual Debt Service Requirement" means, as of any date, the aggregate of all future outstanding principal, interest and premium payments to become due and payable on all Series of Bonds and Additional Bonds then outstanding, or if applicable, all Bonds of a Series, together with the Additional Bonds then proposed to be issued where applicable as provided in the Indenture, for any one Bond Fund Year, in which the principal of such Bonds is to mature, in accordance with the scheduled maturities or mandatory sinking fund schedules thereof, less capitalized interest but only to the extent capitalized interest is invested in Government Obligations.

"Annual Debt Service Requirement" means, for any 12–month period or fraction thereof with respect to any Series of Bonds issued pursuant to the Indenture, the principal of and interest falling due on such Series of Bonds during such period in accordance with the scheduled maturities or mandatory sinking fund schedules thereof.

"Average Annual Debt Service Requirement" means, with respect to any Series of Bonds issued pursuant to the Indenture, the aggregate of all future outstanding principal and interest to become due on such Series of Bonds in all years in which principal of such Series is to mature, in accordance with the scheduled maturities or mandatory sinking fund schedule thereof, divided by the number of such years (or fractions thereof).

"Authorized Representative" means the President, Vice President for Finance and Administration or the Assistant Vice President for Financial of the University or any other person at the time designated to act on behalf of the University by a written instrument furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the University by its President or Vice President for Finance and Administration. The written instrument may designate an alternate or alternates.

"Board" or "Board of Regents" means the board originally created in Section 53–48–4, Utah Code Annotated 1953, as amended, and now existing under and pursuant to Section 53B–l–103, Utah Code Annotated 1953, as amended, now known as the State Board of Regents, or by such name as may be hereafter designated by law, acting in its own behalf and in its capacity as the governing authority of the University.

"Bond Fund" means the State Board of Regents, Southern Utah University, Auxiliary System and Student Building Fee Bond Fund created in the Indenture to be held by the Trustee.

"Bond Fund Year" means the 12–month period beginning July 1 of each year and ending June 30 of the following year.

"Bondholder," "Bondowner," "Registered Owner" or "Owner" means the registered owner of any Bonds authorized under the Indenture.

"Bond Year" means, with respect to each Series of Bonds, each one–year period (or shorter period from the date of issuance of such Series) that ends at the close of business on the day in the calendar year that shall be designated in the applicable Supplemental Indenture in accordance with the applicable Regulations, including Section 1.148–8(b)(2) of the Regulations.

"Bonds" means Initial Bonds and any Additional Bonds.

"Business Day" means a day on which banking business is transacted, but not including any day on which banks are authorized to be closed in New York City and in the city in which the Trustee has its principal corporate trust office.

"Code" means the Internal Revenue Code of 1986, as amended.

"Construction Fund" means the State Board of Regents, Southern Utah University, Auxiliary System and Student Building Fee Construction Fund created in the Indenture to be held by the Trustee.

"Cost" or "Cost of Completion" or any phrase of similar import, means, with respect to any Project (or with respect to the refunding of Bonds issued to finance any Project), all costs and expenses which are properly chargeable to such Project under generally accepted accounting principles or which are incidental to the financing, acquisition and construction of such Project (or the refunding of Bonds issued to finance such Project), including without limitation:

(a) amounts payable to contractors, and fees, costs and expenses incident to the award of contracts with respect to such Project;

(b) fees, costs and expenses of labor, services, facilities, materials, supplies, permits and licenses with respect to such Project;

(c) engineering, architectural and planning fees, costs and expenses with respect to such Project;

(d) premiums for contract bonds and insurance during construction, and costs on account of personal injuries and property damage in the course of construction and insurance against the same, with respect to such Project;

(e) interest expenses with respect to such Project, including interest on the Series of Bonds issued to finance such Project for up to 12 months after the completion of such Project;

(f) costs of issuing and selling the Series of Bonds issued to finance such Project, including without limitation costs of printing and engraving, legal, accounting, fiscal agent, underwriting, and other professional and advisory fees, costs and expenses, premiums for municipal bond insurance, fees of financial rating services, and fees for issuance of letters of credit, surety bonds and similar arrangements;

(g) fees, costs and expenses with respect to the acquisition of real and personal property or rights therein, including premiums for title insurance, with respect to such Project;

(h) costs of equipment and furnishings necessary to the completion and proper operation of such Project;

(i) amounts required to repay temporary or bond anticipation loans or notes made to finance the costs of such Project;

(j) costs of site improvements performed in anticipation of such Project;

(k) amounts necessary to fund the funds and accounts created under the Indenture;

(l) operation and maintenance expenses and other working capital expenses with respect to such Project;

(m) costs of amending any indenture or other instrument authorizing the issuance of or otherwise appertaining to the Series of Bonds issued to finance such Project;

(n) payment to the University of such amounts, if any, as shall be necessary to reimburse the University for all Costs theretofore paid by the University; and

(o) all other fees, costs and expenses with respect to such Project.

In the case of any refunding or redemption of any Series of Bonds, "Cost" includes, without limiting the generality of the foregoing, the items listed in (e), (f), (i), (k) and (m) above, advertising and other expenses related to the redemption of such Bonds to be redeemed and the redemption price of such Bonds (and the accrued interest payable on redemption to the extent not otherwise provided for).

"Debt Service Reserve Fund" means the State Board of Regents, Southern Utah University, Auxiliary System and Student Building Fee Debt Service Reserve Fund created in the Indenture to be held by the Trustee.

"Debt Service Reserve Requirement" means with respect to each Series of Bonds issued pursuant to the Indenture, an amount equal to the lesser of: (i) the maximum Annual Debt Service Requirement during any Bond Year for such Series of Bonds, or (ii) 10% of the proceeds of such Series of Bonds; provided, however, that in the event any Series of Additional Bonds is issued under the Indenture to refund only a portion and not all of the then Outstanding Bonds of any other Series of Bonds issued under the Indenture (the "Prior Bonds"), then the portion of such Series of Prior Bonds that remain Outstanding immediately after the issuance of such Additional Bonds and the portion of such Additional Bonds that is allocable to the refunding of such Series of Prior Bonds shall be combined and treated as a single Series for the purpose of determining the Debt Service Reserve Requirement relating to such Combined Series. The Debt Service Reserve Requirement may be funded by a Reserve Instrument as provided in the Indenture.

"Division" means the Division of Facilities Construction and Management, a Division of the Department of Administrative Services of the State, established and existing under and pursuant to Section 63–1–36, Utah Code Annotated 1953, as amended.

"Event of Default" means with respect to any default or event of default any occurrence or event specified in and defined by the Indenture.

"Fiscal Year" means the 12–month period used by the University for its general accounting purposes, as the same may be changed from time to time.

"General Indenture" means that certain General Indenture of Trust dated as of March 15, 1993, between the Issuer and the Trustee, as the same may be supplemented or amended from time to time.

"Government Obligations" shall have the meaning set forth in the first paragraph of the definition of "Permitted Investments."

"Higher Education Revenue Bond Act" means the Utah Higher Education Revenue Bond Act, Title 53B, Chapter 21, Utah Code Annotated 1953, as amended.

"Indenture" means the General Indenture as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms of the General Indenture.

"Initial Bonds" means the first bonds that were issued under the Indenture.

"Interest Payment Date" means the stated maturity date of an installment of interest on the Bonds.

"Investment Income" means all net earnings from the investment of moneys held by the University in the System Revenue Fund, and by the Trustee in any of the funds or accounts created pursuant to the Indenture and any supplements thereto (except any rebate or refunding funds or accounts).

"Issuer" means, collectively, the University and the Board when acting on behalf of the University as its governing body.

"Net Operating Revenues" means, for any period, all Operating Revenues during such period less Operation and Maintenance Expenses during such period.

"Operation and Maintenance Expenses" means such reasonable and necessary current expenses of the University, paid or accrued, of operating, maintaining and repairing the System as may be determined by the Board or the University, and the term may include at the Board's option, except as limited by contract or otherwise limited by law, without limiting the generality of the foregoing:

(a) engineering, auditing, legal and other overhead expenses of the University directly related and reasonably allocable to the administration of the System;

(b) fidelity bond and insurance premiums appertaining to the System or a reasonably allocable share of the premiums of any blanket bond or policy pertaining thereto;

(c) the reasonable charges of the Trustee or other depository bank appertaining to the System;

(d) payments to pension, retirement, health and hospitalization funds appertaining to the System;

(e) ordinary and current rentals of equipment or other property;

(f) contractual services, professional services, salaries, administrative expenses and costs of labor appertaining to the System and the cost of food, beverages, merchandise, materials and supplies used for current operation of the System; and

(g) any costs of utility services furnished to the System.

"Operation and Maintenance Expenses" does not include:

(i) any allowance for depreciation;

(ii) any costs of reconstruction, improvements, extensions or betterments;

(iii) any accumulation of reserves for capital replacements;

(iv) any reserves for operation, maintenance or repair of the System;

(v) any allowance for the redemption of the Bonds, or the payment of any interest thereon;

(vi) any liabilities incurred in the acquisition or improvement of any properties comprising the System;

(vii) general administrative expenses of the Board or other governing authority of the University; and

(viii) any other ground of legal liability not based on contract (excluding taxes, licenses and fees imposed by applicable laws, regulations and ordinances).

"Operating Revenues" means all rentals, charges, fees, income and revenues to be derived from the ownership and operation of the System; provided, however, that "Operating Revenues" shall not include any revenues from separate charges the University assesses or may hereafter assess for telephone service.

"Outstanding" or "Bonds Outstanding" means at any date all Bonds which have not been canceled which have been or are being authenticated and delivered by the Trustee under the Indenture, except:

(a) Any Bond or portion thereof which at the time has been paid or deemed paid pursuant to the Indenture; and

(b) Any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered under the Indenture, unless proof satisfactory to the Trustee is presented that such Bond is held by a bona fide holder in due course.

"Owner(s)" or "Registered Owner(s)" means the registered owner(s) of the Bonds according to the registration books of the Issuer maintained by the Trustee as Registrar for the Bonds pursuant to the Indenture.

"Paying Agent" means the Trustee, appointed as the initial paying agent for the Bonds pursuant to the Indenture, and any additional or successor paying agent appointed pursuant to the Indenture.

"Permitted Investments" means:

(a) The following obligations to be used as Permitted Investments for all purposes, including (i) as defeasance investments in refunding escrow accounts and (ii) for the purpose of investing (and receiving premium credit for) accrued and capitalized interest:

(1) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below), or

(2) Direct obligations of (including obligations issued or held in book–entry form on the books of) the Department of the Treasury of the United States of America.

The obligations in this paragraph (a) are hereinafter called "Government Obligations.

(b) The following obligations to be used as Permitted Investments for all purposes other than: (i) defeasance investments in refunding escrow accounts and (ii) investing (and receiving credit for) accrued and capitalized interest:

(1) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

–Export–Import Bank

–Farmers Home Administration

–General Services Administration

–U.S. Maritime Administration

–Small Business Administration

–Government National Mortgage Association ("GNMA")

–U.S. Department of Housing & Urban Development ("PHA's")

–Federal Housing Administration;

(2) bonds, notes or other evidences of indebtedness rated "AAA" by S&P and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(3) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of

"A–l" or by S&P and "P–I" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(4) commercial paper which is rated at the time of purchase in the single highest classification, "A–l+" by S&P and "P–1" by Moody's and which matures not more than 270 days after the date of purchase;

(5) investments in a money market fund rated "AAAm" or "AAAm–G" or better by S&P;

(6) Pre–refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligator to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(7) the Public Treasurers' Investment Fund controlled, supervised and maintained by the State Treasurer of the State pursuant to Sections 51–7–5, 51–7–6, 51–7–7 and 51–7–8 of the State Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended; and

(8) investment agreements, repurchase agreements and other forms of investments approved in writing by all Bond Insurers of Bonds and all Rating Agencies which then have current ratings on Bonds Outstanding under the Indenture as supplemented from time to time (supported by appropriate opinions of counsel); and

(9) shares of any investment company that (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial or other services for compensation), (ii) invests substantially all of its assets in short–term high quality money–market instruments, limited to obligations issued or guaranteed by the United States, and (iii) maintains a constant asset value per share.

(c) The value of the above investments shall be determined as follows:

"Value," which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(i) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(ii) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times, the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(iii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(iv) as to any investment not specified above: the value thereof established by prior agreement between the Issuer, the Trustee and all Bond Insurers of Bonds then Outstanding.

"Pledged Revenues" means, collectively, (i) Net Operating Revenues; (ii) Student Center Building Fees; and (iii) Investment Income.

"Project" means the acquisition, construction, equipping or furnishing of facilities, buildings and/or other additions or improvements to the System.

"Rating Agency" means Moody's, S&P or Fitch Investors Service and their successors and assigns. If any such corporation ceases to act as a securities rating agency, the Issuer may, with the approval of the Trustee, designate any nationally recognized securities rating agency as a replacement.

"Rebate Fund" means the State Board of Regents, Southern Utah University, Auxiliary System and Student Building Fee Rebate Fund created in the Indenture to be held and administered by the Trustee pursuant to the Indenture.

"Registrar" means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the initial registrar for the Bonds pursuant to the Indenture, and any additional or successor registrar appointed pursuant to the Indenture.

"Regular Record Date" means the fifteenth day of the calendar month (whether or not a Business Day) next preceding each Interest Payment Date.

"Regulations" means the Treasury Regulations issued or proposed under Section 103, Section 148 or Section 149 of the Code (26 CFR Part 1) or other Sections of the Code relating to "arbitrage bonds" or rebate, including without limitation Sections 1.103–13, 1.103–14, 1.103–15, 1.103–18, 1.148–0 through 1.148–11, l.148–4T(e), l.14812T, l.148–13T, 1.149(d)–1, 1.150–0 and 1.150–1, to the extent applicable, and includes amendments thereto or successor provisions.

"Repair and Replacement Fund" means the State Board of Regents, Southern Utah University, Auxiliary System and Student Building Fee Repair and Replacement Fund created in the Indenture to be held and administered by the Trustee pursuant to the Indenture.

"Repair and Replacement Reserve Requirement" means the amount or amounts from time to time required under each Supplemental Indenture to be on deposit in the Repair and Replacement Fund. There is no Repair and Replacement Reserve Requirement with respect to the Outstanding Bonds.

"Reserve Instrument" means a device or instrument issued by a Reserve Instrument Provider to satisfy all or any portion of the Debt Service Reserve Requirement applicable to a Series of Bonds. The term "Reserve Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, surety bonds, standby bond purchase agreements, lines of credit and other devices.

"Reserve Instrument Agreement" means any agreement entered into by the Issuer and a Reserve Instrument Provider pursuant to a Supplemental Indenture and providing for the issuance by such Reserve Instrument Provider of a Reserve Instrument.

"Reserve Instrument Costs" means all fees, premiums, expenses and similar costs, other than Reserve Instrument Repayment Obligations, required to be paid to a Reserve Instrument Provider pursuant to a Reserve Instrument Agreement. Each Reserve Instrument Agreement shall specify the fees, premiums, expenses and costs constituting Reserve Instrument Costs.

"Reserve Instrument Coverage" means, as of any date of calculation, the aggregate amount available to be paid to the Trustee pursuant to the Indenture under all Reserve Instruments or if specified under the applicable Reserve Instrument.

"Reserve Instrument Fund" means the State Board of Regents, Southern Utah University, Auxiliary System and Student Building Fee Reserve Instrument Fund created in the indenture to be held by the Trustee.

"Reserve Instrument Limit" means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into the Debt Service Reserve Fund assuming for purposes of such calculation that the amount initially available under each Reserve Instrument has not been reduced or that the amount initially available under each Reserve Instrument has only been reduced as a result of the payment of principal of the applicable Series of Bonds.

"Reserve Instrument Provider" means any bank, savings bank, thrift institution, credit union, insurance company, surety company or other institution issuing a Reserve Instrument.

"Reserve Instrument Repayment Obligations" means, as of any date of calculation and with respect to any Reserve Instrument Agreement, those outstanding amounts payable by the Issuer under such Reserve Instrument Agreement to repay the Reserve Instrument Provider for payments previously made by it pursuant to a Reserve Instrument. There shall not be included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs. Each Reserve Instrument Agreement and the Supplemental Indenture authorizing the execution and delivery of such Reserve Instrument Agreement shall specify the amounts payable under it which, when outstanding, shall constitute Reserve Instrument Repayment Obligations and the Reserve Instrument Agreement shall specify the portions of such amounts that are allocable as principal of and as interest on such Reserve Instrument Repayment Obligations.

"Serial Bonds" means all Bonds other than Term Bonds.

"Series" means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor.

"Sinking Fund Account" means the State Board of Regents, Southern Utah University, Auxiliary System and Student Building Fee Sinking Fund Account of the Bond Fund created in the Indenture to be held by the Trustee.

"Sinking Fund Installment" means the amount of money which is required to be deposited into the Sinking Fund Account in each Fiscal Year as specified in the Supplemental Indenture authorizing the Bonds of a Series for the retirement of Term Bonds of such Series, if any (whether at maturity or by redemption), and including the redemption premium, if any.

"Special Record Date" means such date as may be fixed for the payment of defaulted interest on the Bonds in accordance with the Indenture.

"State" means the State of Utah.

"Student Center" means the existing student center located on the campus of the University.

"Student Center Building Fees" means the student building fees which the Board and the University have heretofore and will hereafter assess upon and collect from each full–time and part–time on–campus student in attendance at the University for the use and availability of the Student Center, in the amounts fixed from time to time by the Board and the University, all as required under the provisions of the Indenture; provided, however, that "Student Center Building Fees" shall not include student building fees assessed in connection with buildings, facilities or projects not part of the System, or any other student fees assessed against the University's full–time or part–time on–campus students.

"Supplemental Indenture" means any indenture between the Issuer and the Trustee entered into pursuant to and in compliance with the provisions of the Indenture.

"System" means the existing auxiliary enterprise system of the University consisting of the University's: (i) Student Center; (ii) University Bookstore; (iii) Food Services Auxiliary Enterprise Operations; and (iv) Student Housing System, and all additions to and replacements of said System.

"System Revenue Fund" means the State Board of Regents, Southern Utah University, Auxiliary System and Student Building Fee Revenue Fund created in the Indenture in the hands of the University to be administered pursuant to the Indenture.

"Term Bonds" means, collectively, the Bonds which shall be subject to retirement by operation of mandatory sinking fund redemptions from the Sinking Fund Account.

"Trustee" means Wells Fargo Bank, National Association, Salt Lake City, Utah, or any successor corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee.

"University" means Southern Utah University, a state school and institution of higher education and learning of the State, established and existing as a body politic and corporate of the State pursuant to the provisions of Section 53B–2–101, Utah Code Annotated 1953, as amended, or its legal successor.

Creation of Funds and Accounts

The following funds and accounts are created in the Indenture:

(a) Construction Fund, to be held by the Trustee. Separate accounts, and, to the extent necessary, a capitalized interest subaccount, within the Construction Fund are to be established for each Project to be designated by the name of the applicable Project, and for each Series of Bonds, as applicable.

(b) System Revenue Fund, established with the University.

(c) Bond Fund, to be held by the Trustee.

(d) Sinking Fund Account, established as a separate account within the Bond Fund, to be held by the Trustee.

(e) Debt Service Reserve Fund, to be held by the Trustee. Separate accounts in the Debt Service Reserve Fund will be established for each Series of Bonds.

(f) Reserve Instrument Fund, to be held by the Trustee. Separate accounts in the Reserve Instrument Fund will be established for each Series of Bonds.

(g) Rebate Fund, to be held by the Trustee. Separate accounts in the Rebate Fund will be established for each Series of Bonds.

(h) Repair and Replacement Fund, to be held by the Trustee.

Pledge of Pledged Revenues

The Bonds are special obligations of the Issuer payable from and secured by the Pledged Revenues and funds pledged therefor. The Pledged Revenues are pledged to the payment of the Bonds subject to the condition that the Pledged Revenues are to be applied in the order of priority described below under the caption "Use Of System Revenue Fund."

Use of Construction Fund

So long as no Event of Default shall have occurred and be continuing with respect to each Project, the Trustee shall make payments from the Construction Fund to pay the Costs or to reimburse the Division or the University for any Costs paid by the Division or the University, respectively, incurred in the acquisition, construction, equipping and furnishing of such Project after the date of issuance of the applicable Series of Bonds. Such payments shall be made upon receipt by the Trustee of a requisition in substantially the form as provided in the Indenture.

Upon completion of each Project and payment of all costs and expenses incident thereto and the filing with the Trustee of documents required by the Indenture, any balance relating to such Project shall, without further authorization, be deposited in the Bond Fund, to be applied toward the payment of principal of, premium, if any, and interest on, or redemption price of the related Series of Bonds Outstanding under the Indenture, at the earliest possible date or dates therefor. Funds on deposit in the Construction Fund shall be invested by the Trustee in Permitted Investments maturing on such dates as shall be necessary to provide moneys for disbursements upon the dates they are expected to be needed for such purpose, as directed by the University.

Use of System Revenue Fund

All Operating Revenues and Student Center Building Fees shall be accounted for and maintained by the University in the System Revenue Fund, which Fund shall be kept separate and apart from all other accounts of the University in the manner and order of priority, but only in the manner and order of priority, specified below:

(a) As a first charge and lien on the Operating Revenues, the University shall cause to be paid from the System Revenue Fund from time to time as the University shall determine, all Operation and Maintenance Expenses of the System as the same become due and payable, and thereupon such expenses shall be promptly paid.

(b) As a second charge and lien on the Operating Revenues (i.e., from the Net Operating Revenues) and as a first charge and lien on Pledged Revenues consisting of Net Operating Revenues, Student Center Building Fees and Investment Income, the University shall pay to the Trustee for deposit into the Bond Fund, no later than fifteen (15) days prior to the respective Bond payment dates, in the amounts, and in the manner set forth in the respective Supplemental Indentures, such amounts as shall be necessary to pay the principal of, premium, if any, and interest on the Bonds promptly on each payment date as the same become due and payable, whether at maturity or by redemption.

(c) As a second charge and lien on the Pledged Revenues, the University shall pay to the Trustee at the times and in the manner set forth in the respective Supplemental Indentures the following amounts equally and ratably:

(i) for deposit in the appropriate accounts in the Debt Service Reserve Fund on a pro rata basis: (A) all amounts required by the Indenture to be paid in order to accumulate therein the Debt Service Reserve Requirement at the times and in the amounts provided in the Indenture, or (B) a ratable portion (based on the amount to be transferred pursuant to subparagraph (ii) of this paragraph) of remaining Pledged Revenues, if less than the amount necessary; and

(ii) for deposit in the appropriate accounts in the Reserve Instrument Fund on a pro rata basis with respect to the respective Reserve Instruments which are in effect and are expected to continue in effect: (A) all amounts required to be paid (including all Reserve Instrument Repayment Obligations, but not including Reserve Instrument Costs) to the respective Reserve Instrument Providers pursuant to the respective Reserve Instrument Agreements in order to cause the respective Reserve Instrument Coverages to equal the respective Reserve Instrument Limits within twelve (12) months after each draw under a Reserve Instrument, or (B) a ratable portion (based on the amount to be transferred pursuant to subparagraph (i) of this paragraph) of remaining Pledged Revenues, if any, if less than the amount necessary.

Except as otherwise expressly provided in the Indenture, the amount in each account in the Debt Service Reserve Fund shall be used only to prevent deficiencies in the payment of the principal of or interest on the applicable Series of Bonds for which such account was created; and the amount in each account in the Reserve Instrument Fund shall be used only to make appropriate payments to the Reserve Instrument Provider which provides the Reserve Instrument with respect to which such account was created.

(d) As a third charge and lien on the Pledged Revenues, the University shall pay therefrom all Reserve Instrument Costs.

(e) As a fourth charge and lien on the Pledged Revenues, the University shall deposit in the Repair and Replacement Fund any amount required by the Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding (or, after the issuance of Additional Bonds, the amount required to be on deposit therein), from time to time, the University shall deposit to the Repair and Replacement Fund from the System Revenue Fund and other available revenues all remaining Pledged Revenues after payments required by Paragraphs (a), (b) and (c) above have been made, until there is on deposit in the Repair and Replacement Fund an amount equal to the Repair and Replacement Fund Requirement. Subject to the provisions of the following Paragraph (f), this provision is not intended to limit, and shall not limit, the right of the University to deposit additional moneys in the Repair and Replacement Fund from time to time as the University may determine.

(f) Subject to making the foregoing transfers, deposits and payments, the University may use the balance of the Pledged Revenues accounted for in the System Revenue Fund for:

(i) redemption of Bonds for cancellation prior to maturity by depositing the same into the Bond Fund;

(ii) refinancing, refunding, or advance refunding of any Bonds;

(iii) payment of Reserve Instrument Repayment Obligations; or

(iv) application for any other lawful purposes as determined by the University.

Use of Bond Fund

The Trustee shall make deposits into the Bond Fund, as and when received, as follows:

(a) all accrued interest shall be deposited into the Bond Fund as provided in the Indenture;

(b) all Pledged Revenues for payment of debt service on the Bonds shall be deposited into the Bond Fund in the order named;

(c) any excess moneys in the Construction Fund shall be transferred to the Bond Fund as required by the Indenture;

(d) all moneys transferred to the Bond Fund from the Debt Service Reserve Fund or from a Reserve Instrument or Instruments then in effect as provided in the Indenture; and

(e) all other moneys received by the Trustee under the Indenture when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Bond Fund, shall be deposited into the Bond Fund.

Except as otherwise provided by the Indenture, moneys in the Bond Fund shall be expended solely for the following purposes and in the following order of priority:

(a) the payment of principal of and interest on the Bonds as the same become due; and

(b) the payment of principal, premium, if any, and interest accrued, if any, on the Bonds as the same become due upon redemption prior to maturity and such redemption of Bonds in advance of their maturity shall be accounted for separately by the Trustee from the payments made by the Trustee pursuant to subparagraph (a) above.

Use of Sinking Fund Account

The Trustee shall apply moneys in the Sinking Fund Account to the retirement of any Term Bonds required to be retired by operation of the Sinking Fund Account under the provisions of and in accordance with the Supplemental Indenture authorizing the issuance of such Term Bonds, either by redemption in accordance with such Supplemental Indenture or, at the direction of the Issuer, purchase of such Term Bonds in the open market prior to the date on which notice of the redemption of such Term Bonds is given pursuant to the Indenture, at a price not to exceed the redemption price of such Term Bonds (plus accrued interest which will be paid from moneys in the Bond Fund other than those in the Sinking Fund Account).

On the maturity date of any Term Bonds, the Trustee shall apply the moneys on hand in the Sinking Fund Account for the payment of the principal of such Term Bonds.

Use of Debt Service Reserve Fund

Except as otherwise provided in the Indenture and subject to the immediately following sentence, moneys in each account in the Debt Service Reserve Fund shall at all times be maintained in an amount not less than the applicable Debt Service Reserve Requirement. In calculating the amount on deposit in each account in the Debt Service Reserve Fund, the amount, if any, of the related Reserve Instrument Coverage will be treated as an amount on deposit in such account in the Debt Service Reserve Fund. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify that the incremental increase in the Debt Service Reserve Requirement resulting from the issuance of such Series shall be deposited immediately upon the issuance and delivery of such Series from (a) proceeds from the sale thereof or from any other legally available source, or (b) by a Reserve Instrument or Instruments, or (c) any combination thereof. Funds on deposit in each account in the Debt Service Reserve Fund shall be used solely to make up any deficiencies in the Bond Fund relating to the payment of debt service on the applicable Series of Bonds. lf amounts on deposit in any account in the Debt Service Reserve Fund shall, at any time, be less than the applicable Debt Service Reserve Fund Requirement, all Bond Insurers shall be notified immediately of such deficiency, and such deficiency shall be made up from first available Pledged Revenues, after required deposits to the Bond fund (i) over a period of not more than four (4) months in not more than four (4) substantially equal payments, in the event such deficiency results from a decrease of 10% or more in the market value of the Permitted Investments on deposit in the Debt Service Reserve Fund and, (ii) over a period of not more than twelve (12) months in not more than twelve (12) substantially equal payments, in the event such deficiency results from a withdrawal from such account (whether such withdrawal is in the form of a payment being made or a Reserve Instrument being drawn upon or terminated or otherwise); provided, however, that a Reserve Instrument may be delivered to the Trustee (or an existing Reserve Instrument may have its Reserve Instrument Coverage increased) in lieu of payment of Pledged Revenues.

In the event funds on deposit in the Debt Service Reserve Fund are needed to make up any deficiencies in the Bond Fund as aforementioned, and there is insufficient cash available in the Debt Service Reserve Fund to make up such deficiency and Reserve Instruments are in effect, the Trustee shall immediately make a demand for payment on all Reserve Instruments, to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof into the Bond Fund.

In calculating the amount on deposit in the Debt Service Reserve Fund, the amount of the Reserve Instrument Coverage will be treated as an amount on deposit in the Debt Service Reserve Fund.

No Reserve Instrument shall be allowed to expire or terminate unless and until cash has been deposited into the Debt Service Reserve Fund, or a new Reserve Instrument has been issued in place of the expiring or terminating Reserve Instrument, or any combination thereof in an amount or to provide coverage, as the case may be, at least equal to the amount required to be maintained in the Debt Service Reserve Fund.

Funds at any time on deposit in any account in the Debt Service Reserve Fund in excess of the amount required to be maintained therein (taking into account the amount of Reserve Instrument Coverage) may at any time be transferred to the Bond Fund. Moneys held in the Debt Service Reserve Fund shall be invested, at the direction of the Issuer, in Permitted Investments.

Accounts for each Series of Bonds shall be maintained within the Debt Service Reserve Fund, and a Reserve Instrument for a Series of Bonds shall only be drawn upon with respect to the Series of Bonds to which such Reserve Instrument applies.

Use of Reserve Instrument Fund

There shall be paid into the Reserve Instrument Fund the amounts required by the Indenture and by Supplemental Indenture to be so paid. The amounts in the Reserve Instrument Fund shall, from time to time, be applied by the Trustee on behalf of the Issuer to pay the amounts which are due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

Use of Rebate Fund

The Rebate Fund is established for the sole benefit of the United States of America and shall not be subject to the pledge of the Indenture or to the claim of any other person, including without limitation, the Registered Owners of any Bonds. The Rebate Fund is established for the purpose of compliance with Section 148 of the Code or any successor thereof.

Use of Repair and Replacement Fund

All moneys in the Repair and Replacement Fund may be drawn on and used by the University for the purpose of (a) paying the cost of unusual or extraordinary maintenance or repairs of the System; (b) paying the costs of any renewal, renovation, improvement, expansion or replacement to the System; and (c) paying the cost of any replacement of equipment, to the extent the same are not paid as part of the ordinary and normal expense of the operation of the System. Funds shall be deposited from available Pledged Revenues in such amounts and at such times as may be required from time to time by each Supplemental Indenture until the Repair and Replacement Fund has an amount equivalent to the Repair and Replacement Requirement. Any deficiencies below the Repair and Replacement Requirement shall be made up from Pledged Revenues available for such purposes. Funds at any time on deposit in the Repair and Replacement Fund in excess of the amount required to be maintained therein may, at any time, be transferred to and used by the University for any lawful purpose. There is no Repair and Replacement Reserve Requirement with respect to the Outstanding Bonds.

Investments; Valuation

Any revenue surpluses or moneys in the System Revenue Fund, the Bond Fund, the Rebate Fund, the Reserve Instrument Fund, the Construction Fund, the Debt Service Reserve Fund or the Repair and Replacement Fund shall, at the discretion and authorization of an Authorized Representative of the University, be invested in Permitted Investments. All income derived from the investment of the System Revenue Fund, the Construction Fund, the Bond Fund, the Reserve Instrument Fund, the Debt Service Reserve Fund and Rebate Fund shall be maintained in said respective Funds and disbursed along with the other moneys on deposit therein as provided in the Indenture.

In computing the amount in any fund or account, Permitted Investments shall be valued at the market price thereof. With respect to all funds and accounts, except the Debt Service Reserve Fund, valuation shall occur annually on each May 31. The respective accounts of the Debt Service Reserve Fund for each Series of Bonds issued pursuant to the Indenture shall be valued semiannually as specified in the respective Supplemental Indenture for such Series of Bonds, except in the event of a withdrawal from the Debt Service Reserve Fund, whereupon it shall be valued immediately after such withdrawal and monthly thereafter until the Debt Service Reserve Fund is at its required level.

All amounts representing accrued and capitalized interest shall be held by the Trustee, pledged solely to the payment of interest on the Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

Payment and Performance of Covenants

The Issuer will punctually pay or cause to be paid, but solely from and to the extent of Pledged Revenues, the principal of, premium, if any, and interest on every Bond issued under the Indenture, and any Reserve Instrument Repayment Obligations in strict conformity with the terms of the Bonds, the Indenture and any Reserve Instrument Agreement, and will faithfully observe and perform all of the covenants, conditions and requirements of the Indenture.

Management of System

The University, in order to assure the efficient management and operation of its System, will (i) establish and enforce reasonable rules and regulations governing the use of the System and the collection and application of income and revenues from the ownership and operation of the System; (ii) employ competent and experienced management; (iii) establish just and reasonable compensation, salaries, fees and wages to be paid by the University in connection with the operation, maintenance and repair of the System; (iv) use its best efforts to see that the System is at all times operated and maintained in good repair, working order and sound operating condition, and that all necessary repairs, renewals and replacements thereto and thereof will be made; and (v) use its best efforts to see that Operation and Maintenance Expenses are at no time in excess of the Operating Revenues reasonably available for the payment thereof.

Payment of Taxes

The University covenants that all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon the System or upon any part thereof or upon any income therefrom will be paid when the same shall become due, that no lien or charge upon its System or any part thereof or upon any Pledged Revenues thereof, except for the lien and charge thereon created under the Indenture and securing the Bonds, will be created or permitted to be created ranking equally with or prior to the Bonds (except for the parity lien thereon of Additional Bonds issued from time to time under the Indenture and under Supplemental Indentures thereto) and that all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Pledged Revenues thereof will be paid or discharged, or adequate provision will be made for the payment or discharge of such claims and demands within 60 days after the same shall accrue; provided, however, that this provision shall not require any such lien or charge to be paid or discharged or provision made therefor so long as the validity of such lien or charge shall be contested in good faith and by appropriate legal proceedings.

Insurance

The University, in the operation of its System, will self–insure or carry insurance, including, but not limited to, workers compensation insurance and public liability insurance, in such amounts and to such extent as is normally carried by others operating facilities of the same type. In the event of loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged.

Covenant Not to Sell

The University will not sell, lease (unless the lease revenues therefrom are included as part of the Operating Revenues under the Indenture), mortgage, encumber, or in any manner dispose of its System or any part thereof, including any and all extensions and additions that may be made thereto, until all principal of and interest on the Bonds, and all Reserve Instrument Repayment Obligations, have been paid in full, except that the University may sell any portion of said property (i) if, the University and an independent consultant acceptable to the Bond insurer certify to the Trustee that such property shall cease to be necessary for the efficient operation of its System, or (ii) if, based on a written certification of an independent accountant, the Pledged Revenues in the Fiscal Year preceding the Fiscal Year in which the sale occurs were at least 250% of the maximum Aggregate Annual Debt Service Requirement of all Bonds then Outstanding, the book value of the property sold does not exceed 5% of the book value of its System at such time and such sale would not adversely affect the ability of the University to pay principal and interest on the Bonds when due.

Reporting Requirements

So long as any principal and interest payments of the Bonds are Outstanding, or any Reserve Instrument Repayment Obligations are outstanding, proper records and accounts will be kept by the University separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to its System Revenue Fund. Each Registered Owner, Bond Insurer and Reserve Instrument Provider, or any duly authorized agent or agents thereof, shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the System. Except as otherwise provided in the Indenture, the University further agrees that it will within one hundred eighty (180) days following the close of each Fiscal Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements of Pledged Revenues of the University, and that such audit will be delivered to the Trustee and to each Bond Insurer and will be available for inspection by each Registered Owner and any Reserve Instrument Provider. The University will file or cause to be filed with any Bond Insurer any official statement issued by or on behalf of the University in connection with the issuance of Additional Bonds or the incurrence of any Subordinated Indebtedness or other indebtedness by or on behalf of the University.

All expenses incurred in compiling the information required by this provision shall be regarded and paid as an Operation and Maintenance Expense.

Events of Default

Each of the following events is declared an "Event of Default":

(a) if payment of any installment of interest on any of the Bonds shall not be made by or on behalf of the Issuer (other than pursuant to a Municipal Bond Insurance Policy) when the same shall become due and payable; or

(b) if payment of the principal of or the redemption premium, if any, on any of the Bonds shall not be made by or on behalf of the Issuer (other than pursuant to a Municipal Bond Insurance Policy) when the same shall become due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any fund under the Indenture or otherwise; or

(c) if either the Board or the University shall for any reason be rendered incapable of fulfilling its obligations under the Indenture; or

(d) if an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or custodian for any of the Pledged Revenues, or approving a petition filed against the Board or the University seeking reorganization of the Board or the University under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Issuer shall not be vacated or discharged or stayed on appeal within 30 days after the entry thereof; or

(e) if any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Board or the University and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Pledged Revenues; or

(f) if (i) the Board or the University is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the Issuer, a receiver, trustee or custodian of the Board or the University or of the whole or any part of their property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(g) if the Board or the University shall file a petition or answer seeking reorganization, relief or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Board or the University or of the whole or any substantial part of the property of the Board or the University, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control; or

(i) if the Board or the University shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds, in the Indenture or any Supplemental Indenture on the part of the Board or the University to be performed, other than as set forth in (a) through (h) above, and such default shall continue for 30 days after written notice specifying such Event of Default and requiring the same to be remedied shall have been given to the Board and the University by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Registered Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding under the Indenture.

Remedies; Rights of Registered Owners

Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding or to enforce any obligations of the Board and the University under the Indenture.

If an Event of Default shall have occurred, and if requested so to do by the Registered Owners of 51% or more in aggregate principal amount of the Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Registered Owners.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Registered Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Registered Owners under the Indenture or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Registered Owners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Right of Registered Owners to Direct Proceedings

Anything in the Indenture to the contrary notwithstanding, unless any Supplemental Indenture provides otherwise, the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Enforcement of Rights and Remedies By Bond Insurer

Notwithstanding anything to the contrary in the Indenture, upon the occurrence and continuance of an Event of Default as defined in the Indenture, the Bond Insurer that has issued a then outstanding Municipal Bond Insurance Policy insuring the payment of principal of and interest on any Bonds then Outstanding shall be entitled to control and direct the enforcement of all rights and remedies granted to the Registered Owners of such Bonds or the Trustee for the benefit of the Registered Owners of such Bonds under the Indenture.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the default provisions of the Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund shall be applied in the following order:

To the payment of the principal of, premium, if any, and interest then due and payable on the Bonds as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) To the payment of all obligations then due and payable to any Bond Insurer or any Reserve Instrument Provider under any applicable agreement related to any Municipal Bond Insurance Policy or a Reserve Instrument Agreement.

Whenever moneys are to be applied pursuant to the above provisions, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amounts of such moneys available for such application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such dates shall cease to accrue.

Remedies Vested In Trustee

All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings related thereto and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the Registered Owners of the Outstanding Bonds.

Rights and Remedies of Registered Owners

Except as provided in the last sentence of this paragraph, no Registered Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement thereof or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Indenture, unless an Event of Default has occurred of which the Trustee has been notified as provided in the Indenture, or of which it is deemed to have notice, nor unless also the Registered Owners of 50% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted pursuant to the Indenture, or to institute such action, suit or proceeding in its own name or names. Such notification, request and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trust of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more Registered Owner of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of the Registered Owners of all Bonds then Outstanding. Nothing in the Indenture shall, however, affect or impair the right of any Registered Owner to enforce the covenants of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued under the Indenture held by such Registered Owner at the time, place, from the source and in the manner in said Bonds expressed.

Bond Insurer To Be Deemed a Registered Bondowner

(a) Notwithstanding any provision of the Indenture to the contrary, any Bond insurer shall, at all times, be deemed the exclusive Owner of all Bonds insured by such Bond Insurer for the purpose of the initiation of any action or remedy to be undertaken by the Trustee at the Registered Owner's request.

(b) To the extent that the Bond Insurer makes payment of principal of or interest on any Bonds, it shall become the Owner of such Bonds or right to payment of principal of or interest on such Bonds and shall be fully subrogated to all of the Registered Owners' rights thereunder, including the Registered Owners' right to payment thereof

(c) In the event that the principal of and/or interest on any Bonds shall be paid by the Bond Insurer pursuant to the terms of any Municipal Bond Insurance Policy, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Issuer to the Registered Owners shall continue to exist and the Bond Insurer shall be fully subrogated to all of the rights of such Registered Owners in accordance with the terms and conditions of Paragraph (b) above and such Municipal Bond Insurance Policy.

Termination of Proceedings

In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights under the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Waivers of Events of Default

Subject to the Indenture, the Trustee may in its discretion and with the prior written consent of all Bond Insurers, waive any Event of Default under the Indenture and its consequences and shall do so upon the written request of the Registered Owners of (a) a majority in aggregate principal amount of all the Bonds then Outstanding in respect of which Event of Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding in the case of any other Event of Default; provided, however, that there shall not be waived (i) any Event of Default in the payment of the principal of any Bonds at the date of maturity specified therein, or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest and all arrears of payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with such Event of Default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Registered Owners shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon; and provided further that there shall be no waiver with respect to any Series of Bonds insured by a Municipal Bond Insurance Policy without the consent of the Bond Insurer which has issued such policy.

Supplemental Indentures

The Issuer and the Trustee may, without the consent of, or notice to, any of the Registered Owners or Reserve Instrument Providers, enter into an indenture or indentures supplemental to the Indenture, for any one or more of the following purposes: (a) to provide for the issuance of Additional Bonds; (b) to cure any ambiguity or formal defect or omission in the Indenture with the prior written consent of the Bond Insurer; (c) to grant to or confer upon the Trustee for the benefit of the Registered Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or any of them which shall not adversely affect the interests of any Bond Insurers or Reserve Instrument Providers; (d) to subject to the Indenture additional revenues, properties, collateral or security; and (e) to make any other change to the Indenture which, in the judgment of the Trustee, is not prejudicial to the interests of the Registered Owners, the Trustee or any Reserve Instrument Provider with the prior written consent of all Bond Insurers. Exclusive of Supplemental Indentures covered by the preceding sentence, the Registered Owners of 66 2/3% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to (i) consent to and approve the execution by the Issuer and the Trustee of such other supplemental indenture or indentures as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture, or (ii) waive or consent to the taking by the Issuer of any action prohibited, or the omission by the Issuer of the taking of any action required, by any of the provisions of the Indenture or of any indenture supplemental thereto; provided, however, that nothing contained in the Indenture shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bond, without the consent of the Registered Owner of such Bond, or (b) a reduction in the amount or extension of the time of any payment required by any Fund without the consent of the Registered Owners of all the Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Bonds, the Registered Owners of which are required to consent to any such waiver or Supplemental Indenture, or (d) affect the rights of the Registered Owners of less than all Bonds then Outstanding, without the consent of the Registered Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken. Unless otherwise provided in this Paragraph the consent of the Bond Insurer that has issued a then currently outstanding Municipal Bond Insurance Policy insuring the payment of principal of and interest on any Bonds then Outstanding shall be required in addition to Bondholder consent, when required, for the following purposes: (i) execution and delivery of any Supplemental Indenture or any amendment, supplement or change to or modification of the Indenture; (ii) removal of the Trustee or Paying Agent and selection and appointment of any successor trustee or paying agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

Discharge of Indenture

Any Bond shall be deemed to be paid within the meaning of the Indenture when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided under the Indenture, or otherwise) and premium, if any, either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust, and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment, or (ii) Government Obligations, maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and any paying agent pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid under the Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

Any moneys so deposited with the Trustee as provided above may at the direction of the Issuer also be invested and reinvested in Government Obligations, maturing in the amounts and times as set forth in the Indenture, and all income from all Government Obligations in the hands of the Trustee which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in that fund;

provided, however, that before any excess moneys shall be deposited in the Bond Fund, the Trustee shall first obtain a written verification from a certified public accountant that the moneys remaining on deposit with the Trustee and invested in Government Obligations after such transfer to the Bond Fund shall be sufficient in amount to pay principal of and interest on the Bonds when due and payable.

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on any Bonds shall be paid by a Bond Insurer pursuant to a Municipal Bond Insurance Policy, such Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Issuer and the University to the Registered Owners of such Bonds shall continue to exist and shall run to the benefit of such Bond Insurer, and such Bond Insurer shall be subrogated to the rights of such Registered Owners.

Special Provisions Relating to the 2016 Reserve Instrument

Upon a failure to pay Policy Costs when due or any other breach of the provisions contained in the Indenture relating to the 2016 Reserve Instrument, AGM (the Reserve Instrument Provider for the 2016 Bonds) shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Outstanding Bonds or (ii) remedies that would adversely affect owners of the Outstanding Bonds.

Any Policy Costs then due and owing to AGM shall be included in the calculation of maximum Aggregate Annual Debt Service Requirement in the calculation of the additional bonds test.

The Issuer shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of AGM) of the Indenture applicable to it. No provision of the Indenture or any other related document shall be amended, supplemented, modified or waived, without the prior written consent of the AGM, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Issuer under the Indenture or the priority accorded to the reimbursement of Policy Costs under the Indenture. AGM is expressly made a third party beneficiary of the Indenture and each other related document.

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APPENDIX B

FINANCIAL REPORT OF SOUTHERN UTAH UNIVERSITY FOR FISCAL YEAR 2015

The financial statements of the University for Fiscal Year 2015 are contained herein. Copies of current and prior financial statements are available upon request from the contact person as indicated under "INTRODUCTION—Contact Persons" above.

The University's financial statements for Fiscal Year 2016 must be completed under State law by December 31, 2016.

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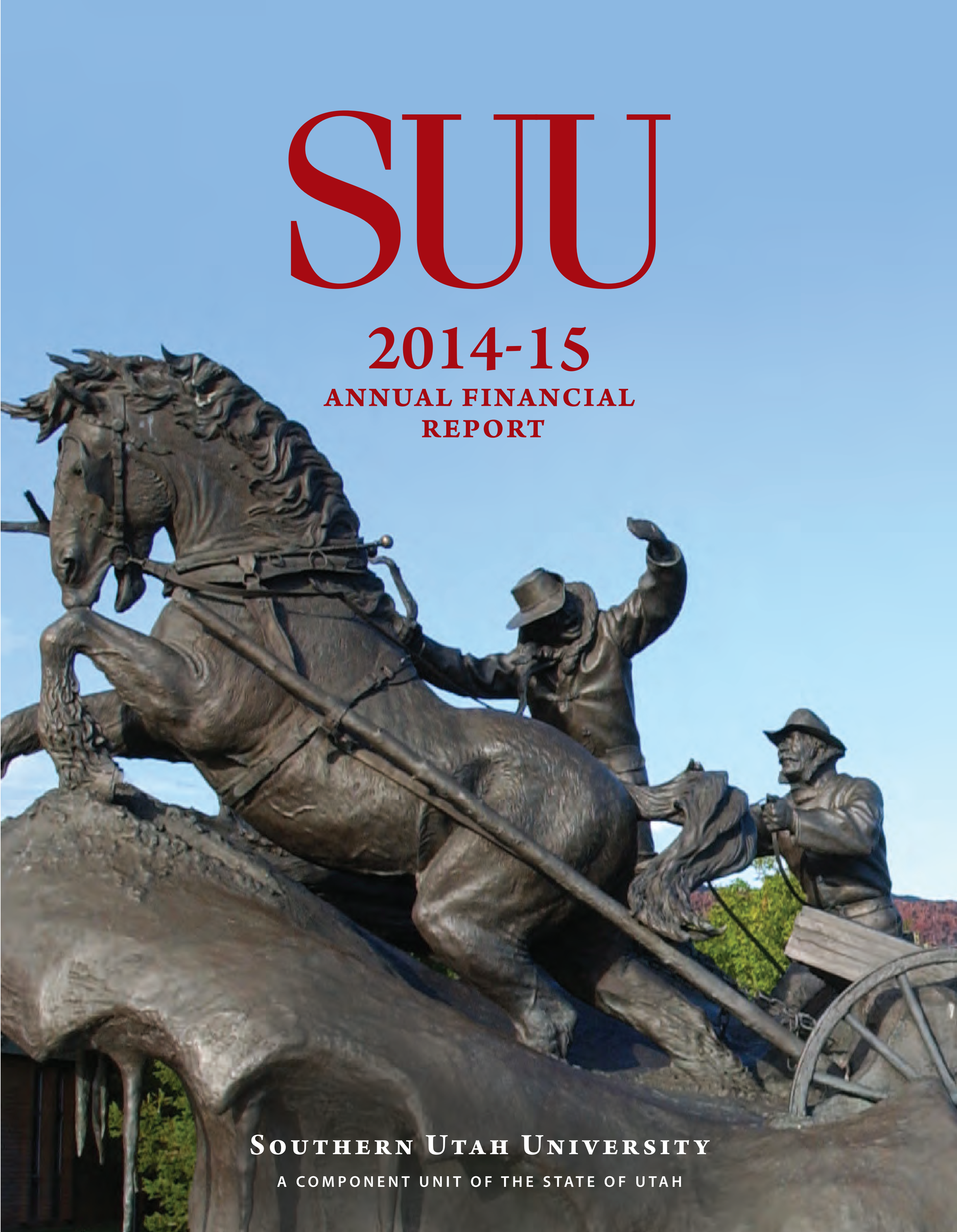
SUU

2014-15
ANNUAL FINANCIAL REPORT



SOUTHERN UTAH UNIVERSITY

A COMPONENT UNIT OF THE STATE OF UTAH

SOUTHERN UTAH UNIVERSITY

LEARNING LIVES FOREVER

CONTENTS

From the President

It is a privilege for me to serve as President of Southern Utah University. In my second year, I continue to find myself extremely impressed by the high volume of individual and collective achievements by our university community. SUU is able to attract bright students and has the highest graduation rate among the regional universities in the eight Intermountain West states.

I am pleased to be able to highlight a few of the many recent accomplishments of our students, faculty and staff, and University as a whole that make SUU such an extraordinary place.

ACADEMICS

- For the ninth consecutive year, The Princeton Review named SUU among its Best Colleges: Region by Region.
- Among the Class of 2015 graduates is a group of well-read English Education students who are heading into their teaching careers well prepared for success, graduating from a program that touts a 100% Praxis I and II pass rate for the past three years.
- The 2015 graduating class from the SUU Department of Nursing achieved a 100% NCLEX-RN examination first-time pass rate. SUU's cumulative NCLEX first-time pass rate over the last 10 years has been an astounding 98.7 percent, which is head and shoulders above the national average (82%) and Utah average (84%).
- SUU was named a national 2015 Best Value College by The Princeton Review and is one of only 80 public universities in the nation to be selected.
- SUU's masters of accountancy program was named #4 by OnlineU.
- For the third consecutive year SUU has been named in the annual "America's 100 Best College Buys" for its superior quality education as well as its affordability. Institutional Research & Evaluation, Inc. selected SUU as one of only 14 schools in the western U.S. to be included in the list.

UNIVERSITY ADVANCEMENT

- In July 2014 Siemens PLM Software donated an in-kind software grant with a commercial value of nearly $37 million that gives SUU students access to the same technology that companies around the world depend on every day. SUU graduates with this kind of training will be highly-recruited candidates for advanced technology jobs.
- Receiving the largest single gift in the history of SUU, the University received a $7.5 million pledge from the Dixie and Anne Leavitt Foundation, $5 million of which will go toward

construction of a new building for the University's School of Business and $2.5 million which will support scholarships.

- In April 2015, SUU premiered a documentary film "Back Up the Mountain", which tells of the monumental task and courage of an 1898 company who forged up the mountain in a blizzard to seek lumber to build the first higher education institution in southern Utah. Such is the story of the founding of SUU, a school in need championed by a committed community and together they accomplished the unexpected.

- Cultivating a spirit of service on campus and across the globe, SUU faculty, staff and students completed more than 197,000 documented hours of service, by collecting Christmas gifts for impoverished children, providing medical care to underserved villages in the Dominican Republic, beautifying public lands, and much more.

- SUU Women's Gymnastics team finished the year ranked 16th in the nation, the highest finish in program history. The team also finished second in the Mountain Rim Gymnastics Conference, placed third at the NCAA Regional Championships in Norman, OK, and sent two gymnasts (Jamie Armijo and Ana Jaworski) to the NCAA finals in individual competition.

- Nate Jewkes, a member of the SUU Cross Country and Track & Field team, finished 15th and garnered All-American honors at the 2014 NCAA Cross Country Championships.

INDIVIDUAL ACHIEVEMENTS

- Three SUU business students attended the Future Business Leaders of America-Phi Beta Lambda National Leadership Conference in Tennessee. Competing in some of the 50 events and against 250,000 other competitors, Ashley Amundsen (senior advertising major) and Jake Amundsen (junior graphic design major) took fifth place in Desktop Publishing and tenth place in Web Design. Brant Parker (junior finance major) competed in the community service project event and garnered sixth place for his work at the Teddy Bear Den in Cedar City. Ashley was also elected western region vice president of the organization, ensuring that SUU would have a lasting effect on the nation's largest and oldest collegiate business organization.

- For their outstanding academic achievements, 129 SUU athletes were named to the Fall 2014, Winter 2014-15, and Spring 2015 Academic All-Big Sky team in their respective sport.

- Alumnus Josh Smith ('09) has embarked on a journalism career taking him around the world as an expeditionary reporter for Stars and Stripes, a magazine that serves the United States military community, covering the troops in Afghanistan, where he has lived for almost two years.

- Southern Utah University assistant professor of art education Deb Snider was selected to be the 2015 Higher Education Art Educator of the Year by the Utah Art Education Association.

- Salt Lake Tribune Washington correspondent and alumna, Thomas Burr ('02), has worked in Washington DC since 2005 covering Congress, the White House, and federal agencies. Burr was unanimously elected by his peers as vice president of the National Press Club, a leading professional organization for journalists and communications professionals.

Again, these are only a few of the many accomplishments, successes and initiatives that motivate all of us in moving SUU forward. I am honored to be a part of this terrific institution and am proud of the significant influence for good it has on students, the campus, the local community and beyond.

Thank you for your interest in and support of Southern Utah University.

Sincerely,

President Scott L Wyatt

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee
and
Scott L Wyatt, President
Southern Utah University

Report on the Financial Statements

We have audited the accompanying financial statements of Southern Utah University (the University), a component unit of the State of Utah, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2015, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The University implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in fiscal year 2015. As a result of these required changes in accounting principle, the University recorded a $9,680,979 million reduction in beginning net position. The University's ending net position also reflects the newly required net pension liability related to its participation in defined benefit retirement systems. See Notes A and N for further information. Our opinion for the University is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7–14 and the University's Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 43–44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The Letter from the President and the listing of the governing boards and officers have 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 provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015 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 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 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.

Office of the Utah State Auditor

Office of the Utah State Auditor
December 15, 2015

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Southern Utah University (University) for the year ended June 30, 2015. This discussion was prepared by management and should be read in conjunction with the audited financial statements and the notes thereto, which follow this section.

Through its 118-year history, the University has evolved from a teacher training school into its current role as Utah's comprehensive liberal arts and sciences university. Historically, it has served the southern region of Utah and areas of two contiguous states with undergraduate and graduate programs and applied technology training. More recently, it has expanded its reach both nationally and internationally. People look to the University for public education, outreach services, culture, sporting events, economic and business development, regional history, public affairs, and major academic specialties. The University enrolls approximately 8,900 undergraduate and graduate students.

Financial

The annual report consists of three basic financial statements that provide information on the University as a whole: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Each of these statements will be discussed.

The University's financial statements include, as a blended component unit, the activity of the Southern Utah University Foundation (Foundation). The Foundation was established to support, promote, sponsor, and carryout educational and related activities and objectives at the University.

Statement of Net Position

The Statement of Net Position reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University at June 30. Net Position is categorized as "Net Investment in Capital Assets", "Restricted" (Expendable or Nonexpendable), or "Unrestricted." Net Investment in Capital Assets includes fixed assets of the University reduced by accompanying debt and accumulated depreciation. Restricted Nonexpendable assets include endowment and similar funds that are held in perpetuity. Restricted Expendable assets are subject to externally imposed restrictions governing their use. All other assets are listed as Unrestricted. Below is a Condensed Statement of Net Position as of June 30, 2015 and 2014.

Condensed Statement of Net Position

	June 30, 2015	June 30, 2014*	Change	% Change
Assets				
Current Assets	$ 51,190,930	$ 56,697,158	$ (5,506,228)	-9.7%
Noncurrent Assets				
Other Noncurrent Assets	84,436,671	59,865,013	24,571,658	41.0%
Capital Assets	123,488,878	126,170,881	(2,682,003)	-2.1%
Total Assets	259,116,479	242,733,052	16,383,427	6.7%
Deferred Outflows of Resources	1,423,123	-	1,423,123	100.0%
Liabilities				
Current Liabilities	25,674,245	20,125,330	5,548,915	27.6%
Noncurrent Liabilities	27,277,047	19,353,540	7,923,507	40.9%
Total Liabilities	52,951,292	39,478,870	13,472,422	34.1%
Deferred Inflows of Resources	889,517	-	889,517	100.0%
Net Position				
Net Investment in Capital Assets	105,818,795	106,870,287	(1,051,492)	-1.0%
Restricted Nonexpendable	19,510,078	18,574,093	935,985	5.0%
Restricted Expendable	44,979,416	35,661,301	9,318,115	26.1%
Unrestricted	36,390,504	42,148,501	(5,757,997)	-13.7%
Total Net Position	$ 206,698,793	$ 203,254,182	$ 3,444,611	1.7%

*The 2014 amounts presented above have not been changed for the prior period adjustment discussed in Note A.

Current Asset decreases were mainly a result of net decreases in cash and cash equivalents and receivables, along with a net increase in short-term investments. Changes in cash and cash equivalents and short-term investments were a result of investment strategies and daily operations. Receivable decreases were mainly due to pledges received in fiscal year 2015 for the Beverly Taylor Sorenson Center for the Arts (Center for the Arts) and a reduction in grant awards receivable. Other Noncurrent Assets increased as a result of a net increase in noncurrent investments due to investment acquisitions, an increase in restricted cash and cash equivalents, an increase in loans receivable for the Center for the Arts, and noncurrent pledges for a new Business Building. The decrease in Capital Assets was caused by depreciation and asset retirements in excess of net additions. Capital asset commitments for capital expenditures increased as a result of moving forward with the Center for the Arts project (see Note H in the accompanying Notes to the Financial Statements). A Net Pension Asset of $5,642 and Deferred Outflows of Resources of $1,423,123 were added to the financial statements as a result of implementation of the new GASB 68 standard (see Note N).

The increase in Current Liabilities is a result of increases in unearned revenues, notes payable, and in accrued benefits and deductions payable. The increase to unearned revenues was due to Aviation course fees. The increase in notes payable is due to a line of credit extended by Wells Fargo bank (see Note L). The increase in accrued benefits and deductions payable is due to higher than average insurance claims paid during the current fiscal year. Noncurrent Liabilities increased due to the addition of a net pension liability of $9,370,780 and deferred inflows of resources of $889,517 were added as a result of implementation of the new GASB 68 standard (see Note N).

The University's Net Position increased as a result of the following: Net Investment in Capital Assets decreased as a result of net depreciation and net asset retirements over capital additions during the year as well as an increased construction in progress balance. Increases in Restricted Nonexpendable Net Position resulted from the receipt of generous endowment donations from University friends and alumni for both scholarships and other operating needs. Increases in Restricted Expendable Net Position resulted from the additions in funding for the Center for the Arts in the form of gifts and grants. The decreases in Unrestricted Net Position are attributed to the recording of the University portion of the net pension liability, the decreased private gifts, grants revenues and transfer of pledges receivable from SUU Foundation to SUU.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the results of operations for the year ended June 30. Below is a Condensed Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2015 and 2014.

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2015	June 30, 2014*	Change	% Change
Operating Revenues				
Tuition and Fees	$ 65,446,703	$ 46,346,728	$ 19,099,975	41.2%
Grants and Contracts	753,125	466,569	286,556	61.4%
Sales and Services of Educational Activities	15,170,338	15,548,067	(377,729)	-2.4%
Sales and Services of Auxiliary Enterprises	4,109,925	3,925,692	184,233	4.7%
Other	27,836	31,930	(4,094)	-12.8%
Total Operating Revenues	85,507,927	66,318,986	19,188,941	28.9%
Operating Expenses				
Salaries	52,030,245	48,586,209	3,444,036	7.1%
Benefits	20,263,582	20,558,394	(294,812)	-1.4%
Depreciation	6,248,767	6,515,704	(266,937)	-4.1%
Repairs and Maintenance	1,160,275	3,343,226	(2,182,951)	-65.3%
Services and Supplies	42,069,296	23,140,485	18,928,811	81.8%
Student Aid	5,208,623	6,859,815	(1,651,192)	-24.1%
Utilities	2,175,686	2,375,500	(199,814)	-8.4%
Other Operating Expenses	10,343,805	10,950,892	(607,087)	-5.5%
Total Operating Expenses	139,500,279	122,330,225	17,170,054	14.0%
Operating Loss	(53,992,352)	(56,011,239)	2,018,887	3.6%
Nonoperating Revenues (Expenses)				
State Appropriations	33,290,083	31,583,161	1,706,922	5.4%
Grants and Contracts	21,460,934	22,242,823	(781,889)	-3.5%
Private Gifts and Grants	4,230,618	10,187,914	(5,957,296)	-58.5%
Investment Income	962,011	2,408,367	(1,446,356)	-60.1%
Other Nonoperating Revenues (Expenses)	(703,693)	(13,481)	(690,212)	-5119.9%
Interest on Indebtedness	(806,755)	(698,262)	(108,493)	-15.5%
Net Nonoperating Revenue (Expenses)	58,433,198	65,710,522	(7,277,324)	-11.1%
Income (Loss) Before Other Revenue	4,440,846	9,699,283	(5,258,437)	-54.2%
Other Revenues	8,684,744	6,728,705	1,956,039	29.1%
Change in Net Position	13,125,590	16,427,988	(3,302,398)	-20.1%
Prior Period Adjustment Related to Pensions	(9,680,979)			
Net Position - Beginning of Year	203,254,182	186,826,194	16,427,988	8.8%
Net Position - End of Year	$ 206,698,793	$ 203,254,182	$ 13,125,590	6.5%

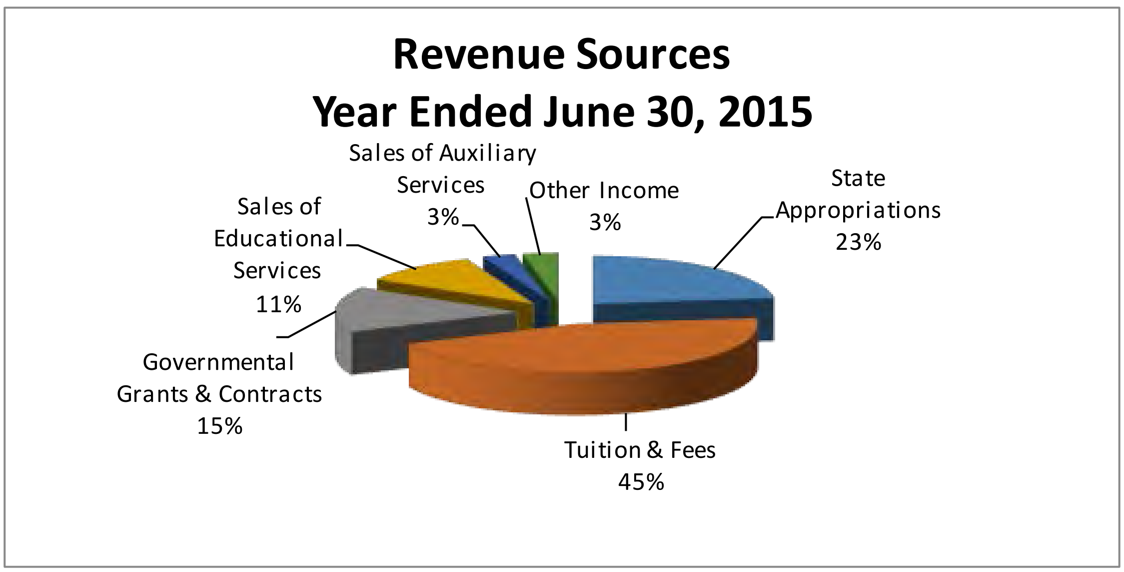
*The 2014 amounts presented above have not been changed for the prior period adjustment discussed in Note A.

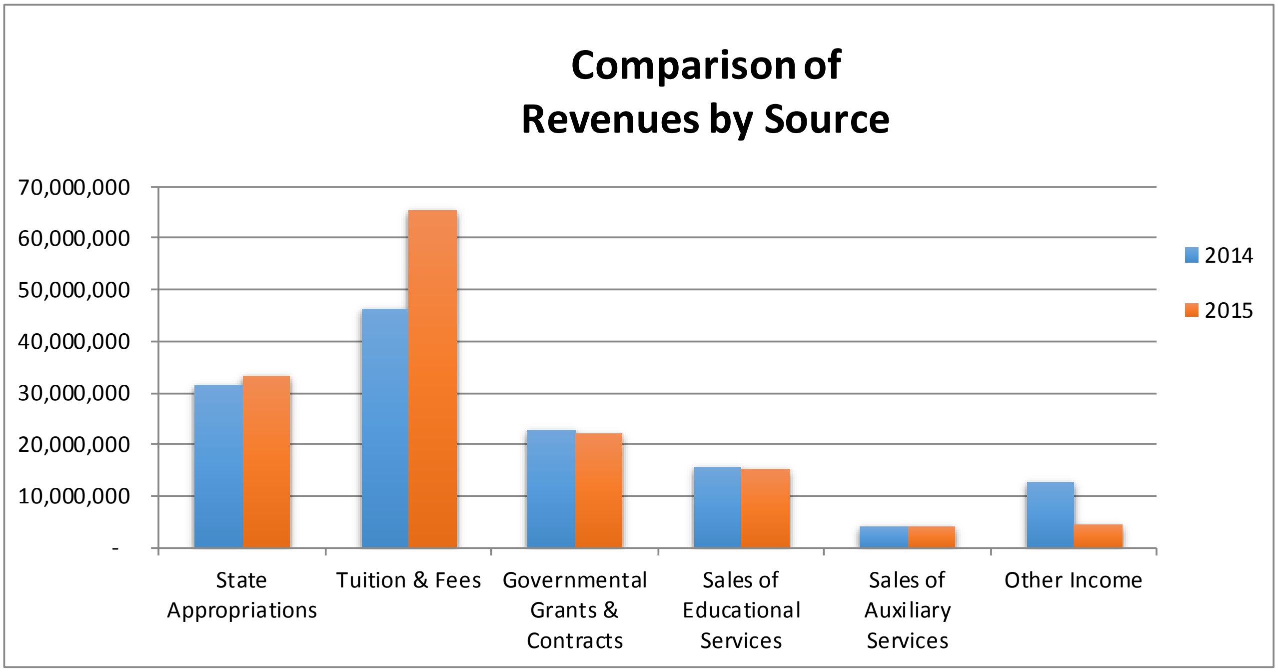
The increases to Tuition and Fees were largely a result of fees assessed for the Aviation Program. Operating Grants and Contracts increased due to a new Youth Intern Partnership with the National Parks Service. Auxiliary Enterprises revenues increased primarily from higher Bookstore sales and Housing rentals.

The increase in salaries was due primarily to the hiring of faculty for the Aviation program as part of our contract with Upper Limit Aviation and the Department of Veterans Affairs. Benefits decreased primarily as a result of a negative net pension expense resulting from implementation of the new GASB 68 standard (see Note N). Repairs and Maintenance decreased as a result of Division of Facilities Construction and Management (DFCM) maintenance projects being completed and expensed. Services and supplies increased as a result of payments to Upper Limit Aviation for operating costs associated with the Aviation Program. Student Aid expenses decreased as a result of increased third party payments for student tuition and fees. Other operating expenses decreased as a result of administration's efforts to control spending due to tighter budget constraints.

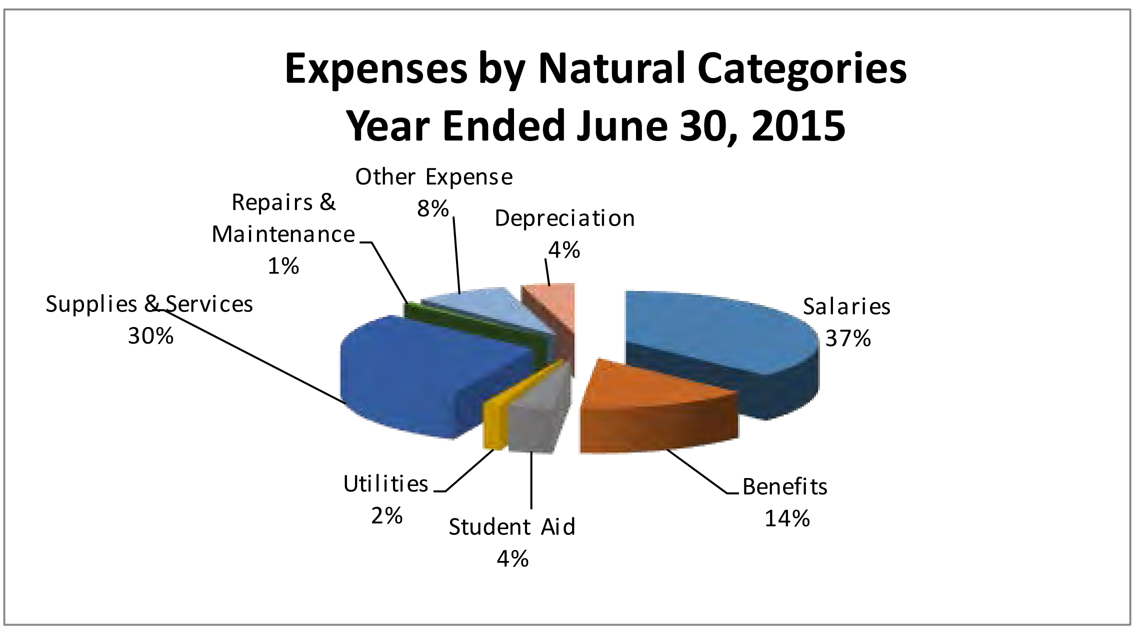
State appropriations increased due to increased funding for salaries, operating expenses, and one-time funding for a STEM initiative. Non-Operating Grants and Contracts decreased as a result of non-capital construction projects transferred from DFCM and an offsetting increase in Department of Education and Health funding. Private gifts and grants decreased as a result of reduced fund raising for the Center for the Arts. Investment income decreased primarily due to unusually high increases on market value for investments held during the prior year. Other nonoperating expenses increased as a result of increased sales and retirement of plant assets at a loss.

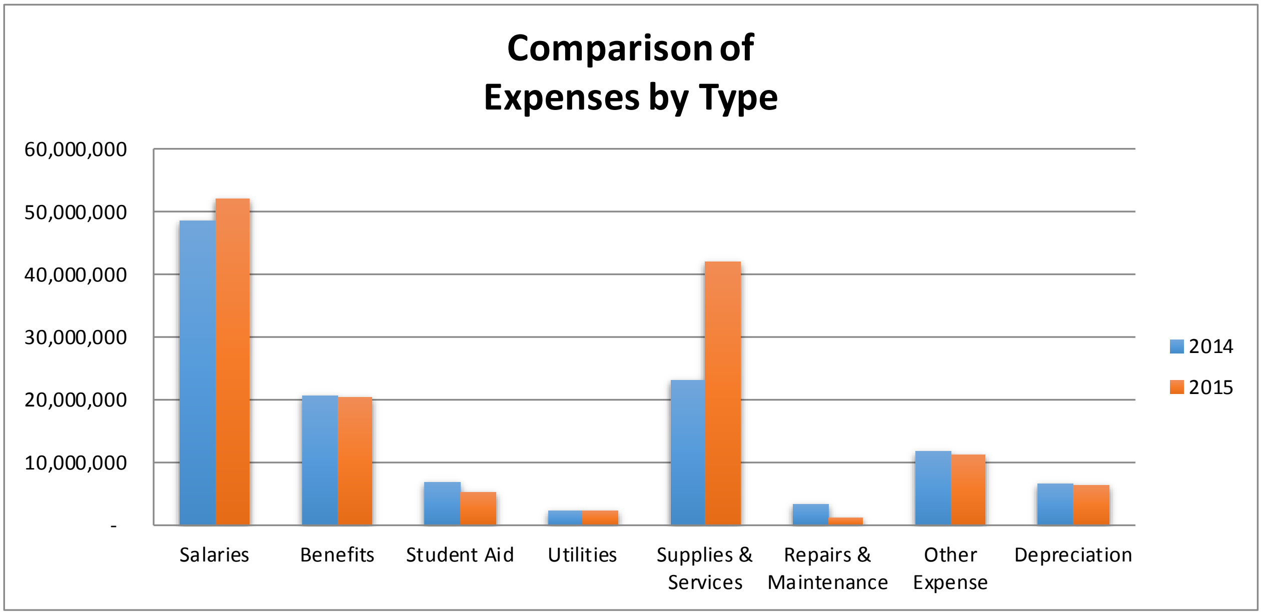
The following graphs illustrate all funding sources, except Capital Appropriations, Capital Grants and Gifts and Additions to Permanent Endowments of the University, as a percentage of total revenues for the year ended June 30, 2015, with a comparison to the prior year:





The following graphs illustrate expenses of the University by natural classification as a percentage of total expense for the year ended June 30, 2015, with a comparison to the prior year:





Statement of Cash Flows

The Statement of Cash Flows provides an additional perspective on the University's financial results for the fiscal year. The statement identifies sources and uses of cash by broad categories of activity including Operations, Noncapital Financing Activities, Capital Financing Activities and Investing Activities. Below is a Condensed Statement of Cash Flows for the fiscal years ended June 30, 2015 and 2014.

Condensed Statement of Cash Flows

	June 30, 2015	June 30, 2014*	Change	% Change
Cash Provided (Used) by:				
Operating Activities	$ (44,936,592)	$ (43,605,753)	$ (1,330,839)	-3.1%
Noncaptial Financing Activities	62,685,859	54,220,864	8,464,995	15.6%
Captial Financing Activities	(8,046,478)	3,472,797	(11,519,275)	-331.7%
Investing Activities	(22,463,338)	(15,730,999)	(6,732,339)	-42.8%
Net Increase (Decrease) in Cash	(12,760,549)	(1,643,091)	(11,117,458)	-676.6%
Cash - Beginning of Year	51,331,040	52,974,131	(1,643,091)	-3.1%
Cash - End of Year	$ 38,570,491	$ 51,331,040	$ (12,760,549)	-24.9%

*The 2014 amounts presented above have not been changed for the prior period adjustment discussed in Note A.

Noncapital Financing Activities include state appropriations, most grants and contracts, noncapital gifts, other non-operating revenue and agency fund activity. Capital Financing Activities are those associated with capital assets such as capital appropriations, gifts, proceeds from capital debt, capital debt payments, proceeds from the sale of capital assets, and capital asset purchases. Investing Activities include proceeds from the sale of investments and interest/dividend earnings and payments for the purchase of investments.

The amount of cash used by Operating Activities increased as a result of increased payments to suppliers and employees; however, these increases in operating cash outflows were mainly offset by increased receipts from tuition and fees, increased receipts from auxiliary and educational services, and decreased payments for student financial aid. Cash provided by Noncapital Financing Activities increased as a result of increased receipts from state appropriations, permanent endowments, and from non-operating and noncapital gifts/grants. Cash flows from Capital Financing Activities decreased as a result of issuing a note receivable, increased purchases of capital assets, increased payments on capital debt, and decreased capital appropriations; however, some of these capital financing cash outflows were offset by proceeds from capital debt. Cash flows from Investing Activities decreased because of increased investment purchases; although, receipts from the sale or maturity of investments also increased, along with interest and dividends.

Economic Factors that May Affect the Future

Economists and business leaders continue to be optimistic about the state's economy and forecast that economic growth in the state will continue to grow at a rate higher than the national average. Utah's unemployment rate continues to drop, and the state's consumer attitude continues to rise. The technology sector within Utah seems to be where the growth is centered. Although Utah has seen increases in employment, wage growth has not kept pace, but economists are encouraged that as the U.S. and Utah continue with a healthy employment situation, wage growth will be the next issue to tackle.

The University is also continuing to see modest growth in enrollments, with Fall 2015 semester welcoming its largest freshmen class. With this growth, gross tuition is expected to increase in 2016. With a focus on additional recruiting and retention efforts, the University believes it is well positioned to manage current and future budget challenges.

Summary

The accompanying financial statements, including footnotes, reflect the budgeting challenges of this past year while continuing to show that the University's financial position remains solid during these challenging times.

ASSETS	University	Southern Utah University Foundation	Total
Current Assets:			
Cash and Cash Equivalents (Note B)	$ 14,854,728	$ 1,503,876	$ 16,358,604
Short-term Investments (Note B)	17,960,250	257,000	18,217,250
Receivables, Net of Allowance (Note C)	5,859,925	3,992,404	9,852,329
Due From Related Parties (Notes C & D)	686,060		686,060
Loans and Notes Receivable, Net (Note E)	440,853		440,853
Inventories (Note F)	837,390		837,390
Prepaid Expenses (Note G)	4,798,444		4,798,444
Total Current Assets	45,437,650	5,753,280	51,190,930
Noncurrent Assets:			
Restricted Cash and Cash Equivalents (Note B)	22,211,887		22,211,887
Investments (Note B)	43,504,329		43,504,329
Pledges Receivable (Note C)	5,748,528	297,521	6,046,049
Loans and Notes Receivable, Net (Note E)	11,379,280		11,379,280
Real Estate Held for Sale (Note H)	51,400	1,238,084	1,289,484
Capital Assets, Net of Accumulated Depreciation (Note H)	123,488,878		123,488,878
Net Pension Asset (Note N)	5,642		5,642
Total Noncurrent Assets	206,389,944	1,535,605	207,925,549
Total Assets	251,827,594	7,288,885	259,116,479
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions (Note N)	1,423,123		1,423,123
Total Deferred Outflows of Resources	1,423,123	-	1,423,123
LIABILITIES			
Current Liabilities:			
Accounts and Interest Payable (Note I)	4,607,896	398	4,608,294
Due to Related Parties (Note D)	1,138,664		1,138,664
Payroll and Withholding Taxes Payable (Note I)	858,501		858,501
Accrued Benefits & Deductions Payable (Note Q)	1,995,015		1,995,015
Deposits and Other Liabilities (Note J)	454,948	-	454,948
Unearned Revenues (Note G)	9,760,593		9,760,593
Compensated Absences and Termination Benefits (Note K)	2,205,952		2,205,952
Bonds, Notes, and Contracts Payable (Note L)	1,275,634	3,376,644	4,652,278
Total Current Liabilities	22,297,203	3,377,042	25,674,245
Noncurrent Liabilities:			
Compensated Absences and Termination Benefits (Note K)	1,264,427		1,264,427
Bonds, Notes, and Contracts Payable (Note L)	16,446,373	195,467	16,641,840
Net Pension Liability (Notes K & N)	9,370,780		9,370,780
Total Noncurrent Liabilities	27,081,580	195,467	27,277,047
Total Liabilities	49,378,783	3,572,509	52,951,292
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions (Note N)	889,517		889,517
Total Deferred Inflows of Resources	889,517	-	889,517

Continued on next page…

The accompanying notes are an integral part of these financial statements.

NET POSITION:	University	Southern Utah University Foundation	Total
Net Investment in Capital Assets	105,818,795		105,818,795
Restricted Nonexpendable:			
Pensions	5,642		5,642
Scholarships	11,421,880		11,421,880
Other	8,082,556		8,082,556
Restricted Expendable:			
Scholarships	3,176,541		3,176,541
Capital Projects	33,817,142		33,817,142
Loans	2,058,763		2,058,763
Other	5,305,799	621,171	5,926,970
Unrestricted	33,295,299	3,095,205	36,390,504
Total Net Position	$ 202,982,417	$ 3,716,376	$ 206,698,793

The accompanying notes are an integral part of these financial statements.

SOUTHERN UTAH UNIVERSITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION — FISCAL YEAR ENDED JUNE 30, 2015

	University	Southern Utah University Foundation	Total
Operating Revenues			
Student Tuition and Fees	$ 65,446,703	$ -	$ 65,446,703
(net of scholarship discounts and allowances of $19,786,620)			
Governmental Grants and Contracts	753,125		753,125
Sales and Services of Educational Activities	15,151,813	18,525	15,170,338
Sales and Services of Auxiliary Enterprises	4,109,925		4,109,925
(net of scholarship discounts and allowances of $829,382)			
Interest Income on Student Loans	27,836		27,836
Total Operating Revenues	85,489,402	18,525	85,507,927
Operating Expenses			
Salaries	52,030,245		52,030,245
Benefits	20,263,582		20,263,582
Depreciation	6,248,767		6,248,767
Repairs and Maintenance	1,158,585	1,690	1,160,275
Services and Supplies	42,067,039	2,257	42,069,296
Student Aid	5,208,623		5,208,623
Utilities	2,171,855	3,831	2,175,686
Other Operating Expenses	10,329,538	14,267	10,343,805
Total Operating Expenses	139,478,234	22,045	139,500,279
Operating Income (Loss)	(53,988,832)	(3,520)	(53,992,352)
Nonoperating Revenues (Expenses)			
Government Appropriations - State	33,290,083		33,290,083
Government Grants and Contracts	21,460,934		21,460,934
Private Gifts and Grants	3,546,827	683,791	4,230,618
Investment Income	925,267	36,744	962,011
Other Nonoperating Revenue (Expense)	(703,693)		(703,693)
Interest on Indebtedness	(654,751)	(152,004)	(806,755)
Net Nonoperating Revenue	57,864,667	568,531	58,433,198
Income (Loss) Before Other Revenue	3,875,835	565,011	4,440,846
Other Revenue			
Capital Appropriations	1,155,726		1,155,726
Capital Grants & Gifts	6,551,978		6,551,978
Nonreciprocal Transfers In (Out)	5,820,000	(5,820,000)	-
Additions to Permanent Endowments	977,040		977,040
Total Other Revenue	14,504,744	(5,820,000)	8,684,744
Increase (Decrease) in Net Position	18,380,579	(5,254,989)	13,125,590
Net Position - Beginning of Year	194,282,817	8,971,365	203,254,182
Prior Period Adjustment	(9,680,979)		(9,680,979)
Net Position - Beginning of Year (Restated)	184,601,838	8,971,365	193,573,203
Net Position - End of Year	$ 202,982,417	$ 3,716,376	$ 206,698,793

	University	Southern Utah University Foundation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Tuition and Fees	$ 66,555,975	$ -	$ 66,555,975
Receipts from Grants/Contracts	718,380		718,380
Receipts from Auxiliary and Educational Services	20,560,381	199,094	20,759,475
Collection of Loans to Students and Employees	427,117		427,117
Loans Issued to Students and Employees	(408,073)		(408,073)
Payments for Employee Services and Benefits	(73,159,957)		(73,159,957)
Payments to Suppliers	(54,598,984)	(21,902)	(54,620,886)
Payments for Student Financial Aid	(5,208,623)		(5,208,623)
Net Cash Provided (Used) by Operating Activities	(45,113,784)	177,192	(44,936,592)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Appropriations	33,290,083		33,290,083
Receipts from Grants/Contracts	21,117,900		21,117,900
Gifts/Grants for Other Than Capital Purposes	4,585,818	3,852,626	8,438,444
Receipts for Permanent Endowments	(242,140)		(242,140)
Agency Account Receipts	1,532,863		1,532,863
Agency Account Payments	(1,451,291)		(1,451,291)
Net Cash Provided (Used) by Noncapital Financing Activities	58,833,233	3,852,626	62,685,859
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Receipts from Capital Appropriations	580,198		580,198
Receipts from Capital Grants/Gifts	4,155,427		4,155,427
Proceeds from Sale of Capital Assets	192,000		192,000
Issuance of Note Receivable	(10,149,500)		(10,149,500)
Proceeds from Capital Debt	-	5,820,000	5,820,000
Nonreciprocal Transfer of Debt	5,820,000	(5,820,000)	-
Purchases of Capital Assets	(3,737,726)		(3,737,726)
Principal Paid on Capital Debt/Leases	(1,630,511)	(2,469,611)	(4,100,122)
Interest Paid on Capital Debt/Leases	(654,751)	(152,004)	(806,755)
Net Cash Provided (Used) by Capital Financing Activities	(5,424,863)	(2,621,615)	(8,046,478)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale/Maturity of Investments	48,548,297		48,548,297
Receipt of Interest/Dividends from Investments	753,464	36,744	790,208
Purchase of Investments	(71,798,240)	(3,603)	(71,801,843)
Net Cash Provided (Used) by Investing Activities	(22,496,479)	33,141	(22,463,338)
Net Increase (Decrease) in Cash	(14,201,893)	1,441,344	(12,760,549)
Cash & Cash Equivalents - Beginning of Year	51,268,508	62,532	51,331,040
Cash & Cash Equivalents - End of Year	$ 37,066,615	$ 1,503,876	$ 38,570,491

		University		Southern Utah University Foundation		Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	$	(53,988,832)	$	(3,520)	$	(53,992,352)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense		6,248,767				6,248,767
Operations and Maintenance Expense paid by Division of Facility Construction and Management		806,588				806,588
Difference between Actuarial Calculated Pension Expense and Actual Contributions		(849,447)				(849,447)
Changes in Assets and Liabilities:						
Receivables (Net)		1,096,405		180,569		1,276,974
Due from Related Parties		26,038				26,038
Student Loans Receivable		111,045				111,045
Inventories		(64,865)				(64,865)
Prepaid Expenses		(376,495)				(376,495)
Accounts Payable		(199,847)		143		(199,704)
Due to Related Parties		(131,734)				(131,734)
Accrued Liabilities		740,197				740,197
Accrued Payroll		118,405				118,405
Unearned Revenues		1,411,726				1,411,726
Compensated Absences		(61,735)				(61,735)
Net Cash Provided (Used) by Operating Activities	$	(45,113,784)	$	177,192	$	(44,936,592)
Noncash Noncapital Financing, Capital Financing, and Investing Transactions						
Repairs and Maintenance paid by Division of Facility Construction and Management (DFCM)	$	806,588	$	-	$	806,588
Capital Projects paid by DFCM		575,528				575,528
Loss on Retirement of Capital Assets		(703,693)				(703,693)
Investment Securities donated		505,573				505,573
Change in Fair Value of Investments Recognized as Investment Income		(324,428)				(324,428)
Re-investment of Investment Dividends and Interest		481,871				481,871
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position						
Cash and Cash Equivalents Classified as Current Assets	$	14,854,728	$	1,503,876	$	16,358,604
Cash and Cash Equivalents Classified as Noncurrent Assets		22,211,887				22,211,887
Total Cash and Cash Equivalents	$	37,066,615	$	1,503,876	$	38,570,491

The accompanying notes are an integral part of these financial statements.

NOTE A. <u>Summary of Significant Accounting Policies</u>

The significant accounting policies followed by Southern Utah University (University) are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity
The University is a component unit of the State of Utah as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The financial activity of the University is included in the State's Comprehensive Annual Financial Report as a non-major discrete component unit.

The University's financial statements include the accounts of the University, all auxiliary enterprises, and other restricted and unrestricted funds of the University. In addition, the financial statements include the Southern Utah University Foundation (the Foundation).

The Foundation is a legally separate, non-profit organization, incorporated under Utah law in 1996. The Foundation is included in the University's financial statements as a blended component unit because the University appoints a controlling number of positions on the Board of Directors of the Foundation and the University has the ability to impose their will on the Foundation, significantly influencing the programs, projects and activities of the Foundation. Additionally, the Foundation provides services entirely or almost entirely to the University.

The Foundation was established to provide support for the University, its students and faculty, and to promote, sponsor, and carry out educational, scientific, charitable, and related activities and objectives at the University. A blended component unit is an entity which is legally separate from the University but which is so intertwined with the University that it is, in substance, the same as the University. Separate unaudited financial statements of the Foundation can be obtained from the University.

Basis of Accounting
Under the provisions of the GASB standards, the University is permitted to report as a special-purpose government engaged in business-type activities (BTA). BTA reporting requires the University to present only the basic financial statements and required supplementary information (RSI) for an enterprise fund. The basic financial statements include a Management's Discussion and Analysis, a Statement of Net Position or Balance Sheet, a Statement of Revenues, Expenses, and Changes in Net Position, a Statement of Cash Flows, notes to the financial statements, and RSI. The required basic financial statements described above are prepared using the economic resources measurement focus and the accrual basis of accounting.

Cash Equivalents
The University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the Utah Public Treasurers' Investment Fund (PTIF) are also considered cash equivalents. The Utah State Treasurer's Office operates the PTIF which is invested in accordance with the State Money Management Act. The State Money Management Council provides regulatory oversight for the PTIF.

Investments
The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 52, *Land and Other Real Estate Held as Investment by Endowments*. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. The valuation of real estate investments at June 30, 2015 is based on an analysis of changes in the local market applied to the most recent appraisals for all material real estate investments.

Accounts Receivable
Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, staff, and other private parties. Accounts receivable also include amounts due from federal, state, and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Donor pledges are also included as accounts receivable. Only those pledges deemed by management as collectible are recorded; therefore, no estimate is made for uncollectible amounts.

Inventories
Inventories are carried at the lower of cost or market on the first-in, first-out ("FIFO") method.

Restricted Cash and Cash Equivalents and Investments
Cash and cash equivalents and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as noncurrent assets in the Statement of Net Position.

Capital Assets
Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. All land is capitalized and not depreciated. New buildings with a cost of $100,000 or more are capitalized. Renovations to buildings, infrastructure, and land improvements that increase the value or extend the useful life of the structure with a cost of $20,000 or more are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. For equipment and intangibles, the University's capitalization policy includes all items with a unit cost of $5,000 or more ($3,000 or more for fiscal years prior to 2015), and an estimated useful life of greater than one year. All library books are capitalized with a useful life of 20 years. Collections and works of art valued in excess of $2,000 are capitalized. Useful lives for collections and works of art shall be determined on a case by case basis, typically 20 years. Depreciation is computed for all capital assets using the straight-line method over the estimated useful lives of the assets; generally 30 to 40 years for buildings, 20 to 40 years for infrastructure, land improvements, library and other collections, 3 to 20 years for equipment, and 3 to 5 years for intangibles.

Unearned Revenues
Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but earned in the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences
Non-academic University employee vacation pay is accrued at year-end for financial statement purposes. The liabilities and expenses incurred are recorded at year-end as a component of compensated absences and termination benefits in the Statement of Net Position, and as a component of salaries and benefits expense in the Statement of Revenues, Expenses, and Changes in Net Position.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Noncurrent Liabilities
Noncurrent liabilities include: (1) principal amounts of revenue bonds, notes, and contracts (leases) payable with contractual maturities greater than one year; (2) estimated amounts for compensated absences and termination benefits and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Net Position
The University's Net Position is classified as follows:

Net investment in capital assets: This represents the University's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

Restricted – expendable: Restricted expendable net position include resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted – nonexpendable: Nonexpendable restricted net position consist of endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted: Unrestricted net position represent resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the education and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any legal purpose. These resources are also used for auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When both restricted and unrestricted resources are available for use, it is the University's policy to use restricted resources first, then unrestricted resources as they are needed.

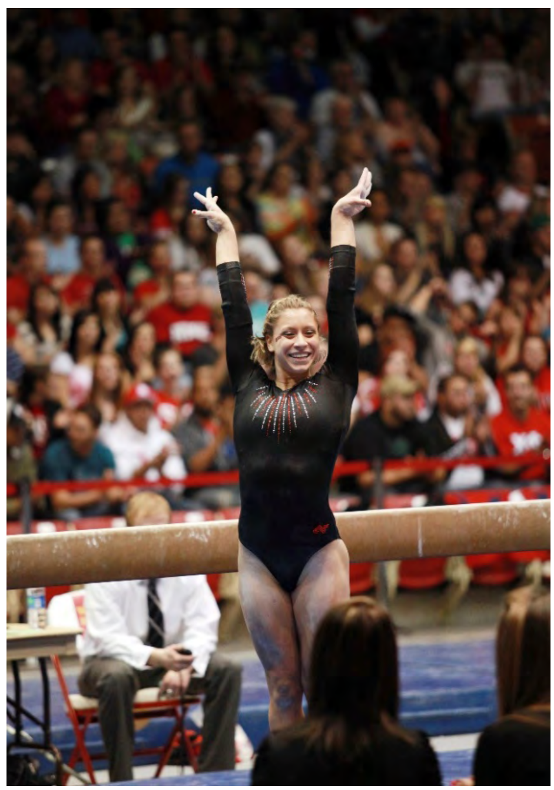
Classification of Revenues and Expenses
The University has classified its revenues and expenses as either operating or non-operating revenues and expenses according to the following criteria:

Operating Revenues and Expenses: Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) some federal, state, and local grants and contracts, (4) interest on institutional student loans (5) the cost of providing services, (6) administration expenses, and (7) depreciation of capital assets.

Non-operating Revenues and Expenses: Non-operating revenues and expenses include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, expenses not meeting the definition of operating expenses, and other revenue sources that are defined as non-operating cash flows by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, such as state appropriations, grants, and investment income.

Scholarship Discounts and Allowances
Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Adjustment to Beginning Net Position
Effective July 1 2014, the University implemented GASB Statement No. 68, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* These new standards impact the University's recognition and timing of assets and liabilities in the financial statements. The requirements of these statements require restating the beginning net position of the University. As a result, beginning net position was reduced by $9,680,979. This reduction reflects the University's $10,778,790 share of the beginning net position liability and the University's $1,097,811 share of contributions made between January 1 and June 30, 2014. See Note N for further information on the impacts of these new standards.



NOTE B. Cash and Cash Equivalents, Short-term Investments, and Investments

Cash and cash equivalents (instruments purchased with an original maturity of 3 months or less), short-term investments, and noncurrent investments (instruments having an original maturity greater than 3 months and equity type investments) are recorded at fair value. At June 30, 2015, cash and cash equivalents and short-term investments consisted of:

	University	Foundation	Total
Cash and Cash Equivalents - Current:			
Cash	$ 2,070,422	$ 56,947	$ 2,127,369
Utah PTIF	12,784,306	1,446,929	14,231,235
Total (fair value)	$ 14,854,728	$ 1,503,876	$ 16,358,604
Cash and Cash Equivalents - Restricted:			
Cash and Money Market	$ 14,615,334	$ -	$ 14,615,334
Utah PTIF	7,596,553		7,596,553
Total (fair value)	$ 22,211,887	$ -	$ 22,211,887
Short-term Investments:			
Certificates of Deposit	$ 1,010,053	$ -	$ 1,010,053
Securities	16,950,197		16,950,197
Other Equity Investments		257,000	257,000
Total (fair value)	$ 17,960,250	$ 257,000	$ 18,217,250

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

Except for endowment funds, the University follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of University funds in a qualified depository.

The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

For endowment funds, the University follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents R541, Management and Reporting of Institutional Investments (R541).

According to the Uniform Prudent Management of Institutional Funds Act, Section 13-29 of the Utah Code, the governing board may appropriate for expenditure for the purposes for which an endowment is established, as much of the net appreciation, realized and unrealized, of the fair value of the assets of an endowment over the historic dollar value as is prudent under the facts and circumstances prevailing at the time of the action or decision.

The endowment income spending policy at June 30, 2015, was 2.5% of the 12-quarter moving average of the fair value of the endowment pool. The spending policy is reviewed periodically and any necessary changes are made. The amount of net appreciation on investments of donor-restricted endowments available for authorization for expenditure at June 30, 2015 was approximately $5,200,000. The net appreciation was a component of restricted, expendable net position.

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a formal deposit policy for custodial credit risk. As of June 30, 2015, the University's bank balances were $16,718,571, of which $15,709,877 was uninsured and uncollateralized.

Investments

The Utah Money Management Act defines the types of securities authorized as appropriate investments for the University's non-endowment funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

These statutes authorize the University to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurer's Investment Fund.

The UPMIFA and R541 allow the University to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any of the above investments or any of the following subject to satisfying certain criteria: mutual funds registered with the Securities and Exchange Commission; investments sponsored by the Common Fund; any investment made in accordance with the donor's directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool was approximately equal to the value of the pool shares.

At June 30, 2015, the investment portfolio composition was as follows:

Noncurrent Investments		
Mutual Funds	$	12,246,981
Common Stocks		693,008
Securities		30,170,590
Alternative Equity Investments		393,750
Total (fair value)	$	43,504,329

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Utah Money Management Act or UPMIFA and R541, as applicable. For non-endowment funds, Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 10 years for institutions of higher education. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years. For endowment funds, R541 is more general, requiring only that investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

As of June 30, 2015, the University had the following investments with the following maturities:

		Investment Maturities (in Years)			
Investment Type:	Fair Value	Less than 1	1-5	6-10	More than 10
State of Utah PTIF	$ 21,827,788	$ 21,827,788	$ -	$ -	$ -
Corporate Securities	21,844,359	15,923,410	5,382,062	538,887	
U. S. Agencies	25,276,428	1,026,785	23,259,351	990,292	
	$ 68,948,575	$ 38,777,983	$ 28,641,413	$ 1,529,179	$ -
Other Investments/ Endowment Funds:					
Equity Mutual Funds	12,246,981				
Equity Investments	1,086,758				
Total Investments	$ 82,282,314				

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for reducing its exposure to credit risk is to comply with the Utah Money Management Act, UPMIFA, and R541 as previously discussed.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council or the UPMIFA and R541, as applicable. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. For endowment funds, R541 requires that a minimum of 25% of the overall endowment portfolio be invested in fixed income or cash equivalents. Also, the overall endowment portfolio cannot consist of more than 75% equity investments.

R541 also limits investments in alternative investment funds based on the size of the University's endowment fund. SUU's endowment fund size limits these alternative investment funds to between 0% and 10%.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal policy for custodial credit risk. As of June 30, 2015, the University had $46,892,758 in debt securities and $693,008 in equity securities which were held by Wells Fargo Bank, N.A. and $228,029 in debt securities which were held by Zions Bank but not in the University's name.

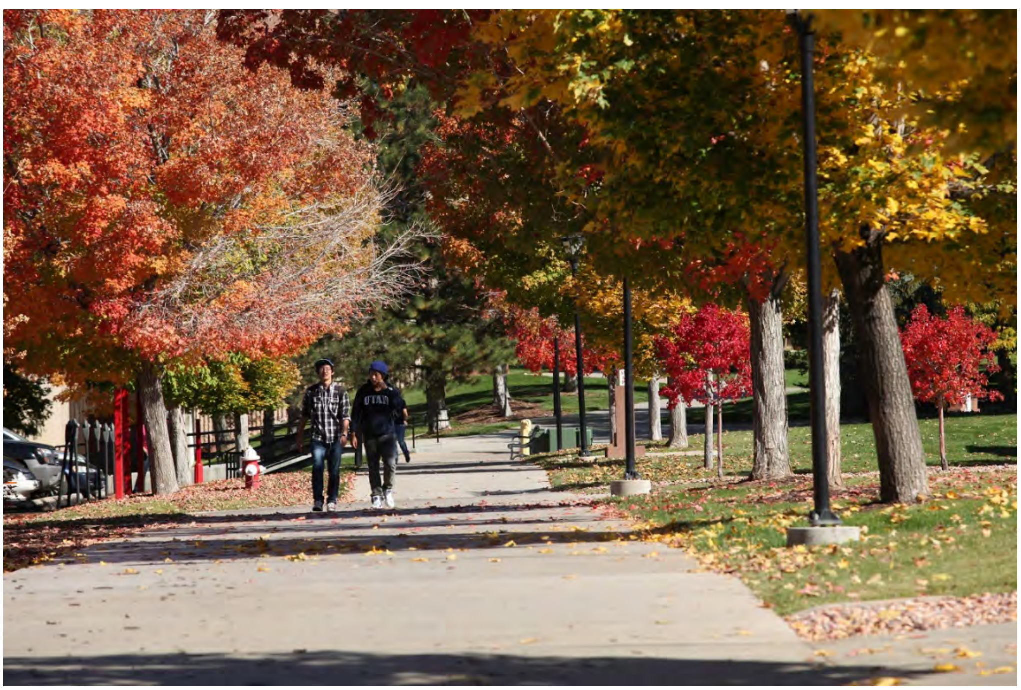
At June 30, 2015, the University had the following investments with the following quality ratings:

	Fair	Quality Ratings			
Investment Type:	Value	AA	A	BBB	Unrated
State of Utah PTIF	$ 21,827,788	$ -	$ -	$ -	$ 21,827,788
Corporate Notes	21,844,359	116,266	10,043,474	11,684,619	
U. S. Agencies	25,276,428	25,276,428			
Total	$ 68,948,575	$ 25,392,694	$ 10,043,474	$ 11,684,619	$ 21,827,788

NOTE C. Receivables, Net of Allowance for Doubtful Accounts

Receivables consisted of the following at June 30, 2015:

	University	Foundation	Total	Current Portion
Student Tuition and Fees	$ 3,294,700	$ -	$ 3,294,700	$ 2,916,700
Federal, State, and Private Grants and Contracts	545,440		545,440	545,440
Auxiliary Service Charges	283,995		283,995	283,995
Continuing & Professional Studies Fees	495,200		495,200	495,200
Utah Shakespearean Festival Ticket Sales	328,020		328,020	328,020
Interest and Dividends Receivable	283,150		283,150	283,150
Contributions and Gifts (Pledges)	6,597,925	4,289,925	10,887,850	4,841,801
Other Operating	158,023		158,023	158,023
Allowance for Doubtful Accounts	(378,000)		(378,000)	
Total	$ 11,608,453	$ 4,289,925	$ 15,898,378	$ 9,852,329



NOTE D. Due To/Due From Related Parties

The University receives and provides services, supplies, repairs and maintenance, and capital projects through departments, agencies, and other component units of the State of Utah. The following tables are a summary of the net amount due to the Division of Facilities and Construction Management (DFCM) for repairs and maintenance and capital projects and amounts due from and due to all other related parties for services and supplies as of the year ended June 30, 2015.

Related Party Receivables consisted of the following at June 30, 2015:

	Balance
DFCM	$ 306,752
State of Utah	154,990
Utah Department of Health	83,499
Utah Vocational Rehabilitation	27,601
Salt Lake Community College	25,559
Utah State University	24,623
University of Utah	21,199
Utah Department of Workforce Services	17,681
Utah Department of Natural Resources	7,546
Governor's Office of Economic Development	7,058
Utah Division of State History	6,054
Utah Humanities Council	2,931
Other	567
Total	$ 686,060

Related Party Payables consisted of the following at June 30, 2015:

	Balance
DFCM	$ 1,128,401
Other related parties	10,263
Total	$ 1,138,664

NOTE E. Loans Receivable

Student loans made through the Federal Perkins Loan Program (the Program) comprised a significant portion of the loans receivable at June 30, 2015. The Program provided for cancellations of loans at rates of 10% to 30% per year up to a maximum of 100% if the participant complied with certain provisions. In the past, the Federal Government has reimbursed the University for amounts cancelled under these provisions; however, for the past few years there have been no reimbursements. As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal Government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which in management's opinion, is sufficient to absorb loans that will ultimately be written off.

In August 2014, the University entered into a loan agreement with a third party borrower in the amount of $10,149,500 to partially finance the construction of the Center for the Arts. The note has a 40-year term with interest at 1.39%. Interest-only payments are required for the first seven years of the note. Thereafter, principal and interest payments sufficient to pay off the note will be required. The note is secured by an interest in the building and an associated ground lease.

At June 30, 2015, the current and long-term loans receivable amounts net of allowance were $440,853 and $11,379,280, respectively. The allowance for uncollectible loans was $80,100.

NOTE F. Inventories

Total inventories at June 30, 2015 were $837,390. They consisted of a gifted collection of *Westward America*, Deluxe and Collector Editions held for resale in the amount of $12,830, as well as Bookstore inventory in the amount of $824,560.

NOTE G. Prepaid Expenses and Unearned Revenues

Prepaid expenses are those disbursements for goods or services applicable to the subsequent fiscal year when they will be recorded as expenses. Unearned revenues are receipts of funds that are applicable to the subsequent fiscal year when they become earned and recorded as revenues.

Prepaid Expenses and Unearned Revenues at June 30, 2015, consisted of the following:

	Prepaid Expenses	Unearned Revenues
Utah Shakespeare Festival	$ 3,229,090	$ 2,388,254
Tuition & Fees		1,961,342
Grants and Contracts		61,179
Miscellaneous	1,569,354	5,349,818
Total	$ 4,798,444	$ 9,760,593

NOTE H. Capital Assets and Real Estate Held for Sale

Land held for sale is stated at the lower of cost at the date of acquisition (donation) or market. As of June 30, 2015, the University held real estate for sale recorded at $51,400 along with $1,238,084 held in the SUU Foundation. All of the property is donated property. Capital assets are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts and consisted of the following at June 30, 2015:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Land	$ 8,659,821	$ -	$ (356,731)	$ 8,303,090
Land Imp/Infrastructure	10,199,503			10,199,503
Buildings	171,809,669	1,069,774	(910,121)	171,969,322
Equipment	12,329,755	501,383	(307,933)	12,523,205
Vehicles	1,531,316	213,411	(131,314)	1,613,413
Intangibles	571,934			571,934
Art Work/Collections	2,813,210		(35,000)	2,778,210
Library Collections	6,993,114	194,797	(168,426)	7,019,485
Construction-in-Progress	581,498	2,493,987	(10,895)	3,064,590
Total	215,489,820	4,473,352	(1,920,420)	218,042,752
Less: Accumulated Depreciation				
Land Imp/Infrastructure	6,838,894	669,853		7,508,747
Buildings	66,400,142	3,999,785	(431,578)	69,968,349
Equipment	10,148,158	1,115,023	(282,513)	10,980,668
Vehicles	1,275,248	101,667	(131,315)	1,245,600
Intangibles	545,606	26,327		571,933
Art Work/Collections	601,631	18,828		620,459
Library Collections	3,509,260	317,284	(168,426)	3,658,118
Total	89,318,939	6,248,767	(1,013,832)	94,553,874
Capital Assets, net	$ 126,170,881	$ (1,775,415)	$ (906,588)	$ 123,488,878

The Division of Facilities Construction and Management (DFCM) administers most of the construction of facilities for State institutions, maintains records, and furnishes cost information for recording capital assets on the books of the University. Construction projects are recorded on the books of the University as funds are expensed or when projects are substantially completed if funded through State Appropriations administered through DFCM. The University is committed to the completion of all projects that are added to construction in progress. Total estimated costs to complete these projects as of June 30, 2015, was $36,363,947. Remaining (unpaid) costs of $22,573,033 were contractually committed to DFCM as of June 30, 2015. A remaining commitment of $16,675,234 exists for the Engelstead Shakespeare Theatre project, of which $14,281,945 is the University's portion, and $2,393,289 is the portion owned by the Utah Shakespeare Festival Foundation (a separate legal, non-profit entity).

Construction commitments at June 30, 2015 represent the University's estimated cost related to the construction of the following projects funded by state grants and private gifts, less construction in progress, as well as the University's guarantee of the portion of the Theatre project being funded by the Utah Shakespeare Festival Foundation:

Project	Estimated Costs	Amounts Billed to DFCM	Remaining Commitment	Amounts Paid by SUU	Construction In Progress
Southern Utah Museum of Arts	$ 8,613,165	$ 2,715,366	$ 5,897,799	$ 12,178	$ 2,727,544
Theatre	14,618,991	337,046	14,281,945		337,046
SUU Total	23,232,156	3,052,412	20,179,744	12,178	3,064,590
Portion owned by Utah Shakespeare Festival Foundation (a separate legal, non-profit entity)					
Theatre	13,131,791	10,738,502	2,393,289	176,297	10,914,799
Total Projects	$ 36,363,947	$ 13,790,914	$ 22,573,033	$ 188,475	$ 13,979,389

NOTE I. Accounts, Interest, and Payroll Related Payables

Accounts and Interest payable consisted of the following at June 30, 2015:

	University	Foundation	Total
Vendors	$ 3,808,395	$ 398	$ 3,808,793
Veterans Administration	601,874		601,874
Interest	122,307		122,307
Sales Tax	12,138		12,138
Other	63,182		63,182
Total	$ 4,607,896	$ 398	$ 4,608,294

Payroll and Withholding Taxes payable consisted of the following at June 30, 2015:

Payroll & Witholding Taxes Payable:	Balance
Accrued Payroll	$ 809,757
FICA & Medicare	48,744
Total Payroll & Withholding Taxes	$ 858,501

NOTE J. Deposits and Other Liabilities

Deposits and Other Liabilities consisted of the following at June 30, 2015:

	Balance
Agency Funds	$ 274,438
Enrollment	48,900
Housing	2,065
Gift Certificates	87,170
Other	42,375
Total	$ 454,948

NOTE K. Compensated Absences, Termination Benefits, and Net Pension Liability

Compensated absences, termination benefits, and net pension liability activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Current Portion	Noncurrent Portion
Compensated Absences	$ 1,634,850	$ 1,559,883	$ (1,530,758)	$ 1,663,975	$ 1,617,360	$ 46,615
Termination Benefits	1,897,264	398,979	(489,839)	1,806,404	588,592	1,217,812
Sub-total	3,532,114	1,958,862	(2,020,597)	3,470,379	2,205,952	1,264,427
Net Pension Liability	9,680,979		(310,199)	9,370,780		9,370,780
Total	$ 13,213,093	$ 1,958,862	$ (2,330,796)	$ 12,841,159	$ 2,205,952	$ 10,635,207

NOTE L. Bonds, Notes, and Contracts Payables

Bonds, Notes, and Contracts liability activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Current Portion	Noncurrent Portion
Bonds Payable	$ 18,325,000	$ -	$ (1,135,000)	$ 17,190,000	$ 1,165,000	$ 16,025,000
Unamortized Bond Premium	623,091		(113,298)	509,793	104,379	405,414
Unamortized Bond Discount	(32,498)		2,787	(29,711)	(2,702)	(27,009)
Notes Payable	385,000		(385,000)	-	-	-
Unitrust	60,121		(8,197)	51,924	8,957	42,967
Sub-total SUU Portion	19,360,714	-	(1,638,708)	17,722,006	1,275,634	16,446,372
Line of Credit	-	5,820,000	(2,469,611)	3,350,389	3,350,389	-
Charitable Remainder Annuity Trust - SUU Foundation	246,444		(24,721)	221,723	26,255	195,468
Sub-total SUU Foundation Portion	246,444	5,820,000	(2,494,332)	3,572,112	3,376,644	195,468
Total	$ 19,607,158	$ 5,820,000	$ (4,133,040)	$ 21,294,118	$ 4,652,278	$ 16,641,840

Revenue bonds payable consisted of the following at June 30, 2015:

	Date of Issue	Interest Rate	Original Amount of Issue	Retired or Paid 2014-15	Balance June 30, 2015
Bonds Payable					
Auxiliary System, Series 2008	7/22/2008	3.500-5.250%	12,025,000	365,000	10,030,000
Auxiliary System, Series 2011	8/11/2011	2.000-4.000%	8,285,000	770,000	7,160,000
Total Bonds Payable			$ 20,310,000	$ 1,135,000	$ 17,190,000

The scheduled maturities of the revenue bonds are as follows at June 30, 2015:

Year	Principal	Interest	Total
2016	1,165,000	733,844	1,898,844
2017	1,205,000	695,144	1,900,144
2018	1,250,000	655,094	1,905,094
2019	1,300,000	605,094	1,905,094
2020	1,340,000	552,563	1,892,563
2021-2025	5,470,000	1,912,680	7,382,680
2026-2030	3,165,000	1,035,525	4,200,525
2031-2033	2,295,000	226,300	2,521,300
Total Bonds payable before unamortized premium/discount	$ 17,190,000	$ 6,416,244	$ 23,606,244

Principal and interest on these revenue bonds are collateralized by a first lien on and pledge of Student Center Building Fees, net revenues derived from the operation of the Auxiliary Enterprise System and investment income of the bond security reserve funds (See Note M).

The University is required to maintain certain debt service reserves aggregating $1,909,456. As of June 30, 2015, the balance in the debt service reserve funds met or exceeded this requirement.

On August 13, 2014 the Foundation entered into a temporary line of credit with a financial institution in the amount of $7,500,000. The initial interest rate on the line of credit is 3.250% and is subject to change based on changes in an index which is the floating rate equal to the Prime Rate set by the lender and is due September 5, 2016. As of June 30, 2015, the balance due on the line of credit is $3,350,389 and the balance of unused credit is $4,149,611. The availability of advances under this line of credit terminates as of September 5, 2015. The line of credit is secured by a pledge of Gifts Receivable from the Foundation, the proceeds of which are designated by the Foundation as a commitment to future construction projects.

Remainder Annuity and Unitrusts Payable
Remainder Annuity and Unitrust payable are due in monthly or annual installments for the lifetime of the donors or through the end of the agreement. Annuities payable consisted of the following at June 30, 2015:

	Date Created	Interest Rate	Present Value	Current Portion
Charitable Remainder Annuity Trusts:				
J & C Wadsworth	9/25/2001	6.200%	$ 221,723	$ 26,255
Unitrust:				
Rodney A Brown	7/12/2000	7.500%	51,924	8,957
Total Annuities Payable			$ 273,647	$ 35,212

The estimates of future annuities payable are as follows:

Year	Principal	Interest	Payments
2016	$ 35,213	$ 17,589	$ 52,802
2017	37,527	15,306	52,833
2018	39,996	12,869	52,865
2019	42,629	10,270	52,899
2020	43,669	7,335	51,004
2021-2022	74,613	6,891	81,504
Total	$ 273,647	$ 70,260	$ 343,907

Operating Lease
The University has entered into operating leases to rent both additional office space and classroom space. The terms of the leases vary depending on the lease and the lessor. While one of the leases includes annual escalations to the amount due based on the Consumer Price Index (CPI), the remainder of the leases do not include any escalation clauses with respect to the annual charges. For the fiscal year ended June 30, 2015, payments of $439,699 were paid on these leases and are included in Other Operating Expenses on the Statement of Revenues, Expenses, and changes in Net Position.

Future minimum payments of the operating leases, adjusted for an average CPI of 1.42% where applicable, are as follows:

Year	Payments
2016	439,699
2017	162,307
2018	88,065
2019	52,011
2020	26,006
Total	$ 768,088

NOTE M. Auxiliary System Bond Revenue Fund

The following schedule reflects the pledged receipts and disbursements of the Bond Revenue Fund of the Auxiliary System for the year ended June 30, 2015:

Pledged Receipts:	
Operating Revenues	$ 8,145,448
Operating & Maintenance Expenses	(5,366,054)
Total Pledged Net Receipts	$ 2,779,394
Transfers to:	
Debt Service	$ 1,897,811
Trustee and Other Fees	5,000
Renewal & Replacement Reserves	664,823
Other Lawful Purposes	211,760
Total Transfers of Pledged Receipts	$ 2,779,394
Debt Service Reconciliation:	
Debt Service Principal and Interest payments	$ 1,906,544
Bond Reserve Interest applied to Debt Service	(8,733)
Total Transfer to Debt Service	$ 1,897,811

NOTE N. Retirement Plans

As required by State law, eligible non-exempt employees (as defined by the U.S. Fair Labor Standards Act) of the University are covered by the Utah Retirement Systems (Systems) and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the defined contribution plans, such as Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) or Fidelity Investments (Fidelity).

Defined Benefit Plan
Eligible plan participants are provided with pensions through the following Systems:

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System);
- The Public Safety Retirement System (Public Safety System);
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System);

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Systems, are members of the Tier 2 Retirement System.

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the directions of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds, and are a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. The Systems issue a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

The Systems provide retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4 % depending on the employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

**with actuarial reductions*

*** All post-retirement cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Systems' Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contribution rates are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Noncontributory System			
16 - State and School Division Tier 1	N/A	N/A	22.190%
Contributory System			
12 - State and School Division Tier 1	N/A	6.000%	17.700%
112 - State and School Division Tier 2	N/A	N/A	18.270%
Public Safety Retirement System			
42 - Other Division A Noncontributory Tier 1	N/A	N/A	41.350%
122 - Other Division A Contributory Tier 2	N/A	N/A	29.260%

At December 31, 2014 we reported a net pension asset of $5,642 and a net pension liability of $9,370,780.

	Proportionate Share of Systems	Net Pension Asset	Net Pension Liability
Noncontributory System	0.3579107%	$ -	$ 8,992,609
Contributory System	0.0922137%	-	10,111
Public Safety System	0.1980694%	-	368,060
Tier 2 Public Employees System	0.1861719%	5,642	-
Total Net Pension Asset/Liability		$ 5,642	$ 9,370,780

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of $1,678,133. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 562,266
Changes in assumptions	-	327,251
Net difference between projected and actual earnings on pension plan investments	162,354	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	1,260,769	-
Total	$ 1,423,123	$ 889,517

Contributions made between January 1, 2015 and June 30, 2015 of $1,260,769 are reported as deferred outflows of resources related to pensions. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2015	$ (191,088)
2016	(191,088)
2017	(191,088)
2018	(147,731)
2019	(987)
Thereafter	(5,181)

Actuarial Assumptions
The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation – 2.75%, Salary increases 3.50 – 10.75%, average, including inflation, Investment rate of return – 7.50%, net of pension plan investment expense, including inflation.

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the following table:

Class of Member
Educators
Men EDUM (90%)
Women EDUF (100%)
Public Safety and Firefighters
Men RP 2000mWC (100%)
Women EDUF (120%)
Local Government, Public Employees
Men RP 2000mWC (100%)
Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage
EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage
RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 – December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
Inflation			2.75%
Expected arithmetic nominal return			7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contributions rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the Systems' Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the proportionate share of the net pension (asset)/liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate Share of Net Pension (asset)/liability			
Noncontributory System	$ 17,916,290	$ 8,992,609	$ 1,519,011
Contributory System	84,829	10,111	(53,088)
Public Safety System	681,179	368,060	110,071
Tier 2 Public Employees System	41,492	(5,642)	(41,182)
Total Net Pension (asset)/liability	$ 18,723,790	$ 9,365,138	$ 1,534,812

Detailed information about the pension plan's fiduciary net position is available in the separately issued the Systems' financial report.

Defined Contribution Plans

TIAA-CREF and/or Fidelity provide individual defined contribution retirement fund contracts with each participating employee. Employees may allocate contributions by the University to any or all of the providers and the contracts become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. Benefits provided to retired employees are based on the value of individual contracts and the estimated life expectancy of the employee at retirement. For the years ended June 30, 2015, 2014, and 2013, the University's contribution to this multiple employer defined contribution plan was 14.2 percent of the employees' annual salary or $4,274,624, $3,967,138; and $3,986,257 respectively. The University has no further liability once annual contributions are made. Employee contributions for the same years were $806,719, $755,535, and $669,072 respectively.

In addition, employees of the University may also contribute to 401(k), 403(b) and 457(b) defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the Systems and as a primary retirement plan for some Tier 2 Public Employee System participants. Employer contributions may be made into the plans at rates determined by the employers and according to Utah Title 49. The Defined Contribution Plans account balances are fully vested to the participants at the time of deposit except for Tier 2 required employer contributions and associated earnings during the first four years of employment.

For employees participating in defined benefit plans, the University is also required to contribute 1.5% - 1.78% of the employee's salary into a 401(k)/457(b) plan. For employees who choose to participate in the Tier 2 Public Employee - defined contribution plan, the University is required to contribute 20.05% of the employees' salary of which 10% is paid into a 401(k)/457(b) plan while the remainder is contributed to the Tier 1 Contributory Public Employee System, as required by law. For the years ended June 30, 2015, 2014, and 2013, the University's contribution to this hybrid plan was $346,692, $315,952, and $194,108 respectively. Employee contributions for the same years were $763, $14,799, and $12,688 respectively.

Other Post-Employment Benefits

In addition to providing pension benefits, the University, as authorized by its Board of Trustees, provided certain health care benefits for retired employees age 65 or older that retired before June 30, 1990. Substantially all regular University employees were eligible for those benefits at full retirement age 65. These health care benefits for retiree's age 65 or older are not available to employees retiring after June 30, 1990. The cost of retiree health care benefits is funded on a pay-as-you go basis. The total full retiree health care benefits payments for the year ended June 30, 2015 was $63,996. The number of participants for the year ended June 30, 2015 was 10.

The University, as authorized by its Board of Trustees, offers an early retirement incentive option to eligible employees that includes a stipend of an amount equal to the lesser of 20 percent of the employee's annual base salary at the time of early retirement or the employee's estimated Social Security benefit at full retirement age, along with the continuation of certain health care insurance premiums for a period of the lesser of 5 years or until the employee reaches Social Security full retirement age. Full-time University employees whose accumulated age plus years of service equal at least 75 and are at least 57 are eligible to apply. The cost of early retiree benefits is funded on a pay-as-you-go basis. The total early retiree stipend and benefits payments for the year ended June 30, 2015 was $425,843. The number of participants for the year ended June 30, 2015 was 25.

The projected future cost of the full retiree health care benefits, early retirement stipends, and early retirement medical and dental insurance benefits has been calculated based on the known amount to be paid out in the next fiscal year plus projected increases of 6.78, 0.80, and 2.58 percent, respectively. These increases are based on historical data. The net present value of the total projected costs is calculated using the estimated yield (0.55 percent) for short term investments. The net present value is the amount recognized on the financial statements as a liability for termination benefits.

NOTE O. <u>Funds Held in Trust by Others</u>

Funds held in trust by others were neither in the possession of nor under the management of the University. These funds, which were not recorded on the University's financial records and which arose from contributions, were held and administered by external fiscal agents, selected by the donors, who distributed net income earned by such funds to the University, where it was recorded when received. Funds held in trust at June 30, 2015 were $333,714 at cost and $377,388 at fair value.

NOTE P. Functional Classification

At June 30, 2015, the University's operating expenses by functional classification were as follows:

Instruction	$ 59,255,659
Research	151,176
Public Service	15,634,547
Academic Support	10,422,176
Student Services	13,725,590
Institutional Support	15,879,642
Operation and Maintenance of Plant	7,894,590
Student Aid	5,076,338
Auxiliary Enterprises	5,211,794
Depreciation	6,248,767
Total	$ 139,500,279

NOTE Q. Insurance Coverage

The University insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage through policies administered by the State of Utah Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a $1,000 per occurrence deductible. All revenues from the University operations, rental income for its residence halls, and tuition are insured against loss due to business interruption caused by fire or other insurable perils. Additionally, the University is protected against employee dishonesty exposures under a $10 million crime policy. The Utah State Risk Management Fund provides coverage to the University for general, automobile, personal injury, errors or omissions, and malpractice liability at $10 million per occurrence. The University qualifies as a "governmental body" under the Utah Governmental Immunity Act which limits applicable claim settlements to $703,000 for one person in any one occurrence or $2,407,700 for two or more persons in any one occurrence and $281,300 for property damage liability in any one occurrence.

All University employees are covered by worker's compensation insurance, including employer's liability coverage, by the Worker's Compensation Fund of Utah. The University has established a self-insurance fund for employee medical and dental care plans that are administered through Educators Mutual Insurance Company (both plans referred to as Health Care Plan). GASB Statement No. 10 requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The University has recorded the investments of the Health Care Plan funds at June 30, 2015 and the estimated liability for self-insurance claims at that date in the Statement of Net Position. The income and expenses related to the administration of the self-insurance and estimated provision for the claims liabilities for the year then ended are recorded in the Statement of Revenues, Expenses, and Changes in Net Position.

Changes in the University's estimated self-insurance claims liability are as follows:

Medical & Dental Claims Payable:	2014	2015
Estimated Claims Liability - Beginning of Year	$ 2,169,711	$ 1,158,804
Net Current Year Claims and Administration Expenses	9,624,818	10,238,773
Cash Paid for Claims	(10,635,725)	(9,402,562)
Estimated Claims Liability - End of Year	$ 1,158,804	$ 1,995,015

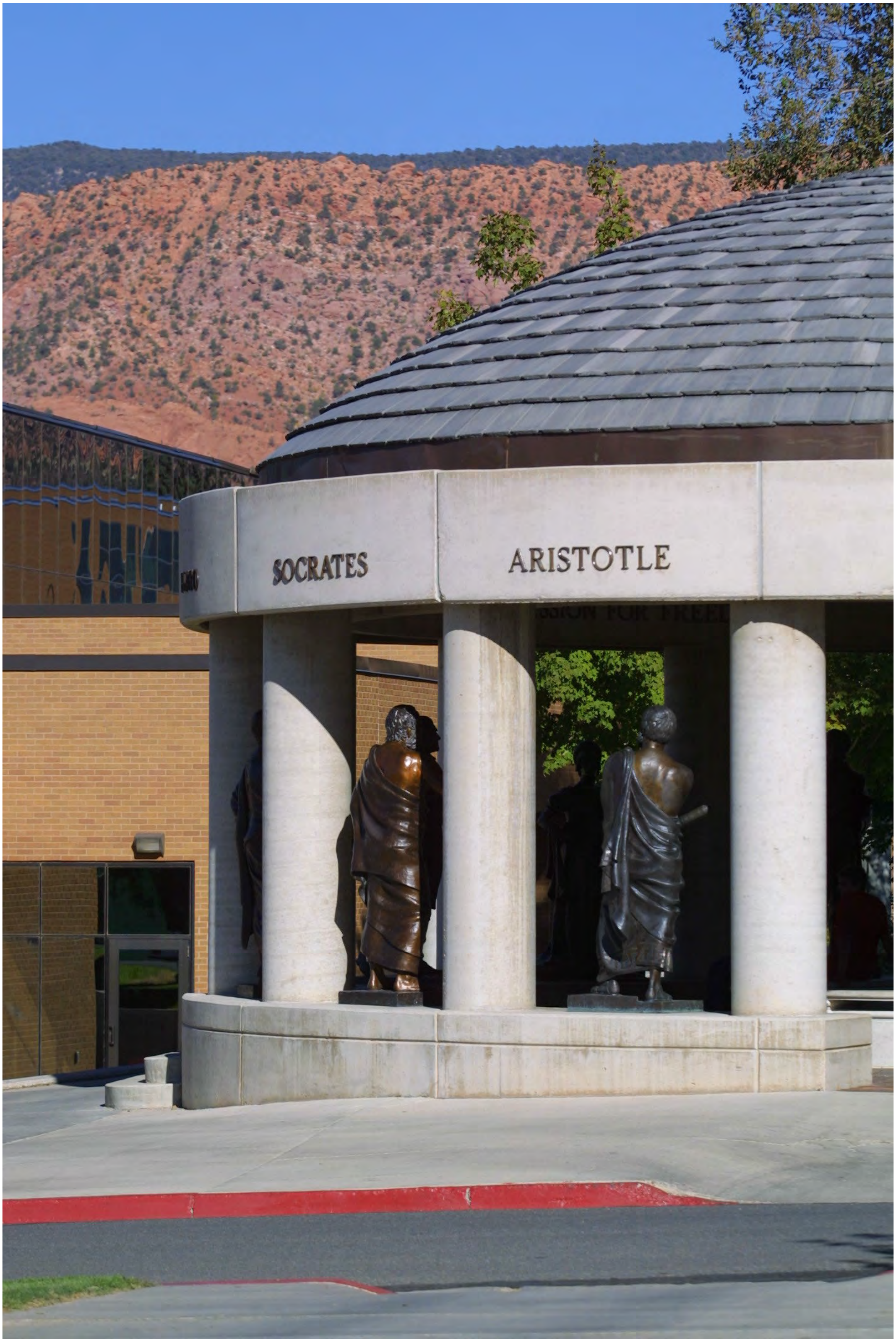
NOTE R. Festival City Development Foundation Transactions

The University receives from the Festival City Development Foundation an in-kind contribution of a portion of the housing needs for actors and technicians participating in the Shakespearean Festival. The value of the donated housing is estimated to be $244,000. The University (Shakespeare Festival) in turn pays for utilities and maintenance on the buildings owned by the Festival City Development Foundation. The University has not reported the value of the donated housing as gift revenue and (or) operating expenses in the financial statements.

NOTE S. Subsequent Events

Effective July 1, 2015, the University entered into an amendment to the agreement with our third-party food services provider to extend the agreement for one ten-year term, until June 30, 2025. As part of this amendment, the food service provider is required to fund certain capital improvements in the University's dining service program in the amount of $740,000. These amounts are to be amortized on a straight-line basis beginning when the capital project starts generating revenue until June 2025. Additionally, the agreement also specifies that a certain "2008 Investment" of $650,000, of which $191,176 is unamortized as of July 1, 2015 and a certain "2009 Investment" of $50,000, of which $16,303 is unamortized as of July 1, 2015 are to be amortized on a straight-line basis (together with any interest at 6% per annum) over the ten-year period of the agreement. As of July 1, 2015, there is a total of $947,479 in unamortized investments by the food service provider.

If for any reason the agreement expires or is terminated prior to the full amortization of the investments, the University is liable for and must pay the unamortized portion of the investment to the provider. The University considers the possibility of the agreement terminating early to be reasonably possible, but not probable.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Schedule of Proportionate Share of the Net Pension Liability

	December 31, 2014			
	Noncontributory System	Contributory Retirement System	Public Safety System	Tier 2 Public Employees System
Proportion of Systems net pension liability (asset)	0.3579107%	0.0922137%	0.1980694%	0.1861719%
Proportionate share of Systems net pension liability (asset)	$ 8,992,609	$ 10,111	$ 368,060	$ (5,642)
Covered employee payroll	$ 9,923,414	$ 33,177	$ 227,905	$ 913,709
Proportionate share of Systems net pension liability (asset) as a percentage of its covered-employee payroll	90.6%	30.5%	161.5%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	98.7%	84.3%	103.5%

Note: Southern Utah University implemented GASB Statement No. 68 in fiscal year 2015. Information on the University's portion of the plans net pension liabilities (assets) is not available for periods prior to fiscal year 2015

Schedule of Contributions

Noncontributory System

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	$ 2,319,809	$ 2,027,040	$ 1,946,347	$ 1,748,575	$ 1,806,858	$ 1,248,622	$ 1,276,825	$ 1,216,323	$ 1,217,725	$ 1,096,668
Contributions in Relation to the Contractually Required Contribution	(2,319,809)	(2,027,040)	(1,946,347)	(1,748,575)	(1,806,858)	(1,248,622)	(1,276,825)	(1,216,323)	(1,217,725)	(1,096,668)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 10,143,115	$ 9,817,043	$ 10,307,651	$ 10,528,325	$ 10,162,265	$ 8,698,149	$ 8,911,382	$ 8,553,593	$ 7,882,884	$ 7,324,513
Contributions as a Percentage of Covered-Employee Payroll	22.87%	20.65%	18.88%	16.61%	17.78%	14.36%	14.33%	14.22%	15.45%	14.97%

Contributory System

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	$ 5,739	$ 5,117	$ 4,399	$ 6,661	$ 9,125	$ 8,255	$ 14,885	$ 13,775	$ 12,407	$ 10,916
Contributions in Relation to the Contractually Required Contribution	(5,739)	(5,117)	(4,399)	(6,661)	(9,125)	(8,255)	(14,885)	(13,775)	(12,407)	(10,916)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 32,426	$ 32,041	$ 30,828	$ 53,848	$ 51,180	$ 52,477	$ 94,627	$ 87,574	$ 78,875	$ 73,310
Contributions as a Percentage of Covered-Employee Payroll	17.70%	15.97%	14.27%	12.37%	17.83%	15.73%	15.73%	15.73%	15.73%	14.89%

Public Safety System

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	$ 96,577	$ 92,803	$ 80,840	$ 67,093	$ 64,377	$ 50,086	$ 35,320	$ 30,879	$ 26,492	$ 18,212
Contributions in Relation to the Contractually Required Contribution	(96,577)	(92,803)	(80,840)	(67,093)	(64,377)	(50,086)	(35,320)	(30,879)	(26,492)	(18,212)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 233,559	$ 236,079	$ 216,787	$ 243,744	$ 196,571	$ 181,145	$ 132,038	$ 115,437	$ 99,036	$ 76,869
Contributions as a Percentage of Covered-Employee Payroll	41.35%	39.31%	37.29%	27.53%	32.75%	27.65%	26.75%	26.75%	26.75%	23.69%

Tier 2 Public Employees System

	2015	2014	2013	2012	2011*	2010*	2009*	2008*	2007*	2006*
Contractually Required Contribution	$ 85,958	$ 66,156	$ 49,068	$ 14,621	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in Relation to the Contractually Required Contribution	(85,958)	(66,156)	(49,068)	(14,621)						
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -						
Covered Employee Payroll	$ 1,315,692	$ 967,391	$ 632,088	$ 192,641						
Contributions as a Percentage of Covered-Employee Payroll	6.53%	6.84%	7.76%	7.59%						

*Contractually Required Contributions, Contributions, and Covered Payroll include information for Tier 2 Employees. The Tier 2 Public Employees System was created in fiscal year 2011. Prior to the implementation of GASB Statement No. 68, Tier 2 information was not separately available.

SOUTHERN UTAH UNIVERSITY

Annual Financial Report prepared by

Southern Utah University Controller's Office
351 W. University Blvd., Cedar City, UT 84720
435.586.7724

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the 2016 Bonds, Chapman and Cutler LLP, Bond Counsel, proposes to issue their final approving opinion in substantially the following form:

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Re: $8,420,000
State Board of Regents of the State of Utah
Southern Utah University
Auxiliary System and Student Building Fee
Revenue Refunding Bonds
Series 2016

We hereby certify that we have examined certified copy of the proceedings of the State Board of Regents of the State of Utah (the *"Board"*), including certified copy of the resolution adopted by the Board on April 1, 2016, authorizing the issuance by the Board, on behalf of Southern Utah University, an institution of higher education and a body politic and corporate of the State of Utah (the *"University"),* of its Southern Utah University Auxiliary System and Student Building Fee Revenue Refunding Bonds, Series 2016, in the aggregate principal amount of $8,420,000 (the *"2016 Bonds"*). The 2016 Bonds are issued and secured under the General Indenture of Trust, dated as of March 15, 1993, as previously amended and supplemented (the *"General Indenture"*), and as further amended and supplemented by the Seventh Supplemental Indenture of Trust, dated as of May 1, 2016 (the *"Seventh Supplemental Indenture"*), each between the Board, acting on behalf of the University and Wells Fargo Bank, N.A., as successor trustee. The General Indenture and the Seventh Supplemental Indenture are collectively referred to herein as the *"Indenture."* Initially-capitalized terms used and not defined herein have the meanings assigned to such terms in the Indenture.

The 2016 Bonds are dated as of the date hereof and mature on May 1 of each of the years and in the amounts and bear interest as follows:

MATURITY DATE (MAY 1)	PRINCIPAL AMOUNT	INTEREST RATE
2019	$ 450,000	2.000%
2020	460,000	2.000
2021	470,000	2.000
2022	480,000	2.000
2023	490,000	5.000
2024	515,000	5.000
2025	535,000	5.000
2026	565,000	5.000

MATURITY DATE (MAY 1)	PRINCIPAL AMOUNT	INTEREST RATE
2027	$ 590,000	2.000%
2028	605,000	2.250
2029	620,000	2.375
2030	635,000	2.625
2031	650,000	2.750
2033	1,355,000	3.000

The 2016 Bonds are subject to redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the 2016 Bonds and in the Indenture. The 2016 Bonds are issuable as fully registered bonds, without coupons, in the denomination of $5,000 or any whole multiple thereof.

The 2016 Bonds are being issued under the authority of the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the *"Utah Code"*), and the Utah Registered Public Obligations Act, Title 15, Chapter 7, Utah Code (collectively, the *"Act"*), for the purpose of providing funds to refund a portion of the Board's currently outstanding Southern Utah University Auxiliary System and Student Building Fee Revenue Bonds, Series 2008 (the *"Refunded Bonds"*), provide for the Series 2016 Debt Service Reserve Requirement and pay the costs of issuance of the 2016 Bonds and the costs of refunding the Refunded Bonds.

Based on such examination, we are of the opinion that such proceedings show lawful authority for the issuance of the 2016 Bonds under the laws of the State of Utah (the *"State"*) now in force and that:

(1) The Board has the power under the Act to execute and deliver into the Indenture and to issue the 2016 Bonds on behalf of the University, and the Indenture has been duly and lawfully authorized, executed and delivered by the Board and the University, is in full force and effect and is valid and binding upon the Board and the University and is enforceable in accordance with its terms, except (i) as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies are sought and (ii) to the extent that the obligations of the Board and the University under the Indenture are subject to the exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the power delegated to it by the federal constitution, and no other authorization for the Indenture is required.

(2) The Indenture creates the valid pledge that it purports to create of the Pledged Revenues, moneys, securities and funds held or set aside under the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

(3) The 2016 Bonds are valid and binding special obligations of the Board, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement

of creditors' rights generally or usual equity principles in the event equitable remedies are sought) and the terms of the Indenture, and the 2016 Bonds are entitled to the benefits of the Indenture and the Act, and the 2016 Bonds have been duly and validly authorized and issued in accordance with law and the Indenture.

(4) The Indenture grants to the owners of the 2016 Bonds and to the owners of any obligations hereafter issued on a parity with the 2016 Bonds in accordance with the provisions of the Indenture, a first lien on and pledge of Pledged Revenues.

(5) All actions, conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to the issuance and sale of the 2016 Bonds have been complied with.

(6) Subject to the Board's and the University's compliance with certain covenants under present law, interest on the 2016 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Board and University covenants could cause interest on the 2016 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2016 Bonds. Ownership of the 2016 Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the 2016 Bonds. In rendering our opinion on tax exemption, we have relied on the mathematical computation of the yield on the Bonds and the yield on certain investments by Grant Thornton LLP, Certified Public Accountants.

(7) Under the laws of the State of Utah as presently enacted and construed, interest on the 2016 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the 2016 Bonds may result in other State tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the 2016 Bonds.

We further certify that we have examined the form of the 2016 Bonds prescribed by the Indenture and find the same in due form of law.

We express no opinion herein as to the accuracy, adequacy or completeness of the official statement relating to the 2016 Bonds.

In rendering this opinion, we have relied upon certifications of the Board and the University with respect to certain material facts solely within their knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER PARAGRAPH (b)(5) OF RULE 15C2-12

[TO BE DATED CLOSING DATE]

This Continuing Disclosure Undertaking (this *"Agreement"*), is executed and delivered by the State Board of Regents of the State of Utah (the *"Issuer"*) and Southern Utah University (the *"University"*) in connection with the issuance by the Issuer of its Southern Utah University Auxiliary System and Student Building Fee Revenue Refunding Bonds, Series 2016, in the aggregate principal amount of $8,420,000 (the *"2016 Bonds"*). The 2016 Bonds are being issued pursuant to a General Indenture of Trust, dated as of March 15, 1993, as heretofore amended and supplemented (the *"General Indenture"*), as further amended and supplemented by a Seventh Supplemental Indenture of Trust, dated as of May 1, 2016 (the *"Seventh Supplemental Indenture"* and together with the General Indenture, the *"Indenture"*), each between the Issuer, the University and Wells Fargo Bank, N.A., as successor trustee (the *"Trustee"*).

In consideration of the issuance of the 2016 Bonds by the Issuer and the purchase of such 2016 Bonds by the beneficial owners thereof, the Issuer and the University covenant and agree as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Issuer and the University as of the date set forth above for the benefit of the beneficial owners of the 2016 Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer and the University represent that they will be the only obligated persons with respect to the 2016 Bonds at the time the 2016 Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the 2016 Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"Annual Financial Information" means the financial information and operating data described in *Exhibit I*.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of the University prepared pursuant to the standards and as described in *Exhibit I*.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the Issuer and the University and which has filed with the Issuer and the University a written acceptance of such designation, and such agent's successors and assigns.

"*EMMA*" means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the 2016 Bonds.

"*Reportable Event*" means the occurrence of any of the Events with respect to the 2016 Bonds set forth in *Exhibit II*.

"*Reportable Events Disclosure*" means dissemination of a notice of a Reportable Event as set forth in Section 5.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"*State*" means the State of Utah.

"*Undertaking*" means the obligations of the Issuer and the University pursuant to Sections 4 and 5.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the 2016 Bonds is are as follows:

MATURITY (MAY 1)	AMOUNT MATURING	CUSIP NUMBER (844089)
2019	$ 450,000	CR1
2020	460,000	CS9
2021	470,000	CT7
2022	480,000	CU4
2023	490,000	CV2
2024	515,000	CW0
2025	535,000	CX8
2026	565,000	CY6
2027	590,000	CZ3
2028	605,000	DA7
2029	620,000	DB5
2030	635,000	DC3
2031	650,000	DD1
2033	1,355,000	DE9

The Final Official Statement relating to the 2016 Bonds is dated April 27, 2016 (the "*Final Official Statement*"). The University will include the CUSIP Number in all disclosure described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the University hereby covenants that it will disseminate its Annual Financial Information and

its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the University will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the University hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to “material” in *Exhibit II* refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any 2016 Bonds or defeasance of any 2016 Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

6. CONSEQUENCES OF FAILURE OF THE UNIVERSITY TO PROVIDE INFORMATION. The University shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Issuer or the University to comply with any provision of this Agreement, the beneficial owner of any 2016 Bond may seek mandamus or specific performance by court order, to cause the Issuer or the University to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Issuer or the University to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Issuer and the University by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Issuer or the University, or type of business conducted; or

(ii) this Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) the amendment or waiver does not materially impair the interests of the beneficial owners of the 2016 Bonds, as determined either by parties unaffiliated with the Issuer and the University (such as bond counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the University shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer and the University shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to repayment of the 2016 Bonds under the Indenture. The University shall give notice to EMMA in a timely manner if this Section is applicable.

9. DISSEMINATION AGENT. The Issuer and the University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Issuer or the University from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Issuer or the University chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Issuer and the University shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event. If the Issuer or the University is changed, the University shall disseminate such information to EMMA.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the University, the Dissemination Agent, if any, and the beneficial owners of the 2016 Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The University shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. The Issuer shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

15. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated as of the date first above written.

STATE BOARD OF REGENTS OF THE STATE OF UTAH

By ______________________________________
Chair

[SEAL]

ATTEST:

By ______________________________________
Secretary

SOUTHERN UTAH UNIVERSITY

By ______________________________________
Vice President for Finance and Administration

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data of the type contained in the Official Statement under the following captions: (i) "DESCRIPTION OF PLEDGED REVENUES—The System" and "—Student Building Fees;" (ii) "HISTORICAL DEBT SERVICE COVERAGE (as the same became historically available);" (iii) "DEBT STRUCTURE OF SOUTHERN UTAH UNIVERSITY—Outstanding Debt Of The University" and "—Debt Service Schedule Of Outstanding Debt Of The University By Fiscal Year" and (iv) "FINANCIAL INFORMATION REGARDING SOUTHERN UTAH UNIVERSITY—Financial Summaries."

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The University shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA not later than 270 days after the end of each fiscal year of the University (currently June 30), commencing with the fiscal year ending June 30, 2016. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, if available.

Audited Financial Statements will be prepared in accordance with Generally Accepted Accounting Principles. Audited Financial Statements will be submitted to EMMA within 30 days after availability to the University.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the University will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE 2016 BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the obligated person*
13. The consummation of a merger, consolidation, or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

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* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the State 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 State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

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APPENDIX E

BOOK–ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited–purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non–U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post–trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book–entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly–owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com.

Purchases of 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 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 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2016 Bonds, except in the event that use of the book–entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, all 2016 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 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 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 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2016 Bonds may wish to ascertain that the nominee holding the 2016 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 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board of Regents as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2016 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 detailed information from the Board of Regents or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Board of Regents, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board of Regents or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Bonds at any time by giving reasonable notice to the Board of Regents or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

The Board of Regents may decide to discontinue use of the system of book–entry–only transfers through DTC (or a successor securities depository). In that event, 2016 Bond certificates will be printed and delivered to DTC.

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

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APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100

SUU SOUTHERN UTAH UNIVERSITY

LEARNING LIVES FOREVER