

Subject to compliance by the University and the Board of Higher Education with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2021 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. In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2021 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See “TAX MATTERS” herein.

The 2021 Bonds are not “bank-qualified.”



Utah Board of Higher Education Weber State University

\$5,815,000 Student Facilities System Revenue Bonds, Series 2021

The \$5,815,000 Student Facilities System Revenue Bonds, Series 2021 are issued by the Utah Board of Higher Education (formerly known as the State Board of Regents of the State of Utah) for and on behalf of the 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 2021 Bonds.

Principal of and interest on the 2021 Bonds (interest payable April 1 and October 1 of each year, commencing October 1, 2021) 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 2021 BONDS—Book-Entry System” herein.

The 2021 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See “THE 2021 BONDS—Redemption Provisions” herein.

The 2021 Bonds are being issued for paying a portion of the costs of construction of the Noorda Engineering and Science Building on the University’s Ogden, Utah campus; paying capitalized interest; and paying costs associated with the issuance of the 2021 Bonds. The 2021 Bonds will be issued pursuant to the Indenture, as described herein. The Board of Higher Education has pledged, pursuant to the Indenture, its rights in and to the Pledged Revenues to the payment of the 2021 Bonds. The 2021 Bonds are equally and ratably secured with the Outstanding Parity Bonds and any Additional Bonds hereafter issued under the Indenture. See “THE 2021 BONDS” and “THE 2021 PROJECT” herein.

The 2021 Bonds are not an indebtedness of the State of Utah, the University, or the Board of Higher Education within the meaning of any constitutional or statutory debt limitation, but are special limited obligations of the Board of Higher Education, 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 2021 BONDS” herein. The issuance of the 2021 Bonds shall not directly, indirectly, or contingently obligate the Board of Higher Education, 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 2021 Bonds. Neither the Board of Higher Education nor the University has any taxing power.

In addition, the 2021 Bonds are secured by amounts on deposit in an account in the Debt Service Reserve Fund. The Board of Higher Education 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 2021 Bonds (including payment of amounts due with respect to amounts drawn under a reserve instrument) or (ii) meet any projected shortfalls of payment of principal and/or interest for the 2021 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 2021 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 2021 Bonds.

The scheduled payment of principal of and interest on the 2021 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2021 Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.



Dated: Date of Delivery¹

Due: April 1, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2021 Bonds

The 2021 Bonds were awarded pursuant to competitive bidding received by means of the **PARITY**® electronic bid submission system on June 17, 2021 as set forth in the **OFFICIAL NOTICE OF BOND SALE** (dated the date of the **PRELIMINARY OFFICIAL STATEMENT**) to UBS Financial Services Inc., New York, New York at a “true interest rate” of 1.83%.

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 June 17, 2021, and the information contained herein speaks only as of that date.

¹ The anticipated date of delivery is Tuesday, June 29, 2021

Utah Board of Higher Education
Weber State University
\$5,815,000
Student Facilities System Revenue Bonds, Series 2021

Dated: Date of Delivery¹

Due: April 1, as shown below

\$4,815,000 Serial Bonds

| Due April 1 | CUSIP® 947673 | Principal Amount | Interest Rate | Yield |
|------------------------|--------------------------|-----------------------------|--------------------------|-------------------|
| 2023..... | HN2 | \$200,000 | 5.00 % | 0.27% |
| 2024..... | HP7 | 210,000 | 5.00 | 0.35 |
| 2025..... | HQ5 | 225,000 | 5.00 | 0.48 |
| 2026..... | HR3 | 235,000 | 5.00 | 0.61 |
| 2027..... | HS1 | 245,000 | 5.00 | 0.71 |
| 2028..... | HT9 | 260,000 | 5.00 | 0.83 |
| 2029..... | HU6 | 270,000 | 5.00 | 0.95 |
| 2030..... | HV4 | 285,000 | 5.00 | 1.07 |
| 2031..... | HW2 | 300,000 | 4.00 | 1.18 ^c |
| 2032..... | HX0 | 310,000 | 4.00 | 1.25 ^c |
| 2036..... | JB6 | 355,000 | 3.00 | 1.50 ^c |
| 2037..... | JC4 | 365,000 | 3.00 | 1.58 ^c |
| 2038..... | JD2 | 375,000 | 3.00 | 1.66 ^c |
| 2039..... | JE0 | 385,000 | 2.00 | 2.102 |
| 2040..... | JF7 | 395,000 | 2.00 | 2.163 |
| 2041..... | JG5 | 400,000 | 2.125 | 2.219 |

\$1,000,000 3.00% Term Bond due April 1, 2035—Price 113.936% ^c (CUSIP®947673 JA8)

¹ The anticipated date of delivery is Tuesday, June 29, 2021.

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^c Priced/yield to par call on October 1, 2030.

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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 2021 Bonds, 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 Utah Board of Higher Education (the “Board of Higher Education”); Weber State 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); Build America Mutual Assurance Company, New York, New York (“BAM”); or any other entity. All other information contained herein has been obtained from the Board of Higher Education, the University, 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 2021 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Board of Higher Education or the University since the date hereof.

BAM makes no representation regarding the 2021 Bonds or the advisability of investing in the 2021 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under “BOND INSURANCE” and “APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

The 2021 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 2021 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2021 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.

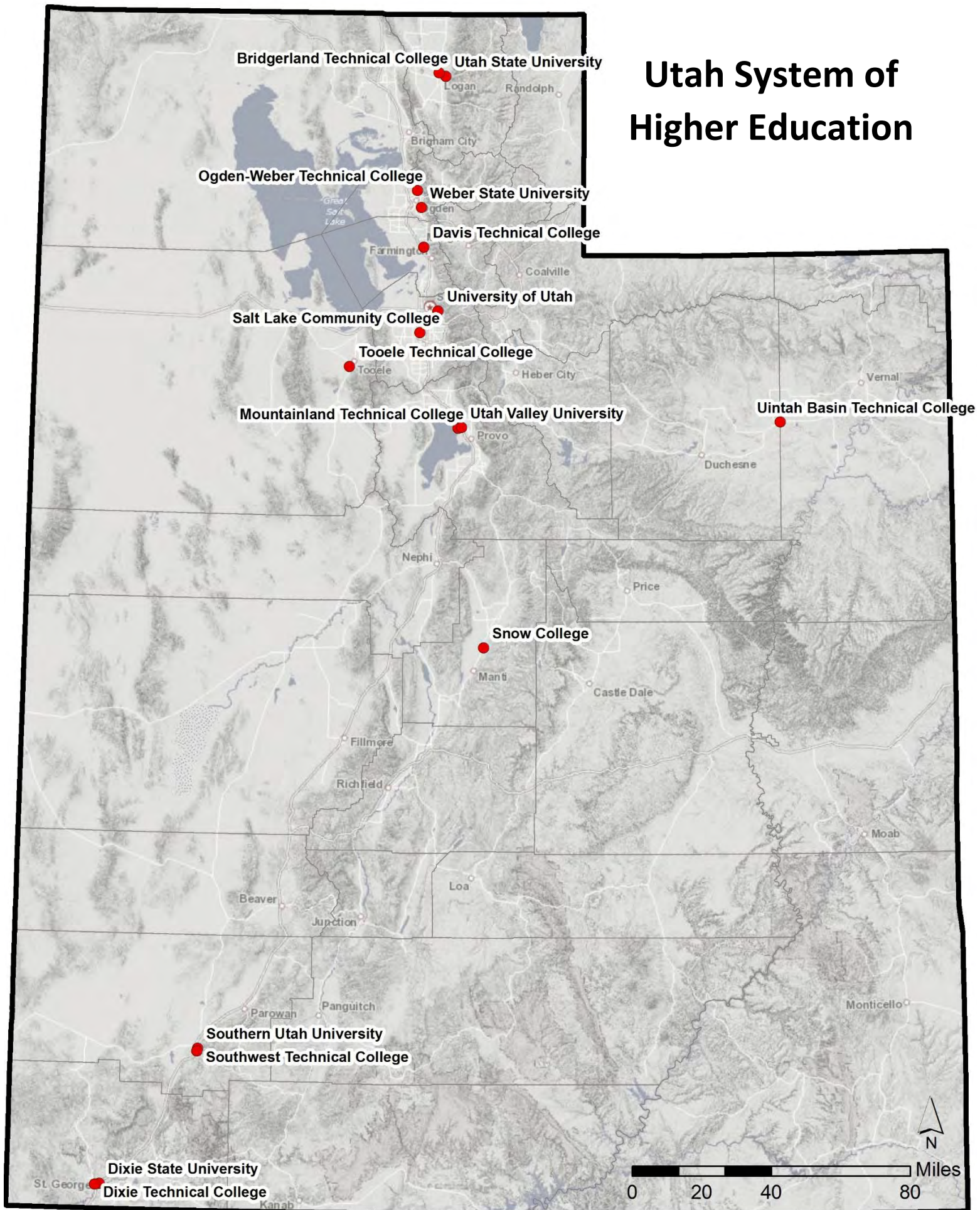
The yields/prices at which the 2021 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2021 Bonds to dealers and others. In connection with the offering of the 2021 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2021 Bonds. Such transactions may include overallocments in connection with the purchase of 2021 Bonds, the purchase of 2021 Bonds to stabilize their market price and the purchase of 2021 Bonds to cover short positions of the successful bidder(s). Such transactions, if commenced, may be discontinued at any time.

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 Higher Education 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” herein.***

The CUSIP® (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 Higher Education 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 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2021 Bonds.

The information available at the websites 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 2021 Bonds and is not a part of this OFFICIAL STATEMENT.

Utah System of Higher Education



OFFICIAL STATEMENT RELATING TO

\$5,815,000

Utah Board of Higher Education

Weber State University

Student Facilities System Revenue Bonds, Series 2021

INTRODUCTION

This introduction contains only a brief description of the hereinafter described 2021 Bonds, as defined herein, the security and sources of payment for the 2021 Bonds and certain information regarding the Utah Board of Higher Education (formerly known as the State Board of Regents of the State of Utah) (the “Board of Higher Education”) and Weber (pronounced “We-ber”) State 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—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Definitions” (page A–1) or the Indenture (as defined below).

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE;” “APPENDIX B—FINANCIAL REPORT OF WEBER STATE UNIVERSITY FOR FISCAL YEAR 2020;” “APPENDIX C—FORM OF OPINION OF BOND COUNSEL;” “APPENDIX D—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. When used herein the term “Calendar Year[s] 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated. The term “Academic Year 20YY–YY” of the University begins with the Summer Term (approximately the second week in May), then Fall Semester and Spring Semester (ending approximately the first week in May of the next calendar year).

Impact Of Coronavirus (COVID–19)

In December 2019, a novel strain of coronavirus known as COVID–19 (“COVID–19”) began spreading throughout the world and has been characterized by the World Health Organization as a pandemic disease. COVID–19 is currently affecting the University; the State of Utah (the “State”); national; and global economic activity (increasing public and private health emergency response costs and reducing sources of University and State revenues) and consequently may impact the financial condition of the University. Because this OFFICIAL STATEMENT relies on future budgets and historical data for financial information about the University, such information may not necessarily predict future trends accurately.

The extent to which COVID–19 will impact the University in the future is uncertain and cannot be predicted. *However, the University does not expect the various aspects of COVID–19 to negatively impact the University’s ability to repay the principal of and interest on the 2021 Bonds.* See “SECURITY FOR THE 2021 BONDS” below.

For a discussion of the University’s response to manage the economic recovery and all current and future University revenues, expenditures, and budgets, see “FINANCIAL INFORMATION REGARDING WEBER STATE UNIVERSITY—Management’s Discussion And Analysis” below.

Public Sale/Electronic Bid

The 2021 Bonds were awarded pursuant to competitive bidding received by means of the **PARITY**® electronic bid submission system on June 17, 2021 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of the PRELIMINARY OFFICIAL STATEMENT) to UBS Financial Services Inc., New York, New York at a “true interest rate” of 1.83%.

The Board Of Higher Education And The 2021 Bonds

The Board of Higher Education 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 institution 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 Ogden, Utah. See “UTAH BOARD OF HIGHER EDUCATION” and “WEBER STATE 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 Higher Education, acting for and on behalf of the University (the Board of Higher Education, 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 \$5,815,000 Weber State University, Student Facilities System Revenue Bonds, Series 2021 (the “2021 Bonds” or “2021 Bond”), initially issued in book-entry form only.

Weber State University

The University’s main campus is located in Ogden City, Utah (the “City”). The City, incorporated in 1851, covers an area of approximately 27 square miles and is the county seat of Weber County, Utah (the “County”). The City is located in the center of the County, approximately 35 miles north of Salt Lake City, Utah, adjacent to Interstate Highways I-15 and I-84. The City had 87,773 residents according to the 2019 population estimate by the U.S. Census Bureau and ranked as the 7th most populated city in the State of Utah (out of approximately 244 municipal entities). The County covers 662 square miles and is ranked 4th in population (out of 29 counties in the State of Utah) with a population of approximately 260,213 people, according to the 2019 estimate by the U.S. Census Bureau.

The University is one of the institutions of the State System of Higher Education and had a student enrollment for Academic Year 2020–2021 (2020 Fall semester (third week) headcount) of 29,596 students (educating approximately 15.7% of the students in the Utah System of Higher Education system). See “WEBER STATE UNIVERSITY” below.

Authority And Purpose Of The 2021 Bonds; Outstanding Parity Bonds

Authority. The 2021 Bonds are being issued pursuant to: Title 53B, Chapter 21, Utah Code Annotated, 1953, as amended (the “Utah Code”) (the “Higher Education Act”), and other applicable provisions of law (collectively with the Higher Education Act, the “Act”); (ii) a resolution adopted by the Board of Higher Education on May 21, 2021 (the “Authorizing Resolution”), which provides for the authorization, issuance, sale and delivery of the 2021 Bonds; and (iii) a General Indenture of Trust, dated as of July 1, 1997, as previously supplemented and amended (the “General Indenture”), and as further supplemented by an Eleventh Supplemental Indenture, dated as of June 1, 2021 (the “Eleventh Supplemental Indenture”) providing for the issuance of the 2021 Bonds. The General Indenture and the Eleventh 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 2021 Bonds (the “Trustee”).

Purpose. The 2021 Bonds are being issued for paying a portion of the costs of construction of the Noorda Engineering and Science Building on the University’s Ogden campus. Proceeds from the sale of the 2021 Bonds will also be used to pay capitalized interest and the costs associated with the issuance of the 2021 Bonds, all as further described herein. See “THE 2021 BONDS—Sources And Uses Of Funds” below.

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

(i) \$17,380,000 (original principal amount) Weber State University, Student Facilities System Revenue Bonds, Series 2012, dated June 26, 2012, currently outstanding in the aggregate principal amount of \$10,970,000 (the “2012 Bonds”);

(ii) \$18,135,000 (original principal amount) Weber State University, Student Facilities System Revenue Refunding Bonds, Series 2015, dated February 24, 2015, currently outstanding in the aggregate principal amount of \$12,025,000 (the “2015 Bonds”);

(iii) \$7,215,000 (original principal amount) Weber State University, Student Facilities System Revenue Refunding Bonds, Series 2017, dated January 5, 2017, currently outstanding in the aggregate principal amount of \$5,285,000 (the “2017 Bonds”); and

(iv) \$10,835,000 (original principal amount) Weber State University, Student Facilities System Revenue Refunding Bonds, Series 2019, dated December 19, 2019, currently outstanding in the aggregate principal amount of \$10,485,000,000 (the “2019 Bonds”).

The 2012 Bonds, the 2015 Bonds, the 2017 Bonds and the 2019 Bonds are sometimes collectively referred to herein as, the “Outstanding Parity Bonds.” The Outstanding Parity Bonds (as of the closing and delivery of the 2021 Bonds) will have an outstanding principal amount of \$38,765,000.

Security

Utah law provides for the issuance of revenue bonds by the Board of Higher Education 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 Higher Education 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 interest, 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 2021 Bonds are payable, on a parity with the Outstanding Parity Bonds, from and are secured by a pledge under the Indenture of Pledged Revenues, which consist principally of (i) certain student building fees heretofore and hereafter assessed and collected from each student in attendance at the University and certain other funds and (ii) fees derived from the ownership and operation of the University’s Student Facilities System (as defined herein), subject to payment of Current Expenses. See “SECURITY FOR THE 2021 BONDS” below.

Neither the Board of Higher Education 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 2021 Bonds.

The 2021 Bonds are not an indebtedness of the State, the University or the Board of Higher Education but are special, limited obligations of the Board of Higher Education, payable from and secured solely by the Pledged Revenues, and other amounts established by the Indenture as described in the Indenture and this OFFICIAL STATEMENT. The issuance of the 2021 Bonds shall not directly, indirectly, or contingently obligate the Board of Higher Education, 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 Higher Education nor the University has any taxing power.

The 2021 Bonds are secured on a parity lien with the Outstanding Parity Bonds and 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 2021 BONDS—Additional Bonds” below. The 2021 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 2021 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2021 Bonds by Build American Mutual Assurance Company (“BAM”). See “BOND INSURANCE” below.

Debt Service Reserve Account For The 2021 Bonds

The 2021 Bonds are also secured by an account in the Debt Service Reserve Fund (the “2021 Debt Service Reserve Account”). The 2021 Debt Service Reserve Requirement, as defined herein, will be satisfied by obtaining a 2021 Reserve Instrument (as defined herein) from BAM. See “SECURITY FOR THE 2021 BONDS—2021 Debt Service Reserve Account” below.

Redemption Provisions

The 2021 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See “THE 2021 BONDS—Redemption Provisions” below.

Registration, Denominations, Manner Of Payment

The 2021 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 2021 Bonds. Purchases of 2021 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. Beneficial Owners (as defined herein) of the 2021 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 2021 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX E—BOOK-ENTRY SYSTEM” below.

Principal of and interest on the 2021 Bonds (interest payable April 1 and October 1 of each year, commencing October 1, 2021) are payable by Wells Fargo Bank, as Paying Agent (the “Paying Agent”), to the registered owners of the 2021 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 2021 Bonds, as described under “APPENDIX E—BOOK-ENTRY SYSTEM” below.

So long as DTC or its nominee is the sole registered owner of the 2021 Bonds, neither the Board of Higher Education, 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 the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2021 Bonds.

Regular Record Date; Transfer Or Exchange

The Regular Record Date for the 2021 Bonds is the 15th day (whether or not a Business Day) next preceding each Interest Payment Date. The Special Record Date for the 2021 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 2021 Bonds may be transferred or exchanged as provided in the Indenture. The Board of Higher Education, the University and the Trustee shall not be required to transfer or exchange any 2021 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 2021 Bond for redemption nor at any time following the mailing of notice calling such 2021 Bond for redemption.

Tax Matters Regarding The 2021 Bonds

Subject to compliance by the University and the Board of Higher Education with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2021 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.

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2021 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act.

The 2021 Bonds are not “bank-qualified.”

See “TAX MATTERS” below for a more complete discussion.

Professional Services

In connection with the issuance of the 2021 Bonds, the following have served the Board of Higher Education in the capacity indicated.

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*Bond Counsel and Disclosure Counsel
to the Board of Higher Education*

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ehunter@chapman.com

Municipal Advisor

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Salt Lake City UT 84133-1109
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brian.baker@zionsbancorp.com

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

The 2021 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 matters regarding this OFFICIAL STATEMENT will be passed on for the Board of Higher Education and the University by Chapman and Cutler LLP, Disclosure Counsel to the Board of Higher Education. Certain legal matters will be passed on for the Board of Higher Education and the University by the Office of the Attorney General of the State. It is expected that the 2021 Bonds, in book-entry form only, will be available for delivery to DTC or its agent on or about Tuesday, June 29, 2021.

Continuing Disclosure Undertaking

The University and the Board of Higher Education will enter into a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2021 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX D—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 Higher Education, the University and the 2021 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 2021 Bonds are qualified in their entirety by reference to each such document.

Descriptions of the Indenture and the 2021 Bonds are qualified by reference to bankruptcy 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 2021 Bonds and establishing the rights and responsibilities of the Board of Higher Education, the University, and other parties to the transaction, may be obtained from the “contact persons” as indicated below. The Indenture is attached hereto as “APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

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
Jeanette Harris, Vice President jeanette.harris@zionsbancorp.com

Zions Public Finance, Inc.
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 Board of Higher Education concerning the 2021 Bonds is:

Richard Amon, PhD, Chief Financial Officer
ramon@ushe.edu
Utah System of Higher Education
60 S 400 W
Salt Lake City UT 84101
801.321.7241 | f 801.321.7199

As of the date of this OFFICIAL STATEMENT, the chief contact person for the University concerning the 2021 Bonds is:

Dr. Norman Tarbox, Vice President of Administrative Services
ntarbox@weber.edu
Weber State University
1006 University Cir
Ogden UT 84408-1006
801.626.6004—Fax 801.626.7922

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2021 Bonds, BAM will issue its Municipal Bond Insurance Policy for the 2021 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the 2021 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.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all 50 states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is 200 Liberty St., 27th Fl, NY, NY 10281, 212.235.2500, buildamerica.com.

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

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the 2021 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the 2021 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the Board of Higher Education of the 2021 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the 2021 Bonds, nor does it guarantee that the rating on the 2021 Bonds will not be revised or withdrawn.

Capitalization of BAM. BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$477.7 million, \$156.4 million, and \$321.3 million, respectively.

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

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

BAM makes no representation regarding the 2021 Bonds or the advisability of investing in the 2021 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under this section "BOND INSURANCE."

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

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

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the Board of Higher Education, the University, or the successful bidder(s) for the 2021 Bonds, and the Board of Higher Education, the University or the successful bidder(s) assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the 2021 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the 2021 Bonds, whether at the initial offering or otherwise.

ADDITIONAL INFORMATION REGARDING THE BOND INSURER

BAM is the provider of the Policy. For so long the Policy is in effect, BAM shall be deemed to be the sole holder of the 2021 Bonds for exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the 2021 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 2021 Bonds or adversely affects the rights and interests of BAM shall be subject to the prior written consent of BAM. The consent of BAM is required prior to any acceleration of the 2021 Bonds under the Indenture. In addition, in the event BAM makes any payments in respect of principal of or interest on the 2021 Bonds pursuant to the Policy to the owners of such

2021 Bonds, BAM 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 BAM and the Policy, see “BOND INSURANCE” above.

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking For 2021 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 2021 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 Securities and Exchange Commission 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 2021 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—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 each February 1. The University will submit the Fiscal Year 2021 Financial Report and other operating and financial information for the 2021 Bonds on or before February 1, 2022, and annually thereafter on or before each February 1 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 2021 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 2021 Bonds in the secondary market. Any such failure may adversely affect the marketability of the 2021 Bonds.

During the five years prior to the date of this OFFICIAL STATEMENT, the University has not failed to comply in any material respect with its prior undertakings for the University pursuant to the Rule.

Other Colleges and Universities Under the Board of Higher Education; The University’s Disclosure Responsibilities. Certain other higher education system institutions (colleges and universities) on behalf of which the Board of Higher Education 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 undertakings. The Board of Higher Education 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. The University has adopted the necessary policies and provides the necessary training. *The University has retained a third-party disclosure firm to assist with its future continuing disclosure filing responsibilities.*

THE 2021 BONDS

General

The 2021 Bonds will be dated the date of their initial delivery¹ and will mature on April 1 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

The 2021 Bonds shall bear interest from their date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2021 Bonds is payable semiannually on each April 1 and October 1, commencing October 1, 2021. Interest on the 2021 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 2021 Bonds.

The 2021 Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

¹ The anticipated date of delivery is Tuesday, June 29, 2021.

Sources And Uses Of Funds

The proceeds from the sale of the 2021 Bonds are estimated to be applied as set forth below:

| | |
|---|-----------------------|
| <i>Sources</i> | |
| Par amount of 2021 Bonds | \$5,815,000.00 |
| Original issue premium | 855,440.35 |
| University Funds | <u>156,812.32</u> |
| Total | <u>\$6,827,252.67</u> |
| <i>Uses</i> | |
| Deposit to Construction Account (1)..... | \$6,500,000.00 |
| Capitalized interest (through April 1, 2022)..... | 156,812.32 |
| Costs of issuance (2) | 100,173.27 |
| Underwriter's discount..... | 48,617.08 |
| Original issue discount..... | <u>21,650.00</u> |
| Total..... | <u>\$6,827,252.67</u> |

(1) 2021 Bond proceeds for construction purposes are only a small portion of the total cost of construction for the 2021 Project. See "THE 2021 PROJECT" below.

(2) Includes legal fees, Municipal Advisor fees, rating agency fees, Trustee, Registrar and Paying Agent fees, reserve instrument fees, bond insurance fees, rounding amounts and other miscellaneous costs of issuance.

(Source: Municipal Advisor.)

Redemption Provisions

Optional Redemption. The 2021 Bonds maturing on or after April 1, 2031 are subject to redemption at the option of the Board of Higher Education on October 1, 2030, and on any date thereafter prior to maturity, in whole or in part, from such maturities as may be selected by the Board of Higher Education, 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 2021 Bonds to be redeemed, plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The 2021 Bonds maturing on April 1, 2035 (the "2021 Term Bonds") are subject to redemption in part by operation of Sinking Fund Installments as provided in the Indenture, upon notice as provided in the Indenture, at a redemption price equal to the principal amount of the 2021 Term Bonds or portion thereof to be redeemed, together with accrued interest to the date of redemption. The amounts and due dates of the Sinking Fund Installments for the 2021 Term Bonds are set forth in the following tables:

| <u>Mandatory Sinking Fund Redemption Date</u> | <u>Sinking Fund Requirements</u> |
|---|--------------------------------------|
| April 1, 2033 | \$ 325,000 |
| April 1, 2034 | 335,000 |
| April 1, 2035 (final maturity) | <u>340,000</u> |
| Total | <u>\$1,000,000</u> |

If less than all of any 2021 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 Issuer on future mandatory sinking fund redemption dates for such 2020 Term Bond in such order as shall be directed by the University.

Partial Redemption of 2021 Bonds. If any 2021 Bond is to be redeemed in part only, upon the presentation of such bond for such partial redemption, the Board of Higher Education 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 Higher Education, a 2021 Bond or 2021 Bonds of the same interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered 2021 Bond. A portion of any 2021 Bond of a denomination more than \$5,000 will be in the principal amount of \$5,000 or a natural multiple thereof and in selecting portions of such 2021 Bonds for redemption, the Trustee will treat each such 2021 Bond as representing that number of 2021 Bonds of \$5,000 which is obtained by dividing the principal amount of such 2021 Bond by \$5,000.

Notice of Redemption. Notice of redemption of any 2021 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 2021 Bonds and CUSIP numbers of the 2021 Bonds being redeemed; (ii) the dated date of and interest rate on such Bonds; (iii) in the case of partial redemption of 2021 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 2021 Bond, a new 2021 Bond in principal amount equal to the unredeemed portion of such 2021 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 2021 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 2021 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. Each notice may further state that such redemption shall be conditional upon the Trustee's receiving on or prior to the date fixed for redemption moneys sufficient to pay the principal of and interest on the 2021 Bonds to be redeemed and that if such moneys have not been so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, one time, in the same manner in which the notice of redemption was given, that such moneys were not so received.

For so long as a book-entry system is in effect with respect to the 2021 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 2021 Bonds.

Book-Entry System

DTC will act as securities depository for the 2021 Bonds. The 2021 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 2021 Bond certificate will be issued for each maturity of the 2021 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 2021 Bonds

| Payment Date | The 2021 Bonds | | Period Total | Fiscal Total |
|-----------------------|----------------|--------------|--------------|--------------|
| | Principal | Interest | | |
| October 1, 2021 | \$ 0.00 | \$ 53,117.22 | \$ 53,117.22 | |
| April 1, 2022 | 0.00 | 103,925.00 | 103,925.00 | \$157,042.22 |
| October 1, 2022 | 0.00 | 103,925.00 | 103,925.00 | |
| April 1, 2023 | 200,000.00 | 103,925.00 | 303,925.00 | 407,850.00 |
| October 1, 2023 | 0.00 | 98,925.00 | 98,925.00 | |
| April 1, 2024 | 210,000.00 | 98,925.00 | 308,925.00 | 407,850.00 |
| October 1, 2024 | 0.00 | 93,675.00 | 93,675.00 | |
| April 1, 2025 | 225,000.00 | 93,675.00 | 318,675.00 | 412,350.00 |
| October 1, 2025 | 0.00 | 88,050.00 | 88,050.00 | |
| April 1, 2026 | 235,000.00 | 88,050.00 | 323,050.00 | 411,100.00 |
| October 1, 2026 | 0.00 | 82,175.00 | 82,175.00 | |
| April 1, 2027 | 245,000.00 | 82,175.00 | 327,175.00 | 409,350.00 |
| October 1, 2027 | 0.00 | 76,050.00 | 76,050.00 | |
| April 1, 2028 | 260,000.00 | 76,050.00 | 336,050.00 | 412,100.00 |
| October 1, 2028 | 0.00 | 69,550.00 | 69,550.00 | |
| April 1, 2029 | 270,000.00 | 69,550.00 | 339,550.00 | 409,100.00 |
| October 1, 2029 | 0.00 | 62,800.00 | 62,800.00 | |
| April 1, 2030 | 285,000.00 | 62,800.00 | 347,800.00 | 410,600.00 |
| October 1, 2030 | 0.00 | 55,675.00 | 55,675.00 | |
| April 1, 2031 | 300,000.00 | 55,675.00 | 355,675.00 | 411,350.00 |
| October 1, 2031 | 0.00 | 49,675.00 | 49,675.00 | |
| April 1, 2032 | 310,000.00 | 49,675.00 | 359,675.00 | 409,350.00 |
| October 1, 2032 | 0.00 | 43,475.00 | 43,475.00 | |

Debt Service On The 2021 Bonds—continued

| Payment Date | The 2021 Bonds | | Period Total | Fiscal Total |
|-----------------------|-----------------------|-----------------------|-----------------------|--------------|
| | Principal | Interest | | |
| April 1, 2033..... | \$ 325,000.00 (1) | \$ 43,475.00 | \$ 368,475.00 | \$411,950.00 |
| October 1, 2033 | 0.00 | 38,600.00 | 38,600.00 | |
| April 1, 2034..... | 335,000.00 (1) | 38,600.00 | 373,600.00 | 412,200.00 |
| October 1, 2034 | 0.00 | 33,575.00 | 33,575.00 | |
| April 1, 2035..... | 340,000.00 (1) | 33,575.00 | 373,575.00 | 407,150.00 |
| October 1, 2035 | 0.00 | 28,475.00 | 28,475.00 | |
| April 1, 2036..... | 355,000.00 | 28,475.00 | 383,475.00 | 411,950.00 |
| October 1, 2036 | .00 | 23,150.00 | 23,150.00 | |
| April 1, 2037..... | 365,000.00 | 23,150.00 | 388,150.00 | 411,300.00 |
| October 1, 2037 | 0.00 | 17,675.00 | 17,675.00 | |
| April 1, 2038..... | 375,000.00 | 17,675.00 | 392,675.00 | 410,350.00 |
| October 1, 2038 | 0.00 | 12,050.00 | 12,050.00 | |
| April 1, 2039..... | 385,000.00 | 12,050.00 | 397,050.00 | 409,100.00 |
| October 1, 2039 | 0.00 | 8,200.00 | 8,200.00 | |
| April 1, 2040..... | 395,000.00 | 8,200.00 | 403,200.00 | 411,400.00 |
| October 1, 2040 | 0.00 | 4,250.00 | 4,250.00 | |
| April 1, 2041..... | <u>400,000.00</u> | <u>4,250.00</u> | <u>404,250.00</u> | 408,500.00 |
| Totals..... | <u>\$5,815,000.00</u> | <u>\$2,136,942.22</u> | <u>\$7,951,942.22</u> | |

(1) Mandatory sinking fund principal payments from a \$1,000,000, 3.00% term bond due April 1, 2035.

(Source: Municipal Advisor.)

SECURITY FOR THE 2021 BONDS

Security And Source Of Payment

The 2021 Bonds and the Outstanding Parity Bonds are payable from, and are secured by a pledge under the Indenture of, Pledged Revenues, which consist of: (a) Student Building Fees; (b) the rentals, charges, fees, income and other revenue derived from the ownership and operation of the University's Student Facilities System, subject to payment from such Pledged Revenues of Current Expenses; (c) any Pledged Discretionary Investment Income; and (d) all earnings on certain funds and accounts held by the Trustee under the Indenture.

Pledged Revenues. The 2021 Bonds are limited obligations of the University payable solely from the limited sources of Pledged Revenues described below:

Student Building Fees. The University imposes and collects student building fees (the "Student Building Fees") from each full-time and part-time graduate and undergraduate students attending the University for the use and availability of certain of the facilities and buildings of the University facilities and buildings of the Student Facilities System. Student Building Fees represent a portion of the total student building and other fees imposed on the students.

Student Facilities System Revenues. The University receives rentals, charges, fees, income and other revenues from the ownership and operation of the Student Facilities System consisting of:

- (1) the existing Student Union Building of the University, including food service facilities therein;
- (2) the existing University bookstore;
- (3) the existing Dee Events Center including all concessions, parking, and other revenues therefrom;
- (4) the existing student housing facilities and the student housing facilities financed with proceeds of a 2010A Bond issuance and the 2012 Bonds (currently consisting of University Village, Residence Hall 1, Stewart Wasatch Hall, and Residence Hall 3);

(5) the extension of the Stromberg Center for student recreation financed by the 2012 Bonds and a portion of the 2012 project consisting of certain classroom building facilities were financed with proceeds of the 2012 Bonds (the “Classroom Building System Facilities”) which are, in each case, designated by the University as Additional Facilities of the Student Facilities System (the “2012 Additional Facilities”);

(6) the 2021 Project, which consists of the Noorda Engineering and Science Building, a portion of which was financed with proceeds of the 2021 Bonds which is designated by the University as Additional Facilities of the Student Facilities System (the “2021 Additional Facilities”); and

(7) all other facilities to house proprietary activities or student housing facilities (including buildings and facilities known as “student union buildings”) which may be hereafter added to the Student Facilities System and designated as Additional Facilities by the University while any of the Bonds herein authorized or which may be authorized and made payable from Pledged Revenues remain Outstanding (collectively, the “Student Facilities System”).

The revenues from the operation of the Student Facilities System are to be used first to pay the Current Expenses of the Student Facilities System, the remaining revenues, if any, constitute Pledged Revenues, and then are to be used to pay the principal of, premium, if any, and interest on the Bonds.

Pledged Discretionary Investment Income. “Pledged Discretionary Investment Income” is defined under the Indenture as the amount, if any, of discretionary investment income allocated annually by the University in each Fiscal Year. Such discretionary investment income may include any legally available investment income of the University, but shall not in any event include any amounts that constitute tuition or appropriations by the Legislature. Prior to the beginning of each Fiscal Year, the University shall determine whether the Pledged Revenues (excluding any Pledged Discretionary Investment Income) are projected to be sufficient to enable the University to meet the Rate Covenant Requirement for the Bonds. In the event that such projection indicates that the Pledged Revenues will not be sufficient to meet the Rate Covenant Requirement during the forthcoming Fiscal Year, the University covenants and agrees that it will allocate such amount of its discretionary investment income as shall be necessary to cause the total Pledged Revenues to equal the Rate Covenant Requirement for the Bonds for such Fiscal Year. The University will file a certificate with the Trustee prior to July 1 of each Fiscal Year that (i) shows the projected Pledged Revenues (excluding any Pledged Discretionary Investment Income), Aggregate Debt Service and the amount, if any, of Pledged Discretionary Investment Income, and (ii) demonstrates the University’s compliance with the Rate Covenant Requirement, all for the forthcoming Fiscal Year.

Other Revenues. The University has also pledged earnings on certain of the funds and accounts created by the Resolution and held by the Trustee (subject to certain arbitrage rebate requirements).

Items not Included as Pledged Revenues. Pledged Revenues shall not include appropriations by the Legislature, or any other revenue of the University not specifically identified above.

For a detailed description of the specific Pledged Revenues see “DESCRIPTION OF PLEDGED REVENUE SOURCES” below.

The 2021 Bonds are not an indebtedness of the State, the University or the Board of Higher Education but are special, limited obligations of the Board of Higher Education, payable from and secured solely by the Pledged Revenues, and such funds and accounts established by the Indenture. The issuance of the 2021 Bonds shall not directly, indirectly, or contingently obligate the Board of Higher Education, 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 Higher Education nor the University has any taxing power.

Rate Covenant

The Board of Higher Education and the University covenant in the Indenture and agree to establish, fix, prescribe, continue and collect (directly or through leases, use agreements or other agreements, or licenses or ordinances) rates and charges for the sale or use of the Student Facilities System services furnished by the University which, together with other income, are reasonably expected to yield Pledged Revenues, which are at least equal to the Rate Covenant Requirement for the forthcoming Fiscal Year.

The term “Rate Covenant Requirement” as defined in the Indenture as an amount at least equal to at least (i) 125% of the Aggregate Debt Service excluding amounts payable on Repayment Obligations for the Fiscal Year, and (ii) 100% of the Re-

payment Obligations, if any, which will be due and payable during the forthcoming Fiscal Year, and (iii) 100% of the amounts, if any, required by the Indenture to be deposited into the Debt Service Reserve Account during the forthcoming Fiscal Year.

Flow Of Funds

The Indenture ratifies and approves the creation of special funds designated as the System Revenue Accounts, into which the University is required to set aside and deposit into separate subaccounts all Operating Revenues and Student Building Fees upon receipt thereof by the University.

The Current Expenses shall be paid by the University from Operating Revenues as they become due and payable as a first charge on the Operating Revenues (but not the Student Building Fees) in the System Revenue Accounts.

The Indenture provides that on or before the 15th Business Day prior to each principal or interest payment date, the University shall transfer and deposit the amount as set forth below into the following Funds in the following order, after payment of unpaid Current Expenses then due (from Operating Revenues but not from Student Building Fees), from amounts on deposit in the System Revenue Accounts to the extent of Pledged Revenues available in the System Revenue Accounts, on or before the 15th Business Day prior to each Interest Payment Date:

(i) into the Bond Fund an amount equal to the interest and principal payable on the Bonds on the next succeeding Interest Payment Date;

(ii) to the accounts maintained in the Reserve Instrument Fund, the amount required to be paid to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement in order to cause the Reserve Instrument Coverage to equal the Reserve Instrument Limit, such that the Reserve Instrument Coverage shall equal the Reserve Instrument Limit within one year from any draw date under the Reserve Instrument; and

(iii) to the accounts maintained in the Debt Service Reserve Fund, any amounts required to be deposited in such accounts in order to satisfy the Debt Service Reserve Requirement with respect to each series of Bonds.

Subject to making the foregoing deposits, the University may use the balance of the Pledged Revenues accounted for in the System Revenue Accounts for:

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

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

(iii) accumulation of a reserve for the purpose of applying toward the costs of acquiring, constructing, equipping, or furnishing additional facilities to the Student Facilities System or improving, replacing, restoring, equipping, or furnishing any existing facilities; or

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

Bond Insurance

The scheduled payment of principal of and interest on the 2021 Bonds when due will be guaranteed under a bond insurance policy to be issued concurrently with the delivery of the 2021 Bonds by BAM. See “BOND INSURANCE” above.

2021 Debt Service Reserve Account

2021 Debt Service Reserve Account; 2021 Reserve Instrument. The Indenture requires the establishment of an account in the Debt Service Reserve Fund with respect to the 2021 Bonds (the “2021 Debt Service Reserve Account”) and a Debt Service Reserve Requirement with respect to the 2021 Bonds in an amount equal to the maximum annual debt service on the 2021 Bonds, which, as of the date of issuance of the 2021 Bonds, will be \$412,350 (the “2021 Debt Service Reserve Requirement”). The Indenture authorizes the Board of Higher Education to obtain a Reserve Instrument to satisfy the 2021 Debt Service Reserve Requirement. Accordingly, application has been made to BAM for the issuance of a surety bond for the purpose of funding the 2021 Debt Service Reserve Account (the “2021 Reserve Instrument”).

The 2021 Reserve Instrument Policy. BAM has made a commitment to issue a municipal bond debt service reserve insurance policy for the 2021 Reserve Instrument with respect to the 2021 Bonds (the “2021 Reserve Instrument Insurance Pol-”).

icy”), effective as of the date of the issuance of such 2021 Bonds. Under the terms of the 2021 Reserve Instrument Insurance Policy, BAM will unconditionally and irrevocably guarantee to pay that portion of the scheduled principal and interest on the 2021 Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the Board of Higher Education (the “Insured Payments”).

BAM will pay each portion of an Insured Payment that is due for payment and unpaid by reason of nonpayment by the Board of Higher Education to the Trustee or Paying Agent, as beneficiary of the 2021 Reserve Fund Insurance Policy on behalf of the holders of the 2021 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 BAM receives a demand for payment therefore in accordance with the terms of the 2021 Reserve Fund Insurance Policy.

No payment shall be made under the 2021 Reserve Fund Insurance Policy in excess of \$412,350 (the “2021 Reserve Instrument Insurance Policy Limit”). Pursuant to the terms of the 2021 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 BAM under the 2021 Reserve Instrument Insurance Policy, provided that, to the extent of the reimbursement of such payment to BAM, the amount available under the 2021 Reserve Instrument Insurance Policy shall be reinstated in an amount not to exceed the 2021 Reserve Instrument Insurance Policy Limit.

Special Provisions Relating to the 2021 Reserve Instrument Policy. Upon a failure to pay policy costs when due or any other breach of the provisions contained in the Indenture relating to the 2021 Reserve Instrument Insurance Policy, BAM 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 BAM shall be included in the calculation of maximum Aggregate Annual Debt Service Requirement in the calculation of the additional bonds test.

Covenant To Request Legislative Appropriation For The 2021 Bonds

In accordance with the Higher Education Act, the Resolution provides that the Chairman of the Board of Higher Education 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 2021 Debt Service Reserve Account (including payment of any amounts due with respects to amounts drawn under the 2021 Reserve Instrument) to the 2021 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 2021 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 2021 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 2021 Bonds.

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

Covenant to Request Legislative Appropriation for Outstanding Parity Bonds. The Outstanding Parity Bonds enjoy the same pledge of the State 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 as described in the preceding paragraph with respect to the 2021 Bonds. The Legislature is not required to make any appropriation with respect to any Outstanding Parity Bonds.

Outstanding Parity Bonds Debt Service Reserve Funds. 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 2012 Bonds. The 2012 Bonds are secured by a reserve instrument issued by BAM held in the Debt Service Reserve Account relating to the 2012 Bonds.

The 2015 Bonds. The 2015 Bonds are secured by a reserve instrument issued by Assured Guaranty Mutual held in the Debt Service Reserve Account relating to the 2015 Bonds.

The 2017 Bonds. The 2017 Bonds are secured by a reserve instrument issued by Assured Guaranty Mutual held in the Debt Service Reserve Account relating to the 2017 Bonds.

The 2019 Bonds. The 2019 Bonds are secured by a reserve instrument issued by BAM held in the Debt Service Reserve Account relating to the 2019 Bonds.

The 2021 Debt Service Reserve Account does not secure any other series of Bonds, and the reserve accounts for other series of Bonds do not secure the 2021 Bonds.

Additional Bonds

No additional indebtedness, bonds or notes of the Board of Higher Education or the University payable out of Pledged Revenues or any portion thereof on a priority ahead of the Bonds or the Security Instrument Repayment Obligations shall be created or incurred. In addition, no additional Bonds or other indebtedness of the Board of Higher Education or the University payable out of Pledged Revenues on a parity with the Bonds or the Security Instrument Repayment Obligations shall be created or incurred, unless the following requirements have been met:

(i) The University shall deliver a written certificate executed by an Authorized Representative of the University to the effect that: (i) total Pledged Revenues in any 12 month period within the 24 calendar months next preceding the issuance of such Additional Bonds were at least 125% of the Aggregate Debt Service on all of the Bonds Outstanding during such 12 month period; and (ii) the Estimated Pledged Revenues for each Fiscal Year during which the Bonds and Additional Bonds will be Outstanding are anticipated to be at least 125% of the Aggregate Debt Service on all of the Bonds that will be Outstanding, including the Additional Bonds, upon the issuance of such Additional Bonds.

(ii) All Repayment Obligations then due and owing shall have been paid.

(iii) All payments required by the Indenture to be 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 be accumulated therein.

(iv) The proceeds of the Additional Bonds, less costs of issuance and funding of reserves, must be used in connection with (i) the refunding of Bonds issued under the Indenture or any other borrowing of the Board of Higher Education or the University payable in whole or in part from Pledged Revenues or (ii) the financing of the Costs of Additional Facilities or of additions, improvements, extensions, replacements or repairs to existing Student Facilities System.

(v) No Event of Default is existing under the Indenture on the date of authentication of such Additional Bonds, unless (i) the Security Instrument Issuers, Reserve Instrument Issuers and Owners of all Outstanding parity Bonds have each consented to the issuance of such Additional Bonds despite the existence of an Event of Default or (ii) upon the issuance of such Additional Bonds and the application of the proceeds thereof, all such Events of Default will be cured.

NO HISTORICAL REQUEST FOR LEGISLATIVE APPROPRIATION ON HIGHER EDUCATION BONDS OR DEBT SERVICE RESERVE ACCOUNTS

As of the date of this OFFICIAL STATEMENT and the inception in 1997 of the “moral obligation” pledge of the State as contained within the Higher Education Act, the Board of Higher Education has never requested from the Governor or the Legislature to appropriate moneys to: (i) restore or fund a debt service reserve account; (ii) restore a reserve instrument fund; or (iii) make the principal and interest payments due on any bonds that have been issued by the Board of Higher Education for and on behalf of the Board of Regent’s colleges and universities.

The Board of Higher Education requests that each institution of higher education of the State with bonds outstanding report to the Board of Higher Education, prior to December 1 of each year, whether any appropriation will be needed to replenish reserve accounts or meet revenue shortfalls for the payment of the institution’s bonds.

THE 2021 PROJECT

The University is constructing a new engineering classroom and lab building known as the Noorda Engineering, Applied Science and Technology Building (the “Noorda Engineering and Science Building” or the “2021 Project”) as part of the Col-

lege of Engineering, Applied Science and Technology on its main campus in Ogden, Utah. The 2021 Project is four stories with a steel structure and brick masonry exterior and includes approximately 139,000 square feet of new space and 15,500 square feet of renovated high bay space.

Construction on the 2021 Project began in June 2020 and is projected to be completed in July 2022. It is estimated that as of the date of this OFFICIAL STATEMENT, the 2021 Project is approximately 30% complete. The cost of the 2021 Project is approximately \$65,000,000 with funding from (i) \$50,000,000 in appropriations from the State; (ii) \$6,500,000 from proceeds of the 2021 Bonds; (iii) \$3,000,000 of institutional funds contributed by the University; ; (iv) \$2,000,000 as an equity contribution by the University; (v) \$2,000,000 in legislative capital improvements appropriations; and (vi) \$1,500,000 from University donor funding.

DESCRIPTION OF PLEDGED REVENUE SOURCES

The Pledged Revenues consist primarily of (i) Student Building Fees; and (ii) revenues from the operation of the Student Facilities System after deduction of Current Expenses. The pledge of the Student Building Fees is a gross pledge and is not subject to reduction by payment of Current Expenses.

Student Building Fee Revenues

Student Building Fees are assessed on each full-time and part-time graduate and undergraduate students of the University for the use and availability of certain of the facilities and buildings of the University. This fee is a portion of total student fees charged to students. For the Academic Year 2020–21, total semester student fees for a full-time student were \$508.10, with the Student Building Fee making up \$125.29 of that total.

The student fee portion applicable to building fees is guaranteed and used for payment of debt service on current outstanding bonds, and for Renewal and Replacement on bonded facilities. Each year, the Renewal and Replacement budget will increase by the same percentage as the overall increase in general student fees. The following table shows the history of amounts collected in total student fees and the amounts provided for Student Building Fees for Pledged Revenues:

| | Fiscal Year | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Student Building Fees (which constitute Pledged Revenues) | \$4,009,450 | \$3,947,786 | \$3,939,818 | \$3,919,286 | \$3,932,526 |
| % change from prior year | 1.6% | 0.2% | 0.5% | (0.3)% | (0.2)% |
| Total Student Fees (1) | \$17,108,896 | \$16,603,277 | \$15,912,027 | \$15,331,441 | \$15,066,752 |
| % change from prior year | 3.0% | 4.3% | 3.8% | 1.8% | 2.0% |

(1) Total student fees includes student building fees.

(Source: The University.)

Student Facilities System Revenues

Student Union Building Revenue. Present sources of revenue for the Student Union Building include rentals of offices and classrooms by the University for administrative and academic use; rentals for conferences and workshops; games; operation of a bowling alley and games area, including pool tables and video games; rental of space by the Student Bookstore; food services and sales of confections; student fees; and miscellaneous rentals of classrooms, ballroom and theater within the Student Union Building. The following table sets forth revenues and expenses for the Student Union Building for the years shown.

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| | Fiscal Year | | | | |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Revenue | | | | | |
| Student fees..... | \$1,164,450 | \$1,155,410 | \$1,141,230 | \$1,085,928 | \$1,056,432 |
| Services to University | 500,000 | 425,000 | 425,000 | 425,000 | 425,000 |
| Student Life conferences..... | 281,603 | 966,262 | 899,913 | 949,967 | 719,389 |
| Student Union Building rent .. | 128,246 | 134,816 | 144,968 | 351,831 | 359,288 |
| Other income..... | 52,236 | 139,965 | 152,346 | 29,678 | 39,724 |
| Sales and service | <u>65,423</u> | <u>119,166</u> | <u>133,074</u> | <u>149,694</u> | <u>160,162</u> |
| Total revenue..... | 2,191,959 | 2,940,619 | 2,896,531 | 2,992,098 | 2,756,995 |
| Current expenses | <u>(2,174,047)</u> | <u>(2,791,736)</u> | <u>(2,871,347)</u> | <u>(2,719,162)</u> | <u>(2,619,730)</u> |
| Net operating revenue..... | <u>\$ 17,912</u> | <u>\$ 148,883</u> | <u>\$ 25,183</u> | <u>\$ 272,936</u> | <u>\$ 137,265</u> |
| % change from prior year | (88.0)% | 491.2% | (90.8)% | 98.8% | (28.2)% |

(Source: The University.)

Student Bookstore Revenues. Present sources of revenue from the Student Bookstore include sales of textbooks, electronic equipment, reference books, office supplies and equipment, clothing, gifts, confections, and various related items. The following table sets forth the revenues and expenses for the Student Bookstore for the years shown:

| | Fiscal Year | | | | |
|--------------------------------|---------------------|--------------------|---------------------|-----------------------|---------------------|
| | 2020 | 2019 | 2018 | 2017 (1) | 2016 |
| Revenue | | | | | |
| Book sales..... | \$ 4,180,918 | \$ 4,515,026 | \$ 4,155,497 | \$ 4,424,216 | \$ 5,406,416 |
| Computer sales..... | 2,331,400 | 2,848,476 | 3,092,006 | 2,596,890 | 2,787,710 |
| Merchandise sales | 1,223,080 | 1,451,894 | 1,407,396 | 1,540,940 | 1,724,222 |
| Other income..... | 196,618 | 343,477 | 162,735 | 115,849 | 43,024 |
| Services to University | 140,934 | 130,008 | 24,620 | 57,770 | 43,024 |
| Cap and gown | <u>225,529</u> | <u>—</u> | <u>153,010</u> | <u>157,160</u> | <u>158,596</u> |
| Total revenue..... | 8,298,479 | 9,288,882 | 8,995,264 | 8,892,825 | 10,400,444 |
| Current expenses | <u>(8,445,717)</u> | <u>(9,243,576)</u> | <u>(9,361,871)</u> | <u>(10,624,078)</u> | <u>(10,665,727)</u> |
| Net operating revenue..... | <u>\$ (147,238)</u> | <u>\$ 45,306</u> | <u>\$ (366,606)</u> | <u>\$ (1,731,253)</u> | <u>\$ (265,283)</u> |
| % change from prior year | (425.0)% | (112.4)% | (78.8)% | (552.6)% | (585.8)% |

(1) Contributing factors for the decline in revenues were due to several software conversion process over a three-year period. Additionally, university and college bookstores across the nation, faced competition from the internet and non-traditional bookstore purchases.

(Source: The University.)

Dee Events Center Revenues. Present sources of revenue for the Dee Events Center include: commissions on ticket sales for University basketball games and concerts; rentals by the University for use of classrooms, office space, and other facilities within the Dee Events Center for University recreation programs; parking fees; and rentals for regional religious conferences and for various community uses. The following table sets forth the revenues and expenses for the Dee Events Center for the years shown:

| | Fiscal Year | | | | |
|--------------------------------|--------------------|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Revenues | \$335,137 | \$475,962 | \$410,848 | \$358,148 | \$347,937 |
| Expenses | <u>(359,378)</u> | <u>(474,796)</u> | <u>(387,742)</u> | <u>(345,651)</u> | <u>(296,188)</u> |
| Net operating revenue..... | <u>\$ (24,241)</u> | <u>\$ 1,166</u> | <u>\$ 23,106</u> | <u>\$ 12,497</u> | <u>\$ 51,749</u> |
| % change from prior year | (2,179.0)% | (95.0)% | 84.9% | (75.9)% | 2,313.7% |

(Source: The University.)

Housing Revenues. The University provides a limited amount of on-campus housing facilities. Those current facilities consist of the following facilities:

| <u>Building</u> | <u>Description</u> | <u>Year Constructed</u> | <u>Number of Beds</u> | <u>Kitchen Facilities in Rooms</u> | <u>Dining Services in Building</u> |
|----------------------------|--------------------|-----------------------------|-------------------------------|--|--|
| Residence Hall #3..... | Apartment | 2013 | 137 | no | no |
| Stewart Wasatch Hall | Apartment | 2012 | 220 | no | yes |
| Residence Hall #1 | Apartment | 2011 | 168 | no | no |
| University Village | Apartment | 2002 | <u>476</u> | yes | no |
| Total | | | <u>1,001</u> | | |

(Source: The University.)

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

| | <u>Fiscal Year</u> | | | | |
|--------------------------|--------------------|-------------|-------------|-------------|-------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Number of students | 833 | 890 | 890 | 890 | 852 |
| Occupancy rate (%) | 86 | 89 | 89 | 89 | 85 |
| Annual rental rates..... | \$4,591 | \$4,700 | \$4,700 | \$4,586 | \$4,367 |

(Source: The University.)

The following table sets forth the revenues and expenses for the housing facilities for the years shown:

| | <u>Fiscal Year</u> | | | | |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Revenue | | | | | |
| Room and board..... | \$4,509,115 | \$4,905,570 | \$5,007,067 | \$4,632,718 | \$4,832,152 |
| Guest rent..... | 125,097 | 155,830 | 183,536 | 336,910 | 190,876 |
| Other income..... | 67,493 | 50,895 | 110,868 | 90,055 | 71,802 |
| Miscellaneous rent | 35,400 | 34,500 | 42,230 | 42,347 | 40,960 |
| Vending commissions..... | 32,374 | 42,411 | 31,405 | 23,604 | 23,604 |
| Damages and key changes | 25,672 | 2,756 | 15,765 | 16,803 | 12,572 |
| Forfeit deposits | 23,965 | 29,283 | 27,885 | 31,312 | 27,471 |
| Services to University | — | — | — | — | <u>361,051</u> |
| Total revenue..... | 4,819,116 | 5,221,245 | 5,418,756 | 5,173,749 | 5,560,488 |
| Current expenses | <u>(3,235,707)</u> | <u>(3,209,064)</u> | <u>(3,140,017)</u> | <u>(3,418,864)</u> | <u>(3,347,705)</u> |
| Net operating income | <u>\$1,583,408</u> | <u>\$2,012,181</u> | <u>\$2,278,739</u> | <u>\$1,754,885</u> | <u>\$2,212,783</u> |
| % change from prior year | (21.3)% | (11.7)% | 29.9% | (20.7)% | 26.6% |

(Source: The University.)

2021 Additional Facilities. Because the 2021 Project is estimated to be completed in July 2022, there are no historical revenues from the 2021 Additional Facilities, however, it is estimated that revenues will be received from the 2021 Additional Facilities as shown in the following Fiscal Years.

| | <u>Fiscal Year</u> | | | | |
|--------------------------------|--------------------|------------------|-------------|-------------|-------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
| Net operating revenues | <u>\$407,850</u> | <u>\$407,850</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| % change from prior year | 0% | — | — | — | — |

(Source: The University.)

2012 Additional Facilities. Revenues received from recreation facilities associated with the 2012 Additional Facilities are show in the following Fiscal Years.

| | Fiscal Year | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Net operating revenues | <u>\$155,713</u> | <u>\$152,695</u> | <u>\$149,701</u> | <u>\$146,765</u> | <u>\$143,888</u> |
| % change from prior year | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |

(Source: The University.)

Pledged Discretionary Investment Income

Pledged Discretionary Investment Income is defined under the Indenture as the amount, if any, of discretionary investment income allocated annually by the University in each Fiscal Year. Such discretionary investment income may include any legally available investment income of the University, but shall not in any event include any amounts that constitute tuition or appropriations by the Legislature.

The following table sets forth the total discretionary investment income of the University and the contribution of Discretionary Investment Income which the University allocated to Pledged Revenues for the years shown:

| | Fiscal Year | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Total Discretionary Investment Income | \$2,389,843 | \$2,673,166 | \$1,857,552 | \$1,063,106 | \$1,125,962 |
| % change from prior year | (10.6)% | 43.9% | 74.7% | (5.6)% | (5.9)% |
| <i>Allocated to Pledged Revenues.</i> | \$395,412 | \$395,412 | \$395,412 | \$1,063,000 | \$395,412 |
| % change from prior year | 0.0% | 0.0% | (62.8)% | 168.8% | 0.0% |

(Source: The University.)

Although Pledged Revenues, exclusive of discretionary investment income, have historically exceeded the Rate Covenant Requirement under the Indenture, the University has allocated such amounts of its discretionary investment income as Pledged Revenues in order to provide greater debt service coverage margins.

See “HISTORICAL PLEDGED REVENUES AND DEBT SERVICE COVERAGE” and “WEBER STATE UNIVERSITY—Estimated Enrollment Trends And Enrollment” below.

HISTORICAL PLEDGED REVENUES AND DEBT SERVICE COVERAGE

Historical Pledged Revenues. The following table shows the past five Fiscal Years historical Pledged Revenues, the debt service requirements for the Outstanding Parity Bonds, and the debt service coverage amounts. The “actual” information has been derived from the University’s financial statements for Fiscal Years 2016 through 2020 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 2020, the University received approximately 66.9% of the net Pledged Revenue available for debt service from Student Building Fees; approximately 26.5% of the net Pledged Revenue available for debt service from net Operating Revenues from the Student Facility System; and approximately 6.6% of the net Pledged Revenue available for debt service from Pledged Discretionary Investment Income; and approximately 2.6% of the net Pledged Revenue available for debt service from the 2012 Additional Facilities.

Discussion of Historical Pledged Revenues. From Fiscal Years 2016 through 2020, the University’s revenues available for debt service have averaged approximately 142% of its annual debt service requirements.

Student Building Fees. Through its existing budget procedures, the University establishes and collects Student Building Fees at levels that produce sufficient revenues to provide for the payment of debt service on the University’s outstanding Bonds and for the renewal and replacement expense on the capital facilities of the University that have been financed with

bonds. The University expects that Student Building Fees will continue to be the primary source of payment on the Bonds until their final maturity date.

Operating Revenues of the Student Facilities System. The University has succeeded in operating the Student Facilities System to produce positive net operating revenues in each of the past 20 Fiscal Years. From Fiscal Years 2016 through 2020, the net operating revenues have annually averaged approximately \$1,758,428.

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Historical Debt Service Coverage

| | Fiscal Year Ended June 30 (1) | | | | |
|--|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Operating revenues | | | | | |
| Student Facility System | | | | | |
| University Bookstore..... | \$ 10,400,444 | \$ 8,892,825 | \$ 8,995,264 | \$ 9,288,882 | \$ 8,298,479 |
| Student Housing facilities..... | 5,560,488 | 5,173,749 | 5,418,756 | 5,221,245 | 4,819,116 |
| Student Union Building..... | 2,756,995 | 2,992,098 | 2,896,531 | 2,940,619 | 2,191,959 |
| Dee Events Center..... | 347,937 | 358,148 | 410,848 | 475,962 | 335,137 |
| 2012 System Facilities (2)..... | 143,888 | 146,765 | 149,701 | 152,695 | 155,713 |
| Total operating revenues..... | <u>19,209,752</u> | <u>17,563,585</u> | <u>17,871,100</u> | <u>18,079,403</u> | <u>15,800,404</u> |
| Current expenses | | | | | |
| Student Facility System | | | | | |
| University Bookstore..... | 10,665,727 | 10,624,078 | 9,361,871 | 9,243,576 | 8,445,717 |
| Student Housing facilities..... | 3,347,705 | 3,418,864 | 3,140,017 | 3,209,064 | 3,235,707 |
| Student Union Building..... | 2,619,730 | 2,719,162 | 2,871,347 | 2,791,736 | 2,174,047 |
| Dee Events Center..... | 296,188 | 345,651 | 387,742 | 474,796 | 359,378 |
| Total current expenses..... | <u>16,929,350</u> | <u>17,107,755</u> | <u>15,760,977</u> | <u>15,719,172</u> | <u>14,214,849</u> |
| Net operating revenues..... | <u>2,280,402</u> | <u>455,830</u> | <u>2,110,123</u> | <u>2,360,231</u> | <u>1,585,555</u> |
| Other pledged revenue | | | | | |
| Student Building Fees..... | 3,932,536 | 3,919,286 | 3,939,818 | 3,947,786 | 4,009,450 |
| Pledged Discretionary Investment Income (3)..... | 395,412 | 1,063,000 | 395,412 | 395,412 | 395,412 |
| Total other pledged revenues..... | <u>4,327,948</u> | <u>4,982,286</u> | <u>4,335,230</u> | <u>4,343,198</u> | <u>4,404,862</u> |
| Total Pledged Revenues..... | <u>\$ 6,608,350</u> | <u>\$ 5,438,116</u> | <u>\$ 6,445,353</u> | <u>\$ 6,703,429</u> | <u>\$ 5,990,417</u> |
| Debt service | | | | | |
| 2007 Bonds..... | \$ 800,663 | \$ 614,688 | \$ — | \$ — | \$ — |
| 2010A Bonds (4)..... | 993,308 | 989,378 | 988,790 | 981,743 | 701,451 |
| Build America Bonds subsidy payments (5)..... | (199,524) | (197,042) | (192,656) | (190,579) | (95,691) |
| 2012 Bonds..... | 1,210,425 | 1,209,275 | 1,212,525 | 1,210,025 | 1,211,925 |
| 2015 Bonds..... | 1,637,200 | 1,620,000 | 1,632,000 | 1,637,000 | 1,641,100 |
| 2017 Bonds..... | — | 79,419 | 797,450 | 798,150 | 793,900 |
| 2019 Bonds..... | — | — | — | — | 112,564 |
| Total debt service payments..... | <u>\$ 4,442,072</u> | <u>\$ 4,315,718</u> | <u>\$ 4,438,109</u> | <u>\$ 4,436,339</u> | <u>\$ 4,365,249</u> |
| Debt service coverage (Total Pledged Revenues)..... | <u>1.49X</u> | <u>1.26X</u> | <u>1.45X</u> | <u>1.51X</u> | <u>1.37X</u> |
| Debt service coverage (Total Pledged Revenues less | | | | | |
| Pledged Discretionary Investment Income) (3)..... | <u>1.40X</u> | <u>1.01X</u> | <u>1.36X</u> | <u>1.42X</u> | <u>1.28X</u> |
| Indenture Rate Covenant Requirement..... | 1.25X | 1.25X | 1.25X | 1.25X | 1.25X |

(1) This information is based on the University's financial reports; however, this information is not presented in a form that can be recognized or extracted from the University's financial statements.

(2) Net revenues after payment of the University's portion of operation and maintenance costs associated with the 2012 System Facilities

(3) The University has covenanted in the Indenture that it will allocate such amount of its Discretionary Investment Income as is necessary to ensure its compliance with the Rate Covenant Requirement of the Indenture (i.e., Pledged Revenues of at least 125% of aggregate debt service). The University may contribute amounts of Discretionary Investment Income, which together with the other Pledged Revenues, will result in a coverage factor greater than 125% of the aggregate debt service of the Bonds, but is not required to do so.

(4) This bond issue has been refunded by the 2019 Bonds.

(5) 35% subsidy payment less federal sequestration amount.

(Source: The University.)

PROJECTED PLEDGED REVENUES AND DEBT SERVICE COVERAGE

Projected Pledged Revenues. The University has prepared and reviewed pro forma projections submitted. However, such projections are not a guaranty of the outcome of future operations and certain events could occur which may affect the outcome of such operations. Additionally, the extent to which COVID-19 will impact the University in the future is uncertain and cannot be predicted. ***However, the University does not expect the various aspects of COVID-19 to negatively impact the University's ability to repay the principal of and interest on the 2021 Bonds.***

The University expects Student Building Fees will continue to be the primary source of payment on the Bonds. Also see “WEBER STATE UNIVERSITY—Student Enrollment” and “—Estimated Enrollment Trends And Enrollment” below.

The net operating revenues of the Dee Events Center are projected to be flat for fiscal year 2021 and then grow on average by approximately one percent each year with regard to revenues and expenses from Fiscal Years 2022 through 2025 based on inflation and growth components. Revenues at the Student Bookstore will continue to grow as enrollment at the University continues to increase. Student Bookstore revenues are also projected to grow at a rate of approximately one percent each year. Revenue for the Student Union Building and housing is projected to increase at a rate of approximately one percent per year as the student population increases.

The University does not as a matter of course make public projections as to future sales, earnings, or other results. However, the University has prepared the prospective financial information set forth below to present the projected Pledged Revenues. The accompanying prospective 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, but, in the view of the University, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of the University's knowledge and belief, the expected course of action and the expected future financial performance of the University. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and 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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Projected Debt Service Coverage

| | Fiscal Year Ended June 30 (1) | | | | |
|--|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Operating revenues | | | | | |
| Student Facility System | | | | | |
| University Bookstore..... | \$ 8,633,815 | \$ 9,000,000 | \$ 9,090,000 | \$ 9,180,900 | \$ 9,272,709 |
| Student Housing Facilities..... | 3,483,000 | 5,000,000 | 5,050,000 | 5,151,000 | 5,254,020 |
| Student Union Building..... | 1,876,844 | 2,800,000 | 2,828,000 | 2,856,280 | 2,884,843 |
| Dee Events Center..... | 30,000 | 350,000 | 353,500 | 357,035 | 360,605 |
| 2021 Additional Facilities (2)..... | — | — | 407,850 | 407,850 | 412,350 |
| 2012 Additional Facilities (3)..... | 159,084 | 162,266 | 165,511 | 168,821 | 172,198 |
| Total operating revenues..... | <u>14,182,743</u> | <u>17,312,266</u> | <u>17,894,861</u> | <u>18,121,886</u> | <u>18,356,725</u> |
| Current expenses | | | | | |
| Student Facility System | | | | | |
| University Bookstore..... | 8,916,531 | 8,900,000 | 8,989,000 | 9,078,890 | 9,169,679 |
| Student Housing Facilities..... | 3,018,811 | 4,000,000 | 4,060,000 | 4,120,900 | 4,182,714 |
| Student Union Building..... | 1,648,846 | 2,750,000 | 2,777,500 | 2,805,275 | 2,833,328 |
| Dee Events Center..... | 30,000 | 300,000 | 303,000 | 306,030 | 309,090 |
| Total current expenses..... | <u>13,614,188</u> | <u>15,950,000</u> | <u>16,129,500</u> | <u>16,311,095</u> | <u>16,494,810</u> |
| Net operating revenues..... | <u>568,555</u> | <u>1,362,266</u> | <u>1,765,361</u> | <u>1,810,791</u> | <u>1,861,915</u> |
| Other pledged revenue | | | | | |
| Student Building Fees..... | 4,056,467 | 4,000,000 | 4,040,000 | 4,080,400 | 4,121,204 |
| Pledged Discretionary Investment Income (4)..... | 1,000,000 | 395,412 | 532,000 | 532,000 | 532,000 |
| Total other pledged revenues..... | <u>5,056,467</u> | <u>4,395,412</u> | <u>4,572,000</u> | <u>4,612,400</u> | <u>4,653,204</u> |
| Total Pledged Revenues..... | <u>\$ 5,625,021</u> | <u>\$ 5,757,678</u> | <u>\$ 6,337,361</u> | <u>\$ 6,423,191</u> | <u>\$ 6,515,119</u> |
| Debt service | | | | | |
| 2012 Bonds..... | \$ 1,213,075 | \$ 1,210,275 | \$ 1,209,775 | \$ 1,213,525 | \$ 1,211,375 |
| 2015 Bonds..... | 1,632,600 | 1,641,850 | 1,627,850 | 1,631,600 | 1,637,100 |
| 2017 Bonds..... | 794,500 | 794,250 | 792,750 | 800,000 | 795,500 |
| 2019 Bonds..... | 747,286 | 744,786 | 741,536 | 747,536 | 742,286 |
| 2021 Bonds..... | — | 0 (5) | 407,850 | 407,850 | 412,350 |
| Total debt service payments..... | <u>\$ 4,387,461</u> | <u>\$ 4,391,161</u> | <u>\$ 4,779,761</u> | <u>\$ 4,800,511</u> | <u>\$ 4,798,611</u> |
| Debt service coverage (Total Pledged Revenues)..... | <u>1.28X</u> | <u>1.31X</u> | <u>1.33X</u> | <u>1.34X</u> | <u>1.36X</u> |
| Debt service coverage (Total Pledged Revenues less | | | | | |
| Pledged Discretionary Investment Income) (4)..... | <u>1.05X</u> | <u>1.22X</u> | <u>1.21X</u> | <u>1.23X</u> | <u>1.25X</u> |
| Indenture Rate Covenant Requirement..... | 1.25X | 1.25X | 1.25X | 1.25X | 1.25X |

(1) For a discussion of the assumption used for this table see the preceding paragraphs and “DESCRIPTION OF PLEDGED REVENUE SOURCES” above. This information is based on the University’s financial reports; however, this information is not presented in a form that can be recognized or extracted from the University’s financial statements.

(2) Net revenues after payment of the University’s portion of operation and maintenance costs with respect to the 2021 Additional Facilities.

(3) Net revenues after payment of the University’s portion of operation and maintenance costs with respect to the 2012 Additional Facilities.

(4) The University has covenanted in the Indenture that it will allocate such amount of its Discretionary Investment Income as is necessary to ensure its compliance with the Rate Covenant Requirement of the Indenture (i.e., Pledged Revenues of at least 125% of aggregate debt service). The University may contribute amounts of Discretionary Investment Income, which together with the other Pledged Revenues, will result in a coverage factor greater than 125% of the aggregate debt service of the Bonds, but is not required to do so.

(5) Interest payment of \$156,812.32 to be made by the 2021 Capitalized Interest Fund.

(Source: The University.)

UTAH BOARD OF HIGHER EDUCATION

The Utah State Board of Regents was formed in 1969 as a governing body for the Utah System of Higher Education. *In 2020, the Legislature passed legislation which amended and enacted changes to the governance of the State system of higher education and changed the name from the “State Board of Regents” to the “Utah Board of Higher Education,” effective July 1, 2020.* Under the new legislation, the Governor of the State (the “Governor”) appointed on May 12, 2020, with the advice and consent of the Senate, individuals to the Board who had previously served as members of the former Utah State Board of Regents and the Utah System of Technical Colleges Board of Trustees. Board members appointed serve six-year terms with the exception of two student Board members who serve one-year terms.

The Board of Higher Education oversees the establishment of policies and procedures, executive appointments, master planning, budget and finance, and proposals for legislation, develops governmental relationships, and performs administrative unit and program approval for higher education for the State. The Utah System of Higher Education consists of 16 public colleges, technical colleges, and universities governed by the Board of Higher Education, assisted by local boards of trustees. The Utah System of Higher Education includes two research universities, four regional universities, two comprehensive community colleges, and eight technical colleges. For current enrollment of the Board of Higher Education’s universities and colleges see “WEBER STATE UNIVERSITY—General” below.

The Board of Higher Education appoints a Commissioner of Higher Education, who serves as the chief executive officer of the Board of Higher Education and is responsible for, among other things, proper execution of the policies and programs established by the Board of Higher Education. The Board of Higher Education, 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 Higher Education for the governance and administration of his or her institution.

Board of Higher Education

| <u>Board Member</u> | <u>Position</u> | <u>Current Term Expires</u> |
|-----------------------------|--|---------------------------------|
| Harris H. Simmons | Board Chair | June 2022 |
| Nina Barnes | Board Vice Chair | June 2022 |
| Aaron V. Osmond..... | Board Vice Chair | June 2024 |
| Mike Agnus | Board Member | June 2022 |
| Jessie Barlow Anderson..... | Board Member | June 2024 |
| Jera L. Bailey..... | Board Member | June 2026 |
| Stacey K. Bettridge..... | Board Member | June 2026 |
| Wilford Clyde..... | Board Member; Finance and Facilities Chair | June 2022 |
| Lisa-Michele Church | Board Member; Student Affairs Chair | June 2026 |
| Sanchaita Datta..... | Board Member | June 2022 |
| Alan E. Hall..... | Board Member | June 2024 |
| Patricia Jones | Board Member; Academic Education Chair | June 2024 |
| Crystal Maggelet | Board Member | June 2026 |
| Arthur E. Newell | Board Member | June 2024 |
| Shawn Newell..... | Board Member; Technical Education Chair | June 2026 |
| Candye Paige | Student Board Member | June 2021 |
| Glen Rivera..... | Student Board Member | June 2021 |
| Scott L. Theurer..... | Board Member | June 2024 |

(Source: The Board of Higher Education.)

The Board of Higher Education owns its own office building located in Salt Lake City, Utah and maintains a website that may be accessed at <http://www.higheredutah.org>.

WEBER STATE UNIVERSITY

General

History. The University was founded in the City as the Weber Stake Academy in 1889 by the Weber Stake Board of Education of the Church of Jesus Christ of Latter-day Saints. The 1933 Legislature established Weber College as a State junior

college and placed it under the control of the Utah State Board of Education. Following World War II the college outgrew its downtown campus and moved to the present 397-acre Ogden City on Harrison Boulevard. In 1959, the Legislature authorized the addition of upper-division courses. The 1969 Legislature created the Utah System of Higher Education and placed the college along with all other State institutions of higher learning under the Board of Higher Education and an Institutional Council of each college and university (to be renamed the Board of Trustees). In 1991 the Legislature changed the name of the institution to "Weber State University."

The University is a comprehensive university providing associate, bachelor, master's, and doctorate degrees to meet the needs of the region. The University offers a wide and diverse variety of degrees/programs, including the largest and most expansive undergraduate program in the Board of Regent's System of Higher Education.

The University is distinguished by outstanding academic programs that recruit students to work with faculty to create and share knowledge. More than 50 academic departments and programs in seven colleges provide learning opportunities for a diverse spectrum of students, including grants and support for undergraduate research, community-based and service learning, an Honors program, and a Bachelor of Integrated Studies (BIS) program. The Office of Undergraduate Research and the Center for Community Engaged Learning help to engage students in learning both inside and outside the classroom, and the Honors program provides small classes in a supportive and challenging academic setting. The BIS program offers students the opportunity to design their own degrees with three areas of academic emphasis meant to prepare them for specific career paths or graduate study.

Academic studies are complemented by a wide range of extracurricular activities, including student government, intramural and intercollegiate athletics, and award-winning performing arts groups. In addition, the Student Success Center along with the First Year Experience program helps new students adjust to the university community, while a variety of support services aid those with particular needs.

The University maintains a website that may be accessed at <http://www.weber.edu>.

The University's combined student head count enrollment for Academic Year 2020–21 (2020 Fall semester (third week) 2020) was 29,596 students (educating approximately 15.7% of the students in the Board of Higher Education system). The University is one of the units of the State system of higher education which is comprised of the following institutions which had 2019 Fall semester (third week) student head count enrollments (including satellite campuses) as listed below:

| <u>Name</u> | <u>Location</u> | <u>Student Head Count Enrollment</u> | <u>% of Total Student Enrollment</u> |
|-------------------------------------|--------------------------|--|--|
| Utah Valley University..... | Orem, Utah | 40,936 | 21.7% |
| University of Utah..... | Salt Lake City, Utah | 33,080 | 17.5 |
| <i>Weber State University</i> | <i>Ogden, Utah</i> | <i>29,596</i> | <i>15.7</i> |
| Utah State University | Logan/Price, Utah | 27,691 | 14.6 |
| Salt Lake Community College | Salt Lake City, Utah | 27,293 | 14.4 |
| Southern Utah University | Cedar City, Utah | 12,582 | 6.7 |
| Dixie State University | City of St. George, Utah | 12,043 | 6.4 |
| Snow College | Ephraim, Utah | <u>5,800</u> | <u>3.1</u> |
| Totals..... | | <u>189,021</u> | <u>100.0%</u> |

(Source: Utah System of Higher Education. Compiled by the Municipal Advisor.)

The largest private institutions of higher education in the State include Brigham Young University (approximate head count of 35,615) in Provo, Utah; Westminster College (approximate head count of 1,850) in Salt Lake City, Utah; and Ensign College (formerly known as L.D.S. Business College, approximate head count of 2,200) in Salt Lake City, Utah.

The Campus

Ogden Campus. The University is a multi-campus institution. The Ogden Campus, located at the base of the Wasatch Mountains, approximately 35 miles north of Salt Lake City, Utah. It includes over 397 acres with more than 50 buildings comprising over 2.3 million gross square feet which house classrooms and laboratories, student computing facilities, a performing arts center, a library, an athletic events center, a health and fitness center and various other University functions.

Davis Campus. The Davis Campus located in Layton City, Utah is 20 miles north of Salt Lake City, Utah and consists of 105 acres and currently has two buildings totaling over 230,000 square feet with a master plan build out for 12 buildings. The Davis Campus offers over 20 complete degree/certificate programs, including both undergraduate and graduate programs, in addition to a full range of student services including admissions, registration, financial aid, disability services, library, advising, bookstore, tutoring, a testing center, and student activities.

WSU Online. The University also offers a virtual campus through Weber State University Online (“WSU Online”), which offers instruction over the internet with 11 complete degree/certificate programs. In Fall 2020, 34% of enrollment at the University was through WSU Online, which increased due to COVID-19. See “FINANCIAL INFORMATION REGARDING WEBER STATE UNIVERSITY—Management’s Discussion and Analysis—The University’s Current Actions” below. In addition, centers in Morgan City, Utah and Roy City, Utah along with the Center for Continuing Education in Layton City, Utah offer further outreach to the community.

University’s Board Of Trustees

The Board of Trustees of the University (the “Board of Trustees”) has been established to act on behalf of the University in, among other things, performing responsibilities and functions specifically delegated by the Board of Higher Education, facilitating communication between the University and the community, and assisting in fund-raising and development projects. The Board of Trustees has 10 members, including eight persons appointed by the Governor with the consent of the State Senate for staggered four-year terms, the president of the University’s alumni association, the president of the Associated Students of the University and a Secretary. The current members of the Board of Trustees are as follows:

University’s Board of Trustees

| <u>Board Member</u> | <u>Current Term Expires</u> |
|---|-----------------------------|
| Nolan Karras, Chair..... | June 2021 |
| Kearston Cutrubus, Vice Chair..... | June 2023 |
| Ben Ferney | June 2022 |
| Karla Bergeson | June 2021 |
| Mary Carpenter..... | June 2021 |
| Curtis Funk | June 2021 |
| Amanda Covington..... | June 2023 |
| Louenda H. Downs | June 2023 |
| Karen W. Fairbanks..... | June 2023 |
| Don Salazar | June 2021 |
| Norman C. Tarbox; Treasurer, Vice President for Administrative Services | Appointed |
| Sheri Cox; Executive Secretary | Appointed |

(Source: The University.)

University Executive Officers

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

| <u>Office</u> | <u>Person</u> | <u>Years of Service</u> | <u>Expiration of Term</u> |
|--|-------------------------------------|-------------------------|---------------------------|
| President | Brad L. Mortensen, Ph.D. | 3 | Appointed |
| Vice President for Administrative Services..... | Norman C. Tarbox, Jr., Ed.D. | 19 | Appointed |
| Provost..... | Ravi Krovi, Ph.D. | 1 | Appointed |
| Vice President for Student Affairs..... | Brett E. Perozzi, Ph.D. | 4 | Appointed |
| Vice President for University Advancement | T. Elizabeth (Betsy) Mennell, Ph.D. | 2 | Appointed |
| Vice President for Information Systems..... | Bret R. Ellis, Ph.D. | 13 | Appointed |
| Chief Diversity Officer..... | Adrienne G. Andrews | 6 | Appointed |
| Chief Financial Officer..... | Steven E. Nabor, C.P.A. | 38 | Appointed |
| Controller..... | Ronald L. Smith, C.P.A. | 39 | Appointed |
| Director of Budget and Institutional Research..... | Clayton Anderson, MHA | 8 | Appointed |
| Director of Financial Reporting & Investments..... | Wendell W. Rich, C.P.A. | 24 | Appointed |

(Source: The University.)

Accreditation

The University is a member of the American Council on Education and the American Association of State Colleges and Universities and has been accredited by the Northwest Commission on Colleges and Universities since 1932. This accreditation was renewed by the Northwest Commission at a meeting of the commission in January 2015. In addition, more than 32 departmental programs are accredited by accrediting bodies within their disciplines.

Faculty And Staff

The number of full-time equivalent (“FTE”) faculty, executives, staff, and part-time employees at the University for the indicated years were as follows:

| | Fall Semester | | | | |
|--------------------------------|---------------|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Faculty | | | | | |
| Full-time..... | 611 | 600 | 590 | 578 | 555 |
| Part-time..... | <u>446</u> | <u>442</u> | <u>404</u> | <u>414</u> | <u>457</u> |
| Total faculty | 1,057 | 1,042 | 994 | 992 | 1,012 |
| Staff | 1,011 | 996 | 958 | 939 | 918 |
| Part-time | 531 | 704 | 638 | 598 | 882 |
| Executive..... | <u>21</u> | <u>22</u> | <u>19</u> | <u>22</u> | <u>21</u> |
| Total employees | <u>2,620</u> | <u>2,764</u> | <u>2,609</u> | <u>2,551</u> | <u>2,833</u> |
| % change from prior year | (5.2)% | 5.9% | 2.3% | (10.0)% | 13.0% |

(Source: Utah System of Higher Education. Compiled by the Municipal Advisor.)

Currently, approximately 52.5% of the University’s full-time faculty is tenured.

Student Enrollment

The University’s annualized full-time equivalent enrollment for Academic Year 2019–2020 (budget related and self-support) was 18,723 students while the headcount enrollment for 2020 Fall Semester (end of term/budget related and self-support) enrollment was 29,709. 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 | | | | | |
|--|---------------------------------------|---------------|---------------|---------------|---------------|
| | Academic Year (annualized FTE) | | | | |
| | 2019–20 | 2018–19 | 2017–18 | 2016–17 | 2015–16 |
| Resident enrollment..... | 17,009 | 16,674 | 16,282 | 15,614 | 15,500 |
| Nonresident enrollment | <u>1,714</u> | <u>1,758</u> | <u>1,787</u> | <u>1,820</u> | <u>1,744</u> |
| Annualized FTE total (budget related and self-support) | <u>18,723</u> | <u>18,432</u> | <u>18,069</u> | <u>17,434</u> | <u>17,244</u> |
| % change from prior year..... | 1.6% | 2.0% | 3.6% | 1.1% | (0.2)% |
| | Fall Semester (headcount end of term) | | | | |
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Total headcount (budget related and self-support)..... | <u>29,709</u> | <u>29,969</u> | <u>28,700</u> | <u>28,379</u> | <u>27,236</u> |
| % change from prior year..... | (0.9)% | 4.4% | 1.1% | 4.2% | 3.7% |
| Resident enrollment..... | 27,721 | 27,856 | 26,515 | 26,100 | 24,976 |
| Nonresident enrollment | 1,988 | 2,113 | 2,185 | 2,279 | 2,260 |
| Undergraduate enrollment | 28,792 | 29,153 | 27,911 | 27,524 | 26,523 |
| Graduate enrollment | 917 | 816 | 789 | 855 | 713 |
| Full-time enrollment | 11,521 | 11,315 | 10,914 | 11,574 | 11,269 |
| Part-time enrollment | 18,188 | 18,654 | 17,786 | 16,805 | 15,967 |

(Source: From reports of the Utah System of Higher Education compiled by the Municipal Advisor.)

Estimated Enrollment Trends And 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 Higher Education or the Legislature, make the current prediction of enrollments somewhat difficult.

The University 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 Annualized FTE Enrollments | | | | |
|--------------------------------|--------------------------------------|---------|---------|---------|---------|
| | Academic Year | | | | |
| | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
| Total enrollment | 19,283 | 19,772 | 20,090 | 20,346 | 20,578 |
| % change from prior year | 2.7% | 2.5% | 1.6% | 1.3% | 1.1% |

(Source: Utah System of Higher Education. May 2019. Compiled by the Municipal Advisor.)

Admissions

The University has an open admissions policy which places students into mathematics and English courses based on their performance on different placement tests for each discipline. Placement test scores outline a path of curriculum students must complete to fulfill the University's quantitative literacy and verbal literacy requirements.

Tuition And Fees

General. Payment in full of all tuition and fees is required by the third week of class of each semester. *Tuition and other fees, other than Student Building Fees, are not pledged for the repayment of the 2021 Bonds.*

Student Tuition and Fee Revenues. The total amount of student tuition and fee revenues of the University during the past five Fiscal Years are as follows:

| | Fiscal Year | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Tuition and fee revenues (net) | \$87,868,667 | \$85,822,271 | \$83,181,628 | \$83,820,133 | \$82,276,582 |
| % change from prior year..... | 2.4% | 3.2% | (0.8)% | 6.7% | 4.7% |

(Source: The University's audited financial reports.)

Tuition and fees (other than Student Building Fees) are not pledged for the repayment of the Bonds.

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. Fiscal Year 2020-21 information is not available.

| Category | Estimated Student Costs | | | | |
|--------------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 |
| <i>Commuter</i> | | | | | |
| Room and board..... | \$ 5,400 | \$ 5,400 | \$ 5,400 | \$ 5,400 | \$ 5,400 |
| Miscellaneous | 3,000 | 3,000 | 2,052 | 2,052 | 2,052 |
| Transportation | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Books and supplies | <u>1,400</u> | <u>1,200</u> | <u>1,200</u> | <u>1,200</u> | <u>1,200</u> |
| Total | <u>\$11,800</u> | <u>\$11,600</u> | <u>\$10,652</u> | <u>\$10,652</u> | <u>\$10,652</u> |
| % change from prior year | 1.7% | 8.9% | 0% | 0% | 0% |

| Category | Estimated Student Costs | | | | |
|--------------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2019–20 | 2018–19 | 2017–18 | 2016–17 | 2015–16 |
| <i>Non–commuter</i> | | | | | |
| Room and board..... | \$ 9,900 | \$8,400 | \$ 8,400 | \$ 8,400 | \$ 8,400 |
| Miscellaneous | 3,000 | 3,000 | 3,052 | 3,052 | 3,052 |
| Transportation..... | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Books and supplies | <u>1,400</u> | <u>1,400</u> | <u>1,200</u> | <u>1,200</u> | <u>1,200</u> |
| Total | <u>\$16,300</u> | <u>\$14,800</u> | <u>\$14,652</u> | <u>\$14,652</u> | <u>\$14,652</u> |
| % change from prior year | 10.1% | 1.0% | 0% | 0% | 0% |

(Source: The University.)

Student Financial Aid

Currently, approximately 65.5% 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. All part–time and temporary jobs on campus are offered first to student applicants.

The following table summarizes the financial aid provided by the University for the years indicated.

| | Fiscal Year | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Scholarships and grants | | | | | |
| Pell Grants..... | \$28,052,535 | \$29,909,595 | \$29,416,044 | \$24,700,230 | \$26,385,392 |
| University student waivers..... | 15,186,440 | 15,095,514 | 14,106,239 | 13,701,160 | 13,164,977 |
| Other miscellaneous scholarships | 9,542,167 | 8,642,305 | 8,477,557 | 9,167,029 | 7,438,006 |
| Other miscellaneous grants | 2,793,824 | 798,345 | 684,700 | 727,239 | 584,495 |
| Federal /State SEOG..... | <u>642,855</u> | <u>621,193</u> | <u>617,991</u> | <u>700,898</u> | <u>506,260</u> |
| Subtotal..... | <u>56,217,821</u> | <u>55,066,952</u> | <u>53,302,531</u> | <u>48,996,556</u> | <u>48,079,130</u> |
| Loans | | | | | |
| Federal direct loans | 33,438,747 | 34,187,583 | 38,177,376 | 3,9720,250 | 40,019,459 |
| Alternative loans | 2,818,780 | 2,532,263 | 2,110,278 | 2,209,736 | 2,414,446 |
| Federal Perkins (1)..... | — | — | <u>74,562</u> | <u>57,998</u> | <u>1,429,671</u> |
| Subtotal..... | <u>36,257,527</u> | <u>36,719,846</u> | <u>40,362,216</u> | <u>41,987,984</u> | <u>43,863,576</u> |
| Student employment | | | | | |
| Federal work study..... | <u>808,221</u> | <u>933,050</u> | <u>785,775</u> | <u>790,120</u> | <u>715,946</u> |
| Total assistance..... | <u>\$92,283,569</u> | <u>\$92,719,848</u> | <u>\$94,450,522</u> | <u>\$91,774,660</u> | <u>\$92,658,682</u> |
| % change from prior year..... | (0.5)% | (1.8)% | 2.9% | (1.0)% | (4.6)% |

(1) Loan program is being discontinued nationally.

(Source: The University.)

Budget Process

State Appropriations. That 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 Higher Education 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 Higher Education. 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 Higher Education considers the amount of appropriation, when determined, along with the University’s budget requirements and other revenue sources in establishing student tuition and fees and other 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 Higher Education, 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, in its capital appropriation program for the University, each project and may stipulate the source of funding and amount.

Capital improvement projects (also known as alterations, repairs, and improvements) help maintain existing facilities. Utah statute requires the Legislature to annually provide funding equal to 1.1% of the replacement value of state-owned facilities for state-wide capital improvement projects.

The Legislature’s appropriations for capital improvement projects to the University and to the Utah System of Higher Education agencies and institutions for the indicated years are set forth below:

| <u>Fiscal Year</u> | <u>University</u> | <u>% Change From Prior Period</u> | <u>Utah System of Higher Education</u> | <u>% Change From Prior Period</u> |
|--------------------|-------------------|---|--|---|
| 2022..... | \$6,777,641 | 8.7% | \$86,240,333 | 13.1% |
| 2021..... | 6,235,120 | 7.6 | 76,227,159 | (1.9) |
| 2020..... | 5,794,538 | 15.9 | 77,696,370 | 25.2 |
| 2019..... | 5,001,303 | 4.4 | 62,058,112 | 0.6 |
| 2018..... | 4,828,130 | (1.0) | 61,668,163 | (0.1) |

(Source: Utah System of Higher Education.)

State Appropriations To The University

The University has annually received and anticipates receiving 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 2021 Bonds.

The State’s General Fund appropriations for operations to the University for the past five Fiscal Years are as follows:

| <u>Fiscal Year</u> | <u>State Appropriations</u> | <u>% Change From Prior Period</u> |
|--------------------|---------------------------------|---|
| 2021..... | \$101,299,480 | 6.0% |
| 2020..... | 95,582,300 | 4.8 |
| 2019..... | 91,227,101 | 7.4 |
| 2018..... | 84,970,900 | 4.2 |
| 2017..... | 81,511,610 | 5.5 |

(Source: The University’s audited financial reports.)

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 Fiscal Years shown. State appropriations for new facilities, renovations, and major repairs are directed through the State of Utah Division of Facilities Construction and Management (“DFCM”). The timing of the recognition of the appropriations depends on the project’s type. Certain projects that are State funded, are delegated by DFCM to be managed by the University. The University pays the contractors associated with these projects. Appropriations for these projects are booked when the University periodically invoices DFCM for reimbursements of amounts expended during the construction periods. Certain projects, that are State funded, are managed by DFCM. DFCM pays the contractors during the construction periods. The University does not book expenses or appropriations for these projects until they are completed. The appropriations are booked and considered final in the Fiscal Year in which the project on which appropriated amounts were spent is completed.

| <u>Fiscal Year</u> | <u>State Appropriations for Building</u> | <u>% Change From Prior Period</u> |
|--------------------|--|---|
| 2020..... | \$ 6,266,234 | (81.2)% |
| 2019 (1)..... | 33,303,565 | 743.9 |
| 2018..... | 3,946,364 | (45.5) |
| 2017..... | 7,240,998 | (86.9) |
| 2016 (2)..... | 55,115,897 | 898.1 |

(1) The majority appropriation for Fiscal Year 2019 was for the Lindquist Hall Building Renovation.

(2) The majority appropriation for Fiscal Year 2016 was for the Tracy Hall Science Center.

(Source: The University’s audited financial reports.)

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 private gifts, capital grants and gifts and additions to permanent endowments received by the University (non-operating revenues and other revenues) for the following Fiscal Years.

| <u>Fiscal Year</u> | <u>Receipts</u> | <u>% Change From Prior Period</u> |
|--------------------|-----------------|---|
| 2020..... | \$12,923,874 | (5.6)% |
| 2019..... | 13,695,179 | (40.6) |
| 2018..... | 22,848,409 | 34.9 |
| 2017..... | 16,943,216 | (17.6) |
| 2016..... | 20,556,180 | 78.0 |

(Source: The University’s audited financial reports.)

Contracts And Grants

The following table sets forth the awards received by the various colleges within the University including federal grants and contracts; State and local grants and contracts; and nongovernmental grants and contracts (from operating and nonoperating revenues) for each of the following past five Fiscal Years.

| <u>Fiscal Year</u> | <u>Receipts</u> | <u>% Change From Prior Period</u> |
|--------------------|-----------------|---|
| 2020..... | \$43,504,594 | 4.1% |
| 2019..... | 41,798,981 | 7.0 |
| 2018..... | 39,075,668 | 11.7 |
| 2017..... | 34,993,561 | (4.1) |
| 2016..... | 36,495,912 | (5.1) |

(Source: The University's audited financial reports.)

The University is reimbursed by the sponsoring agencies for authorized direct and indirect costs incurred in performing the contract or grant. Indirect cost reimbursement includes building and equipment usage, administration, etc.

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, 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 WEBER STATE UNIVERSITY FOR FISCAL YEAR 2020—Notes to Financial Statements—Note 2. Cash & Investments" (audit page 31).

Risk Management; Seismic Activity; Cybersecurity

Risk Management. 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, including earthquake insurance, provides for repair or replacement of damaged property at a replacement cost basis subject to a \$1,000 deductible per occurrence.

The approximate amount of property insurance currently in force for the University's buildings, contents (including fine art and valuable papers), data processing, boiler and machinery is \$1.4 billion.

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 Worker's Compensation Fund of Utah.

Seismic Activity (recent). The State is in a region of seismic activity subject to earthquakes in varying strengths. On March 18, 2020 an earthquake occurred in Magna Metro Township, Utah (located approximately 50 miles south of the University's Ogden campus and approximately 15 miles west of Salt Lake City, Utah), which magnitude registered 5.7 on the Richter scale. The University suffered no structural damage to its buildings or equipment from the March 2020 earthquake.

Cybersecurity. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the University’s systems technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage by cybersecurity incidents or cyber-attacks, the University invests in multiple forms of cybersecurity and operational safeguards. The University is covered by policies of insurance for cyber and technology risks. To date, the University has not experienced a material breach of cybersecurity.

See “APPENDIX B—FINANCIAL REPORT OF WEBER STATE UNIVERSITY FOR FISCAL YEAR 2020–Notes to Financial Statements–Note 12. Risk Management” (audit page 44).

Employee Workforce; Retirement System; No Post–Employment Benefits; Termination Benefits

Employee Workforce; Retirement System. The University currently employs approximately 1,643 full–time equivalent employees and 977 part–time equivalent employees for a total employment of 2,620 employees. The University participates in two retirement plans covering substantially all of its regular employees. The University is a participant of the Utah State Retirement Systems (“URS”), the Teacher’s Insurance and Annuity Association and Fidelity Investments. The University also participates in several deferred compensation plans, which are administered by an unrelated third–party financial institution.

For a detailed discussion regarding retirement benefits and contributions see “APPENDIX B—FINANCIAL REPORT OF WEBER STATE UNIVERSITY FOR FISCAL YEAR 2020–Notes to Financial Statements–Note 7. Pension Plans and Retirement Benefits” (audit page 38).

No Post–Employment Benefits. The University does not provide any post–employment benefits to its employees and has no post–employment liability costs.

Termination Benefits. The University provides an early retirement program to qualified employees that are approved by the administration in accordance with University policy as approved by the Board of Higher Education. There are 38 retirees who are receiving benefits under the University’s early retirement program and the University has recorded a liability for the cost of these benefits at their present value in the year the individuals retire using a discount rate of 2%. The expense for the early retirement program for Fiscal Year 2020 was \$1,155,594, See “APPENDIX B—FINANCIAL REPORT OF WEBER STATE UNIVERSITY FOR FISCAL YEAR 2020–Notes to Financial Statements–Note 9. Termination Benefits” (audit page 42). *The University currently does not expect its current or future policies regarding termination benefits to have a negative financial impact on the University.*

DEBT STRUCTURE OF WEBER STATE UNIVERSITY

Outstanding Debt Of The University

The University has the following debt outstanding.

| <u>Series (1)</u> | <u>Purpose</u> | <u>Original Principal Amount</u> | <u>Final Maturity Date</u> | <u>Current Principal Outstanding</u> |
|---|----------------|--|--------------------------------|--|
| 2021 (a) | Building | \$ 5,815,000 | April 1, 2041 | \$ 5,815,000 |
| 2019 (2) | Refunding | 10,835,000 | April 1, 2040 | 10,485,000 |
| 2017 (3) | Refunding | 7,215,000 | April 1, 2030 | 5,285,000 |
| 2015 (3) | Refunding | 18,135,000 | April 1, 2030 | 12,025,000 |
| 2012 (2) | Student Union | 17,380,000 | April 1, 2032 | 10,970,000 |
| Total principal amount of outstanding debt..... | | | | <u>\$44,580,000</u> |

(a) For purposes of this OFFICIAL STATEMENT, the 2021 Bonds will be considered issued and outstanding. Rated “AA” (BAM insured; underlying “AA”) by S&P, as of the date of this OFFICIAL STATEMENT.

(1) These bonds are issued on a parity basis under the Indenture.

(2) Rated “AA” by S&P, as of the date of this OFFICIAL STATEMENT.

(3) Rated “AA” (AGM insured; underlying “AA”) by S&P, as of the date of this OFFICIAL STATEMENT.

(Source: Municipal Advisor.)

Debt Service Schedule Of Outstanding Student Facilities System Revenue Bonds By Fiscal Year

| Fiscal Year Ending June 30 | Series 2021 \$5,815,000 | | Series 2019 \$10,835,000 | | Series 2017 \$7,215,000 | | Series 2015 \$18,135,000 | | Series 2012 \$17,380,000 | | Series 2010A (b) \$14,015,000 | | Totals | | |
|----------------------------------|----------------------------|---------------------|-----------------------------|---------------------|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|----------------------------------|-------------------|----------------------|-----------------------|-----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest (2) | Total Principal | Total Interest (4) | Total Debt Service |
| 2020..... | \$ 0 | \$ 0 | \$ 0 | \$ 112,564 | \$ 485,000 | \$ 308,900 | \$ 1,070,000 | \$ 571,100 | \$ 795,000 | \$ 416,925 | \$ 410,000 | \$ 291,451 | \$ 2,760,000 | \$ 1,700,941 | \$ 4,460,941 |
| 2021..... | 0 | 0 | 350,000 | 397,286 | 505,000 | 289,500 | 1,115,000 | 517,600 | 820,000 | 393,075 | 0 | 0 (3) | 2,790,000 | 1,597,461 | 4,387,461 |
| 2022..... | 0 | 0 (a) | 365,000 | 379,786 | 530,000 | 264,250 | 1,180,000 | 461,850 | 850,000 | 360,275 | 0 | 0 (3) | 2,925,000 | 1,466,161 | 4,391,161 |
| 2023..... | 200,000 | 207,850 | 380,000 | 361,536 | 555,000 | 237,750 | 1,225,000 | 402,850 | 875,000 | 334,775 | 0 | 0 (3) | 3,235,000 | 1,544,761 | 4,779,761 |
| 2024..... | 210,000 | 197,850 | 405,000 | 342,536 | 590,000 | 210,000 | 1,290,000 | 341,600 | 905,000 | 308,525 | 0 | 0 (3) | 3,400,000 | 1,400,511 | 4,800,511 |
| 2025..... | 225,000 | 187,350 | 420,000 | 322,286 | 615,000 | 180,500 | 1,360,000 | 277,100 | 930,000 | 281,375 | 0 | 0 (3) | 3,550,000 | 1,248,611 | 4,798,611 |
| 2026..... | 235,000 | 176,100 | 445,000 | 301,286 | 650,000 | 149,750 | 1,430,000 | 209,100 | 960,000 | 253,475 | 0 | 0 (3) | 3,720,000 | 1,089,711 | 4,809,711 |
| 2027..... | 245,000 | 164,350 | 465,000 | 279,036 | 680,000 | 117,250 | 1,475,000 | 166,200 | 985,000 | 223,475 | 0 | 0 (3) | 3,850,000 | 950,311 | 4,800,311 |
| 2028..... | 260,000 | 152,100 | 490,000 | 255,786 | 715,000 | 83,250 | 1,515,000 | 121,950 | 1,020,000 | 191,463 | 0 | 0 (3) | 4,000,000 | 804,549 | 4,804,549 |
| 2029..... | 270,000 | 139,100 | 510,000 | 231,286 | 750,000 | 47,500 | 1,555,000 | 76,500 | 1,055,000 | 157,038 | 0 | 0 (3) | 4,140,000 | 651,424 | 4,791,424 |
| 2030..... | 285,000 | 125,600 | 540,000 | 205,786 | 200,000 | 10,000 | 995,000 | 29,850 | 1,090,000 | 120,113 | 0 | 0 (3) | 3,110,000 | 491,349 | 3,601,349 |
| 2031..... | 300,000 | 111,350 | 565,000 | 178,786 | — | — | — | — | 1,130,000 | 81,963 | 0 | 0 (3) | 1,995,000 | 372,099 | 2,367,099 |
| 2032..... | 310,000 | 99,350 | 585,000 | 156,186 | — | — | — | — | 1,170,000 | 42,413 | 0 | 0 (3) | 2,065,000 | 297,949 | 2,362,949 |
| 2033..... | 325,000 (1) | 86,950 | 610,000 | 132,786 | — | — | — | — | — | — | 0 | 0 (3) | 935,000 | 219,736 | 1,154,736 |
| 2034..... | 335,000 (1) | 77,200 | 625,000 | 119,061 | — | — | — | — | — | — | 0 | 0 (3) | 960,000 | 196,261 | 1,156,261 |
| 2035..... | 340,000 (1) | 67,150 | 640,000 | 104,374 | — | — | — | — | — | — | 0 | 0 (3) | 980,000 | 171,524 | 1,151,524 |
| 2036..... | 355,000 | 56,950 | 655,000 | 88,694 | — | — | — | — | — | — | 0 | 0 (3) | 1,010,000 | 145,644 | 1,155,644 |
| 2037..... | 365,000 | 46,300 | 670,000 | 72,319 | — | — | — | — | — | — | 0 | 0 (3) | 1,035,000 | 118,619 | 1,153,619 |
| 2038..... | 375,000 | 35,350 | 685,000 | 55,569 | — | — | — | — | — | — | 0 | 0 (3) | 1,060,000 | 90,919 | 1,150,919 |
| 2039..... | 385,000 | 24,100 | 705,000 | 38,444 | — | — | — | — | — | — | 0 | 0 (3) | 1,090,000 | 62,544 | 1,152,544 |
| 2040..... | 395,000 | 16,400 | 725,000 | 19,938 | — | — | — | — | — | — | 0 | 0 (3) | 1,120,000 | 36,338 | 1,156,338 |
| 2041..... | 400,000 | 8,500 | — | — | — | — | — | — | — | — | — | — | 400,000 | 8,500 | 408,500 |
| Totals..... | <u>\$ 5,815,000</u> | <u>\$ 1,979,900</u> | <u>\$ 10,835,000</u> | <u>\$ 4,155,333</u> | <u>\$ 6,275,000</u> | <u>\$ 1,898,650</u> | <u>\$ 14,210,000</u> | <u>\$ 3,175,700</u> | <u>\$ 12,585,000</u> | <u>\$ 3,164,888</u> | <u>\$ 410,000</u> | <u>\$ 291,451</u> | <u>\$ 50,130,000</u> | <u>\$ 14,665,922</u> | <u>\$ 64,795,922</u> |

- (a) Interest in the amount of \$156,812.32 is being paid from the 2021 Capitalized Interest Fund.
- (b) This bond issue has been included in this table because final principal and interest payments occurred in Fiscal Year 2020.
- (1) Mandatory sinking fund principal payments from a \$1,000,000, 3% term bond, due April 1, 2035.
- (2) Federally taxable (direct pay, 35% issuer subsidy, Build America Bonds). Does not reflect any federal interest subsidy payments.
- (3) Principal and interest has been refunded by the 2019 Bonds.
- (4) Does not reflect any federal interest rate subsidy payments on the 2010A Bonds which were issued as Build America Bonds.

(Source: Municipal Advisor.)

Amounts due on bonds as of Fiscal Year 2020 (absent the issuance of the 2021 Bonds) may be found in “APPENDIX B—FINANCIAL REPORT OF WEBER STATE UNIVERSITY FOR FISCAL YEAR 2020—Notes to Financial Statements—Note 4. Revenue Bonds Payable” (audit page 36).

Other Financial Considerations

The University has various operating leases for buildings and various programs. For Fiscal Year 2020, the University’s payments totaled \$431,487, with the future minimum lease payments totaling \$2,204,271, with payments through Fiscal Year 2026. See “APPENDIX B—FINANCIAL REPORT OF WEBER STATE UNIVERSITY FOR FISCAL YEAR 2020—Notes to Financial Statements—Note 6. Operating Leases” (audit page 38).

Proposed Revenue Debt Of The Board Of Higher Education And The University

The Board of Higher Education 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 University may issue, within the next three-years, up to \$4 million of Additional Bonds for athletic facility upgrades.

No Defaulted Obligations

The University has never failed to pay principal of and interest on its financial obligations when due. Also see “NO HISTORICAL REQUEST FOR LEGISLATIVE APPROPRIATION ON HIGHER EDUCATION BONDS OR DEBT SERVICE RESERVE ACCOUNTS” above.

FINANCIAL INFORMATION REGARDING WEBER STATE UNIVERSITY

Management’s Discussion And Analysis

Economic Outlook. The financial health of the University as a whole is dependent on State appropriations, enrollment growth and tuition levels. As the economy and tax revenues continue to improve, the University will experience an increase in State appropriations. Enrollment growth and tuition increases allows the University to offset lower State appropriation amounts, thus maintaining its financial strength, quality, and accessibility of its educational programs. While it is difficult to predict future challenges and their results, management believes that the University’s financial condition will remain strong.

Potential Impact of The Coronavirus (COVID-19). Summary. The State’s first confirmed case of COVID-19 was on March 6, 2020, hours after the Governor of the State declared a state of emergency. Since then, the virus has spread throughout the State, although the number of confirmed COVID-19 cases and related deaths to date have been comparatively low as compared to more populated states. The economic effects have also spread across the State with individuals in the leisure and hospitality sector experiencing the greatest impact, both in job losses and unemployment claims. Public health data and other information related to the State is published at <https://coronavirus.utah.gov>.

The University’s Current Actions. The overall financial impact of the COVID-19 pandemic on the University has been minimal thus far. Because of an existing online learning infrastructure in place, the University successfully transitioned to remote instruction in March 2020 and completed 2020 Spring Semester issuing only a negligible amount of refunds of tuitions and fees. See “WEBER STATE UNIVERSITY—The Campus—WSU Online” above. Enrollment for the 2020 Summer Semester was up 2.7% compared to the previous year, even though only online instruction was offered. Expenses have been reduced in auxiliary operations impacted by the closure of the University’s buildings in order to minimize financial losses.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, Higher Education Emergency Relief Fund (“HEEFR1”); the Coronavirus Response and Relief Supplemental Appropriations Act 2021 (“CRRSAA” and/or “HEEFR2”); and the American Rescue Plan Act (“ARP” and/or “HEEFR3”) provide budgetary relief to higher education institutions through numerous provisions. The U.S. Department of Education is administering all allocations passed by Congress to date under CARES (of \$13.95 billion), CRRSAA (of \$22.7 billion), and ARP (\$40 billion).

To date, the University has been awarded \$37,426,861 in funding, consisting of \$12,301,497 from HEEFR1 and \$25,125,364 from HEEFR2. As of the date of this OFFICIAL STATEMENT, the University has not been allocated any-

HEEFR3 funding. The HEEFR1 and HEEFR2 funding has been or will be used for emergency student aid and pandemic impact mitigation efforts.

As a result of delayed tax collections, the State deferred \$3.5 million of the University's general appropriation from Fiscal Year 2020 to Fiscal Year 2021. The Legislature also passed a 2.5% base budget reduction for all public higher education institutions in June 2020. The University's share of this reduction is \$2.451 million, which will be absorbed through strategic reduction of personnel and operating budgets across the University. Reductions will be targeted to retain existing personnel and minimize the impact on campus capacity and services.

Changes to future State appropriations will depend on the health of the state and national economy and the success of local and regional pandemic control efforts. Overall, the impact of the pandemic on the State's economy was less than initially expected. A strong recovery is forecast for 2021, with employment projected to increase by 58,000 jobs, which would be the largest single-year increase in employment in the State's history. As of March 2021, the Utah unemployment rate was 2.9%, compared to a national average of 6.0%.

Under the guidance of State government entities and the Utah System of Higher Education, the University is preparing to offer both on-campus and remote instruction during the upcoming academic year. HEEFR2 funding and institutional resources have been designated for enhanced instructional infrastructure, safety measures, protective equipment, and additional student aid. The University has developed an extensive re-opening plan and will be prepared to adjust instruction and student services to remote or hybrid delivery methods in the event of a COVID-19 resurgence. The University is currently undergoing a major project to install camera and audio equipment in dozens of classrooms, which will enable instructors to teach both in-person and remote audiences simultaneously.

Through surveys and other communication with University personnel, current and prospective students have signaled a strong demand to be on campus. For Spring Semester 2021, enrollment was down 1.6%. However, as of May 1, 2021, Summer enrollment is up 4.7% compared to the same time last year signaling a recovery. COVID-19 had a significant negative impact on housing occupancy. However, as the State continues to see positive trends in terms of COVID-19 vaccination rates and decreasing numbers of new cases, combined with aggressive marketing, the University hopes to achieve a 75% pre-COVID occupancy for Fall 2021. The Student Bookstore and Student Union Building have been implementing delivery and safety procedures to continue serving students and the campus community under any level of pandemic alert. The University has also implemented extensive advisement and support systems to assist both on-campus and remote students with staying enrolled throughout the academic year.

The extent to which COVID-19 will continue to impact the University in the future is uncertain and cannot be predicted. ***However, the University does not expect the various aspects of COVID-19 to negatively impact the University's ability to repay the principal of and interest on the 2021 Bonds.*** See "SECURITY FOR THE 2021 BONDS" above.

Management's Discussion and Analysis of the University's Financial Statements for Fiscal Year 2020. The administration of the University prepared a narrative discussion, overview, and analysis of the financial activities of the University for FISCAL YEAR 2020. For the complete discussion see "APPENDIX B—FINANCIAL REPORT OF WEBER STATE UNIVERSITY FOR FISCAL YEAR 2020—Management's Discussion and Analysis" (audit page 11). *Under State law the University must complete its annual financial report for Fiscal Year 2021 by December 31, 2021.*

Climate Change Risk, Natural Disasters And Global Health Emergencies

There are potential risks within the State that are associated with changes to the climate over time and with increases in the frequency, timing, and severity of extreme weather events or droughts. The University cannot predict how or when various climate changes risks may occur, nor can it quantify the impact on the University or its operations.

Natural disasters (include earthquakes, mudslides, wildfires/forest fires, heat waves, floods, windstorms, droughts, and avalanches) and continued, or future, global health emergencies are possible affecting the State and the University.

Certain areas of the State have experienced drought conditions for at last part of the year in each of the last 10 years. The State has experienced large wildfire/forest fire seasons in which air quality across the State has been negatively impacted (including diminished air quality from wildfires/forest fires located outside the State from drifting air currents). Wildfires/forest fires can impact the State's economy; cause respiratory health problems; result in loss of infrastructure, homes, and property; and destroy forestland, wildlife habitat and other resources.

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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Weber State University

Statement of Net Position

(This summary has not been audited)

| | As of June 30 | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Assets and deferred outflows of resources | | | | | |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents..... | \$ 74,177,174 | \$ 46,732,725 | \$ 31,071,268 | \$ 34,445,149 | \$ 57,359,336 |
| Short-term investments..... | 6,658,667 | 12,599,028 | 31,439,104 | 10,200,780 | 15,367,277 |
| Accounts receivable, net..... | 4,649,590 | 4,122,798 | 3,422,598 | 3,725,827 | 4,209,089 |
| Receivable from state agencies..... | 3,072,369 | 5,403,954 | 3,692,068 | 2,254,814 | 5,269,075 |
| Inventories..... | 2,820,830 | 2,494,031 | 2,624,659 | 4,125,842 | 4,751,596 |
| Pledges receivable, net..... | 1,462,781 | 626,517 | 601,559 | 1,021,404 | 3,004,027 |
| Prepaid expenses..... | 1,101,713 | 1,134,171 | 1,409,069 | 1,657,129 | 974,944 |
| Student loans receivable, net..... | 850,832 | 981,130 | 1,084,648 | 1,132,197 | 1,115,471 |
| Other assets..... | 443,528 | 437,303 | 447,384 | 421,489 | 388,572 |
| Interest receivable..... | 179,430 | 245,250 | 309,250 | 208,080 | 110,330 |
| Total current assets..... | <u>95,416,914</u> | <u>74,776,907</u> | <u>76,101,607</u> | <u>59,192,711</u> | <u>92,549,717</u> |
| Noncurrent assets | | | | | |
| Capital assets, net..... | 408,396,365 | 391,990,459 | 359,996,127 | 358,162,312 | 343,195,365 |
| Investments..... | 184,162,559 | 208,731,737 | 194,446,572 | 188,836,463 | 144,397,723 |
| Restricted cash and cash equivalents..... | 18,049,128 | 18,704,376 | 14,211,685 | 15,468,738 | 12,215,015 |
| Other noncurrent assets..... | 8,829,993 | 9,052,377 | 19,156,627 | — | — |
| Accounts receivable, net..... | 4,039,555 | 4,122,267 | 3,272,047 | 3,711,768 | 4,080,930 |
| Pledges receivable, net..... | 2,745,509 | 3,612,576 | 4,037,499 | 3,046,887 | 6,990,417 |
| Student loans receivable, net..... | 2,485,345 | 3,014,907 | 3,714,946 | 4,557,543 | 5,331,805 |
| Net pension asset..... | 198,283 | — | — | — | 1,001 |
| Total noncurrent assets..... | <u>628,906,737</u> | <u>639,228,699</u> | <u>598,835,503</u> | <u>573,783,711</u> | <u>516,212,256</u> |
| Total assets..... | <u>724,323,651</u> | <u>714,005,606</u> | <u>674,937,110</u> | <u>632,976,422</u> | <u>608,761,973</u> |
| Deferred outflows of resources | | | | | |
| Relating to pensions..... | 9,156,003 | 7,809,587 | 7,988,180 | 7,893,292 | 7,428,619 |
| Deferred amount of refunding..... | 778,744 | 535,854 | 584,568 | 633,282 | 611,498 |
| Total deferred outflows of resources..... | <u>9,934,747</u> | <u>8,345,441</u> | <u>8,572,748</u> | <u>8,526,574</u> | <u>8,040,117</u> |
| Total assets and deferred outflows of resources..... | <u>\$ 734,258,398</u> | <u>\$ 722,351,047</u> | <u>\$ 683,509,858</u> | <u>\$ 641,502,996</u> | <u>\$ 616,802,090</u> |
| Liabilities, deferred inflows of resources and net position | | | | | |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Unearned revenue..... | \$ 8,174,283 | \$ 8,650,850 | \$ 8,478,781 | \$ 8,182,553 | \$ 7,659,078 |
| Compensated absences and termination benefits..... | 3,301,616 | 3,564,869 | 3,378,828 | 3,083,162 | 3,016,991 |
| Bonds payable..... | 3,054,944 | 2,979,362 | 2,909,362 | 2,829,362 | 2,616,028 |
| Due to state agencies..... | 2,350,860 | 3,782,684 | 2,514,298 | 2,697,819 | 3,622,817 |
| Accounts payable..... | 1,762,636 | 2,322,593 | 1,327,704 | 2,049,147 | 2,032,273 |
| Accrued liabilities..... | 620,301 | 627,050 | 576,636 | 614,820 | 556,979 |
| Other liabilities..... | 392,330 | 386,449 | 2,184,041 | 1,815,664 | 1,680,375 |
| Accrued payroll..... | 100,000 | 222,000 | 160,000 | 170,000 | 154,629 |
| Total current liabilities..... | <u>19,756,970</u> | <u>22,535,857</u> | <u>21,529,650</u> | <u>21,442,527</u> | <u>21,339,170</u> |
| Noncurrent liabilities | | | | | |
| Bonds payable..... | 41,703,186 | 44,311,470 | 47,290,832 | 50,200,194 | 52,973,236 |
| Net pension liability..... | 7,923,028 | 20,865,945 | 13,279,806 | 18,615,765 | 18,640,027 |
| Compensated absences and termination benefits..... | 4,334,953 | 3,669,112 | 3,393,311 | 3,593,241 | 3,752,695 |
| Annuities payable..... | 355,155 | 396,629 | 416,205 | 430,248 | 448,715 |
| Total noncurrent liabilities..... | <u>54,316,322</u> | <u>69,243,156</u> | <u>64,380,154</u> | <u>72,839,448</u> | <u>75,814,673</u> |
| Total liabilities..... | <u>74,073,292</u> | <u>91,779,013</u> | <u>85,909,804</u> | <u>94,281,975</u> | <u>97,153,843</u> |
| Deferred inflows of resources | | | | | |
| Related to beneficial interests..... | 8,741,742 | 8,960,678 | 19,061,614 | — | — |
| Related to pensions..... | 5,310,806 | 962,845 | 7,802,540 | 2,766,226 | 1,760,753 |
| Total deferred inflows of resources..... | <u>14,052,548</u> | <u>9,923,523</u> | <u>26,864,154</u> | <u>2,766,226</u> | <u>1,760,753</u> |
| Net position | | | | | |
| Net invested in capital assets..... | 364,416,979 | 345,235,481 | 310,380,501 | 305,766,039 | 288,217,599 |
| Restricted | | | | | |
| Nonexpendable | | | | | |
| Primarily scholarships and fellowships..... | 112,338,244 | 110,974,030 | 104,605,640 | 91,739,272 | 82,975,244 |
| Unrestricted..... | 107,599,810 | 95,766,913 | 88,409,783 | 79,471,139 | 84,579,041 |
| Expendable | | | | | |
| Primarily scholarships and fellowships..... | 51,129,382 | 55,496,808 | 50,622,243 | 46,114,680 | 41,754,410 |
| Loans..... | 5,115,892 | 5,930,025 | 5,307,883 | 7,799,520 | 7,594,794 |
| Capital projects..... | 3,069,256 | 3,917,537 | 8,514,920 | 10,532,174 | 9,550,856 |
| Sponsored projects..... | 2,232,744 | 2,083,205 | 1,662,822 | 1,799,952 | 1,993,842 |
| Debt service..... | 230,251 | 1,244,512 | 1,232,108 | 1,232,019 | 1,221,708 |
| Total net position..... | <u>646,132,558</u> | <u>620,648,511</u> | <u>570,735,900</u> | <u>544,454,795</u> | <u>517,887,494</u> |
| Total liabilities, deferred inflows of resources and net position..... | <u>\$ 734,258,398</u> | <u>\$ 722,351,047</u> | <u>\$ 683,509,858</u> | <u>\$ 641,502,996</u> | <u>\$ 616,802,090</u> |

(Source: Information extracted from the University's audited financial statements by Zions Public Finance, Inc.)

Weber State University

Statement of Revenues, Expenses and Changes in Net Position

(This summary has not been audited)

| | Fiscal Year Ended June 30 | | | | |
|---|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Revenues | | | | | |
| Operating revenues | | | | | |
| Student tuition and fees, net..... | \$ 87,868,667 | \$ 85,822,271 | \$ 83,181,628 | \$ 83,820,133 | \$ 82,276,582 |
| Auxiliary enterprises, net..... | 14,198,329 | 16,315,936 | 16,609,191 | 15,533,705 | 16,591,310 |
| Other operating revenues..... | 5,589,096 | 5,790,174 | 3,661,701 | 4,962,356 | 3,563,675 |
| Sales and services of educational activities..... | 2,966,353 | 3,266,826 | 2,991,428 | 2,920,103 | 2,465,526 |
| Federal grants and contracts..... | 424,166 | 392,425 | 294,777 | 378,911 | 390,961 |
| State and local grants and contracts..... | 127,136 | 304,293 | 244,875 | 88,111 | 40,210 |
| Nongovernmental grants and contracts..... | 59,904 | 16,488 | 17,051 | 30,702 | 70,327 |
| Total operating revenues..... | <u>111,233,651</u> | <u>111,908,413</u> | <u>107,000,651</u> | <u>107,734,021</u> | <u>105,398,591</u> |
| Expenses | | | | | |
| Operating expenses | | | | | |
| Salaries and wages..... | 122,052,294 | 115,015,898 | 110,329,244 | 106,095,522 | 101,929,322 |
| Other operating expenses..... | 54,866,823 | 57,936,710 | 53,832,356 | 55,073,359 | 52,156,122 |
| Employee benefits..... | 38,402,549 | 47,604,464 | 43,852,595 | 42,691,319 | 40,055,686 |
| Depreciation..... | 18,704,747 | 18,013,006 | 17,299,707 | 16,816,285 | 15,310,909 |
| Scholarships and fellowships..... | 17,100,330 | 15,198,659 | 15,140,433 | 15,473,069 | 17,017,923 |
| Total operating expenses..... | <u>251,126,743</u> | <u>253,768,737</u> | <u>240,454,335</u> | <u>236,149,554</u> | <u>226,469,962</u> |
| Operating loss..... | <u>(139,893,092)</u> | <u>(141,860,324)</u> | <u>(133,453,684)</u> | <u>(128,415,533)</u> | <u>(121,071,371)</u> |
| Nonoperating revenues (expenses) | | | | | |
| State appropriations..... | 95,582,300 | 91,227,101 | 84,970,900 | 81,511,610 | 77,273,905 |
| Federal grants and contracts..... | 36,582,523 | 36,469,807 | 35,017,291 | 31,455,773 | 32,836,573 |
| Gifts..... | 10,088,648 | 9,055,555 | 9,632,798 | 7,614,639 | 9,127,480 |
| Investment income (net of investment expense)... | 6,717,418 | 14,221,422 | 11,291,106 | 16,640,394 | (728,178) |
| State of local grants and contracts..... | 5,741,261 | 4,016,064 | 3,230,628 | 2,690,505 | 2,751,914 |
| Other nonoperating revenues..... | 2,438,214 | — | — | — | — |
| Nongovernmental grants and contracts..... | 569,604 | 599,904 | 271,046 | 349,559 | 405,927 |
| Interest on capital assets—related debt..... | (1,444,189) | (1,760,107) | (1,840,955) | (1,849,221) | (2,118,499) |
| Net nonoperating revenues..... | <u>156,275,779</u> | <u>153,829,746</u> | <u>142,572,814</u> | <u>138,413,259</u> | <u>119,549,122</u> |
| Income before other revenues..... | <u>16,382,687</u> | <u>11,969,422</u> | <u>9,119,130</u> | <u>9,997,726</u> | <u>(1,522,249)</u> |
| Other revenues | | | | | |
| Capital appropriations..... | 6,266,134 | 33,303,565 | 3,946,364 | 7,240,998 | 55,115,897 |
| Additions to permanent endowments..... | 2,587,956 | 3,873,830 | 9,776,682 | 2,962,413 | 2,301,702 |
| Capital grants and gifts..... | 247,270 | 765,794 | 3,438,929 | 6,366,164 | 9,126,998 |
| Total other revenues..... | <u>9,101,360</u> | <u>37,943,189</u> | <u>17,161,975</u> | <u>16,569,575</u> | <u>66,544,597</u> |
| Increase in net position..... | <u>25,484,047</u> | <u>49,912,611</u> | <u>26,281,105</u> | <u>26,567,301</u> | <u>65,022,348</u> |
| Net position | | | | | |
| Net position—beginning of year..... | <u>620,648,511</u> | <u>570,735,900</u> | <u>544,454,795</u> | <u>517,887,494</u> | <u>452,865,146</u> |
| Net position—end of year..... | <u>\$ 646,132,558</u> | <u>\$ 620,648,511</u> | <u>\$ 570,735,900</u> | <u>\$ 544,454,795</u> | <u>\$ 517,887,494</u> |

(Source: Information extracted from the University's audited financial statements by Zions Public Finance, Inc.)

Additional Financial Information Regarding The University

See “APPENDIX B—FINANCIAL REPORT OF WEBER STATE UNIVERSITY FOR FISCAL YEAR 2020” below for additional financial information regarding the University.

LEGAL MATTERS

Absence Of Litigation Concerning The 2021 Bonds

There is no litigation pending or threatened against the Board of Higher Education or the University questioning or in any matter relating to or affecting the validity of the 2021 Bonds.

On the date of the execution and delivery of the 2021 Bonds, certificates will be delivered by the Board of Higher Education and the University to the effect that, to the best knowledge of the Board of Higher Education and the University, respectively, there is no action, suit, proceeding or litigation pending or threatened against the Board of Higher Education and the University, which in any way materially questions or affects the validity or enforceability of the 2021 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 Higher Education or the University, respectively.

A non-litigation opinion of the Office of the Attorney General of the State, counsel to the Board of Higher Education 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 Higher Education or the University challenging the creation, organization or existence of the Board of Higher Education 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 Higher Education or the University to their respective offices, or the adoption or performance of the Indenture.

Miscellaneous Legal Matters

The Board of Higher Education 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 Higher Education and the University, the Office of the Attorney General is of the opinion that the miscellaneous legal proceedings against the Board of Higher Education and the University, individually or in the aggregate, are not likely to have a material adverse impact on the Board of Higher Education’ and the University’s ability to make its payments of the principal of and interest on the 2021 Bonds as those payments come due.

General

The authorization and issuance of the 2021 Bonds are subject to the approval of the 2021 Bonds by Chapman and Cutler LLP, Bond Counsel to the Board of Higher Education in connection with the issuance of the 2021 Bonds. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the Board of Higher Education and the University by Chapman and Cutler LLP, Disclosure Counsel to the Board of Higher Education. Certain legal matters will be passed on for the Board of Higher Education and the University by the Office of the Attorney General of the State. The approving opinion of Bond Counsel will be delivered with the 2021 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in “APPENDIX C—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 2021 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 2021 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 Higher Education and the University have covenanted to comply with all requirements that must be satisfied in order for the interest on the 2021 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 2021 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2021 Bonds.

Subject to the Board of Higher Education and the University's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2021 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.

In rendering its opinion, Bond Counsel will rely upon certifications of the Board of Higher Education and the University with respect to certain material facts within the Board of Higher Education's and the University's knowledge. 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, 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 2021 Bonds.

Ownership of the 2021 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 2021 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 2021 Bonds is the price at which a substantial amount of such maturity of the 2021 Bonds is first sold to the public. The Issue Price of a maturity of the 2021 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 2021 Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the 2021 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 Higher Education 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 (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or 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 2021 Bonds who dispose of 2021 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2021 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2021 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2021 Bond is purchased at any time for a price that is less than the 2021 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 2021 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 2021 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 2021 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2021 Bonds.

An investor may purchase a 2021 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 2021 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 2021 Bond. Investors who purchase a 2021 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2021 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption, or early retirement of the 2021 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 2021 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 2021 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 includible 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 2021 Bonds. If an audit is commenced, under current procedures the Service may treat the Board of Higher Education 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 2021 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 2021 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2021 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 2021 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 2021 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 2021 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 2021 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 2021 Bonds. Prospective purchasers of the 2021 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

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MISCELLANEOUS

Bond Ratings

As of the date of this OFFICIAL STATEMENT, the 2021 Bonds are expected to be rated “AA” by S&P, with the understanding that upon delivery of the 2021 Bonds, a municipal bond insurance policy guaranteeing the payment when due of the principal of and interest on the 2021 Bonds will be issued by BAM. See “BOND INSURANCE” above.

S&P has assigned its municipal bond rating of “AA” to the 2021 Bonds. An explanation of the ratings may be obtained from S&P. The Board of Higher Education has not directly applied to Fitch Ratings, Inc. or Moody’s Investors Service, Inc. for a rating on the 2021 Bonds.

Such ratings do not constitute a recommendation by the rating agency to buy, sell or hold the 2021 Bonds. Such ratings reflect only the views of S&P and any desired explanation of the significance of such ratings 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 ratings given the 2021 Bonds will be maintained for any period of time or that the ratings 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 ratings may have an adverse effect on the market price of the 2021 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 2021 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 2021 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—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Events of Default” and “—Remedies; Rights of Registered Owners” (page A-17).

Municipal Advisor

The Board of Higher Education 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 Higher Education and the University with respect to preparation for sale of the 2021 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2021 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 Higher Education 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, 2019 and for the year then ended, included in “APPENDIX B—FINANCIAL REPORT OF WEBER STATE UNIVERSITY FOR FISCAL YEAR 2020” to this OFFICIAL STATEMENT, have been audited by the Office of the Utah State Auditor, as stated in its report thereon (audit page 8). The Board of Higher Education 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 Higher Education and the University.

State Board of Higher Education

Weber State University

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summary is a brief outline of certain provisions and definitions contained in the Indenture and is not to be considered as a full statement thereof. Reference is made to the Indenture for full details of all the terms of the 2021 Bonds and the security provisions appertaining thereto. A table of contents is provided for the readers' use.

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Definitions

As used in the General Indenture, the following terms shall have the following meanings unless the context otherwise clearly indicates:

“Accreted Amount” means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds as the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds.

“Act” means Title 53B, Chapter 21, Utah Code and, to the extent applicable, the Utah Industrial Facilities and Development Act, Title 4, Chapter 17, Utah Code, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code.

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

“Additional Facilities” means any additional facilities at the University designated by the Issuer as facilities and buildings of the Student Facilities System under the provisions of the Indenture.

“Aggregate Debt Service” means, as of the date of calculation and with respect to any period, the sum of the amounts of Debt Service for (1) all Series of Bonds Outstanding and (2) any Repayment Obligations Outstanding during such period.

“Authorized Amount” means, with respect to a Commercial Paper Program, the maximum principal amount of commercial paper which is then authorized by the Issuer to be outstanding at any one time pursuant to such Commercial Paper Program.

“Authorized Representative” means the President, Vice President for Administrative Services or the Treasurer 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 Administrative Services. The written instrument may designate an alternate or alternates.

“Average Aggregate Debt Service” means, as of any date of calculation, the amount obtained by dividing (1) the sum of the Aggregate Debt Service on all Series of Bonds Outstanding computed for each Fiscal Year during which any Bonds are or will be Outstanding, by (2) the number of such Fiscal Years.

“Balloon Bonds” means Bonds, other than Bonds which mature within one year of the date of issuance thereof, 25 % or more of the Principal Installments on which (1) are due or, (2) at the option of the Owner thereof may be redeemed, during any period of 12 consecutive months.

“Bond Fund” means the fund created by that name and established in the Indenture.

“Bondholder,” “Bondowner,” “Registered Owner” or “Owner” or any similar term means the registered owner of any Bonds.

“Bonds” means bonds, notes, commercial paper, or other obligations (other than Repayment Obligations) authorized by and at any time Outstanding pursuant to the Indenture, including, the Initial Bonds and any Additional Bonds.

“Business Day” means any day (1) on which banking business is transacted, but not including any day on which banks are authorized to be closed, in New York City or in the city in which the Trustee has its principal corporate trust office and (2) on which the New York Stock Exchange is open.

“Capital Appreciation Bonds” means Bonds the interest on which (1) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (2) is payable upon maturity or redemption of such Bonds.

“Chair” means the Chair of the Issuer or any successor to the duties of such office.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code shall be deemed to include the related United States Treasury Regulations.

“Commercial Paper Program” means commercial paper obligations with maturities of not more than 270 days from the dates of issuance thereof which are issued and reissued by the Issuer from time to time and are outstanding up to an Authorized Amount.

“Construction Fund” means the fund by that name and established in the Indenture.

“Cost” or “Costs” or “Cost of a Project”, or any phrase of similar import, in connection with a Project or with the refunding of any bonds, means all costs and expenses which are properly chargeable thereto under generally accepted accounting principles or which are incidental to the financing, acquisition and construction of a Project, or the refunding of any bonds, including, without limiting the generality of the foregoing:

- (a) amounts payable to contractors and costs incident to the award of contracts;
- (b) cost of labor, facilities and services furnished by University and its employees or others, materials and supplies purchased by the University or others and permits, and licenses obtained by the University or others;

- (c) engineering, architectural, legal, planning, underwriting, accounting, and other professional and advisory fees;
- (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;
- (e) interest expenses, including interest on the Series of Bonds;
- (f) printing, engraving and other expenses of financing, including fees of financial rating services and fees and costs of issuing the Series of Bonds;
- (g) costs, fees, and expenses in connection with the acquisition of real and personal property or rights therein, including premiums for title insurance;
- (h) costs of equipment and furnishings purchased by the University and necessary to the completion and proper operation of a Project;
- (i) amounts required to repay temporary loans or notes made to finance the costs of a Project;
- (j) cost of site improvements performed in anticipation of a Project;
- (k) moneys necessary to fund the Funds created under the Indenture;
- (l) costs of the capitalization with proceeds of a Series of Bonds of any operation and maintenance expenses and other working capital appertaining to any facilities to be acquired for a Project and of any interest on a Series of Bonds for any period not exceeding the period estimated by the Issuer to effect the construction of a Project plus one year, of any discount on Bonds or other securities, and of any reserves for the payment of the principal of and interest on a Series of Bonds, of any replacement expenses and of any other cost of issuance of a Series of Bonds or other securities, Security Instrument Costs and Reserve Instrument Costs;
- (m) costs of amending any indenture or other instrument authorizing the issuance of or otherwise appertaining to a Series of Bonds;
- (n) all other expenses necessary or desirable and appertaining to a Project, as estimated or otherwise ascertained by the University, including costs of contingencies for a Project; and
- (o) payment to the University of such amounts, if any, as shall be necessary to reimburse the University in full for advances and payments theretofore made or costs theretofore incurred by the University for any item of Costs.

In the case of any refunding or redeeming any Series of Bonds, “Cost” includes, without limiting the generality of the foregoing, the items listed in (c), (e), (f) and (k) 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).

“*Cross-over Date*” means with respect to Cross-over Refunding Bonds the date on which the Principal portion of the related Cross-over Refunded Bonds is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

“*Cross-over Refunded Bonds*” means Bonds or other obligations refunded by Cross-over Refunding Bonds.

“*Cross-over Refunding Bonds*” means Bonds issued for the purpose of refunding Bonds or other obligations if the proceeds of such Cross-over Refunding Bonds are irrevocably deposited in escrow in satisfaction of the requirements of Section 11-27-3, Utah Code, to secure the payment on an applicable redemption date or maturity date of the Cross-over Refunded Bonds (subject to possible use to pay Principal of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds until the Cross-over Date.

“*Current Expenses*” mean all necessary and reasonable expenses of maintaining and operating the Student Facilities System, including all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance, Security Instrument Costs, Reserve Instrument Costs, and all other expenses incidental to the operation of the Student Facilities System, including the cost of merchandise for resale, services, utilities and personnel and all allocated general administrative expenses of the University, but shall exclude depreciation and any required payments to any repair and replacement fund.

“*Current Interest Bonds*” means Bonds not constituting Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the interest payment dates provided therefor in a Supplemental Indenture.

“*Debt Service*” means, for any particular Fiscal Year and for any Series of Bonds and any Repayment Obligations, an amount equal to the sum of (1) all interest payable during such Fiscal Year on such Series of Bonds plus (2) the Principal Installments payable during such Fiscal Year on (a) such Bonds Outstanding, calculated on the assumption that Bonds Outstanding on the day of calculation cease to be Outstanding by reason of, but only by reason of, payment either upon maturity or application of any Sinking Fund Installments required by the Indenture, and (b) such Repayment Obligations then outstanding;

provided, however,

(1) for purposes of the additional bonds test of the Indenture, when calculating the Principal Installments payable during such Fiscal Year, there shall be treated as payable in such Fiscal Year the amount of Principal Installments which would have been payable during such Fiscal Year had the Principal of each Series of Balloon Bonds Outstanding been amortized, from their date of issuance over a period of 30 years, on a level debt service basis at an interest rate equal to the rate borne by such Balloon Bonds on the date of calculation, provided (A) that if the date of calculation is within twelve months before the actual maturity of such Balloon Bonds, the full amount of Principal payable at maturity shall be included in such calculation, and (B) that if there is any Security Instrument Repayment Obligation relating to such Balloon Bonds, the amount of Principal to be taken into account shall be the principal component of such Security Instrument Repayment Obligation;

(2) when calculating interest payable during such Fiscal Year for any Series of Variable Rate Bonds or Repayment Obligations bearing interest at a variable rate which cannot be ascertained for any particular Fiscal Year, (A) it shall be assumed that such Series of Variable Rate Bonds or related Repayment Obligations will bear interest at the average of the variable rates applicable to such Series of Variable Rate Bonds or related Repayment Obligations during any consecutive 12-month period during the immediately preceding 24 months (or a shorter period, commencing on the date of issuance of a Series of Variable Rate Bonds or the date of incurring the related Repayment Obligations) ending within 30 days prior to the date of computation, or, (B) with respect to any Series of Variable Rate Bonds or related Repayment Obligations for which such an average of the variable rates cannot be determined, (i) at a rate equal to 110% of the most recent PSA Municipal Swap Index theretofore published in The Bond Buyer, or (ii) if The Bond Buyer is no longer published or no longer publishes the PSA Municipal Swap Index, at a rate certified by the Issuer's financial advisor, underwriter or other agent, including a Remarketing Agent, to be the rate of interest such Series of Variable Rate Bonds or related Repayment Obligations would bear if issued on the date of computation in the same amount, with the same maturity or maturities, with the same security, and bearing interest at a variable rate;

(3) when calculating interest payable during such Fiscal Year for any Series of Variable Rate Bonds which are issued with an Interest Rate Swap in which the Issuer has agreed to pay a fixed interest rate, such Series of Variable Rate Bonds shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Interest Rate Swap; provided that such effective fixed annual rate may be utilized only if the Interest Rate Swap has been reviewed and approved by each of the Rating Agencies then rating the Series of Variable Rate Bonds and each Security Instrument Issuer, if any, insuring payment of the Series of Variable Rate Bonds; and provided further that such effective fixed annual interest rate may be utilized only so long as such Interest Rate Swap is contracted to remain in full force and effect;

(4) when calculating interest payable during such Fiscal Year for any Series of Bonds which are issued with a fixed interest rate and with respect to which an Interest Rate Swap is in effect in which the Issuer has agreed to pay a floating amount, no fixed amounts to be received by the Issuer under such Interest Rate Swap shall be included in the calculation of Debt Service and only the net amount representing the excess, if any, of such floating payments to be made by the Issuer over the fixed amounts to be paid under the Interest Rate Swap shall be included in the calculation of Debt Service; provided that such net amounts may be utilized only if the Interest Rate Swap has been reviewed and approved by each of the Rating Agencies then rating the Series of Bonds and each Security Instrument Issuer, if any, insuring payment of the Series of Bonds; and provided further that such net amounts may be utilized only so long as such Interest Rate Swap is contracted to remain in full force and effect;

(5) when calculating interest payable during such Fiscal Year with respect to any Commercial Paper Program, "Debt Service" shall mean an amount equal to the sum of all principal and interest payments that would be payable during such Fiscal Year assuming that the Authorized Amount of such Commercial Paper Program is amortized on a level debt service basis over a period of 30 years beginning on the date of calculation or, if later, the last day of the period during which obligations can be issued under such Commercial Paper Program, and bearing interest (A) at an interest rate equal to the average of the interest rates applicable to such Commercial Paper Program during any consecutive 12-month period during the immediately preceding 24 months (or a shorter period, commencing on the date obligations are first issued under the Commercial Paper Program) ending within 30 days prior to the date of computation, or (B) with respect to any Commercial Paper Program for which such an average of the interest rates cannot be determined, (i) at a rate equal to 110% of the most recent PSA Municipal Swap Index theretofore published in The Bond Buyer, or (ii) if The Bond Buyer is no longer published or no longer publishes the PSA Municipal Swap Index, at an interest rate certified by the Issuer's financial advisor, underwriter or other agent, including a Remarketing Agent, to be the rate of interest that obligations of the Commercial Paper Program would bear if issued on the date of computation in the Authorized Amount, with the same security, and maturing over a period of 30 years beginning on the date of calculation; and

(6) When calculating interest payable on Bonds that are Paired Obligations, the interest rate on such Bonds shall be the resulting linked rate or effective fixed interest rate to be paid by the Issuer with respect to such Paired Obligations;

and further provided, however, that there shall be excluded from “Debt Service” (1) interest on Bonds (including Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest or capitalized interest is available to pay such interest, (2) Principal on Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are on deposit in an irrevocable escrow in satisfaction of the requirements of Section 11-27-3, Utah Code, and such proceeds or the earnings thereon are required to be applied to pay such Principal (subject to the possible use to pay the Principal of the Cross-over Refunding Bonds under certain circumstances) and such amounts so required to be applied are sufficient to pay such Principal, and (3) Repayment Obligations to the extent that payments on Pledged Bonds relating to such Repayment Obligations satisfy the Issuer’s obligation to pay such Repayment Obligations.

“*Debt Service Reserve Fund*” means the fund by that name established in the Indenture.

“*Debt Service Reserve Requirement*”, for a Series of Bonds, means the amount, if any, set forth in the Supplemental Indenture authorizing such Series of Bonds. See “SECURITY FOR THE BONDS-Debt Service Reserve Fund.” The Debt Service Reserve Requirement applicable to any Series of Bonds may be funded by a Reserve Instrument.

“*Escrowed Interest*” means amounts irrevocably deposited in escrow in accordance with the requirements of Section 11-27-3, Utah Code, in connection with the issuance of Refunding Bonds or Cross-over Refunding Bonds secured by such amounts or earnings on such amounts which are required to be applied to pay interest on such Cross-over Refunding Bonds or the related Cross-over Refunded Bonds.

“*Estimated Pledged Revenues*” means, for any Fiscal Year, the estimated Pledged Revenues for such Fiscal Year, based upon estimates prepared by the University and approved by an Authorized Representative. Estimated Pledged Revenues for a given Fiscal Year shall be based upon historical Pledged Revenues, adjusted to take into account: (1) any increase in rates, charges or fees that has been or will be in effect prior to the issuance of a Series of Bonds or has been established by the University or the Issuer prior to the issuance of the Series of Bonds to take effect thereafter; and (2) additions, improvements or extensions of the Student Facilities System, to the extent that the same have been or are to be in use during the applicable Fiscal Year (including adjustments to Current Expenses as a result of such additions, improvements or extensions). Such estimates shall exclude revenues derived from any over-occupancy, if any, in relation to designed capacity of existing facilities and shall assume utilization or occupancy rates based upon the immediately preceding three Fiscal Years, with reasonable assumptions for the absorption of additions to the University’s student housing facilities.

“*Fiscal Year*” means the 12-month period beginning July 1 of each year and ending June 30 of the following year.

“*Government Obligations*” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury and “CATS” and “TGRS”) or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America.

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

“*Initial Bonds*” means the first Series of Bonds issued under the Indenture.

“*Interest Payment Date*” means the stated payment date of an installment of interest on the Bonds.

“*Interest Rate Swap*” means an agreement between the Issuer or the Trustee and a Swap Counterparty related to Bonds of one or more Series whereby a variable rate cash flow (which may be subject to any interest rate cap) on a principal or notional amount is exchanged for a fixed rate of return on an equal principal or notional amount. If the Issuer or the Trustee enters into more than one Interest Rate Swap with respect to a Series of Bonds, each Interest Rate Swap shall specify the same payment dates.

“*Issuer*” means the State Board of Regents of the State of Utah and its successors, acting for and on behalf of the University.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Net Operating Revenues*” means the Operating Revenues after provision has been made for the payment therefrom of the Current Expenses.

“*Operating Revenues*” means all rentals, charges, fees, income, and revenues to be derived by the University from the ownership and operation of the Student Facilities System.

“*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 Article X of the Indenture; and
- (b) Any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered.

“Paired Obligations” means any Series (or portion thereof) of Bonds designated as Paired Obligations in the Supplemental Indenture authorizing the issuance or incurrence thereof, which are simultaneously issued or incurred (1) the principal of which is of equal amount maturing and to be redeemed (or canceled after acquisition thereof) on the same dates and in the same amounts, and (2) the interest rates which, taken together, result in an irrevocably fixed interest rate obligation of the Issuer for the terms of such Bonds.

“Permitted Investments” means any investments permitted by the State Money Management Act, Title 51, Chapter 7, Utah Code.

“Pledged Bonds” means any Bonds that have been pledged or in which any interest has otherwise been granted to a Security Instrument Issuer as collateral security for Security Instrument Repayment Obligations.

“Pledged Discretionary Investment Income” means the amount, if any, of discretionary investment income allocated by the University in each Fiscal Year pursuant to the provisions of the Indenture. Such discretionary investment income may include any legally available investment income of the University, but shall not in any event include any amounts that constitute tuition or appropriations by the State Legislature.

“Pledged Revenues” means all (1) Net Operating Revenues, (2) all Student Building Fees, (3) all earnings on all funds and accounts created under the Indenture (other than moneys held in any rebate fund), and (4) any Pledged Discretionary Investment Income.

“Principal” means (1) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), except as used in connection with the authorization and issuance of Bonds and with the order of priority of payment of Bonds after an Event of Default, in which case “Principal” means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest), and (2) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

“Principal Installment” means, as of any date of calculation, (1) with respect to any Series of Bonds so long as any Bonds thereof are Outstanding, (a) the Principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance (determined as provided in the definition of “Sinking Fund Installment” below) of any Sinking Fund Installment due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a Principal amount equal to such unsatisfied balance of such Sinking Fund Installment, or (c) if such future dates coincide as to different Bonds of such Series, the sum of such Principal amount of Bonds and of such unsatisfied balance of such Sinking Fund Installment due on such future date plus such applicable redemption premiums, if any, and (2) with respect to any Repayment Obligations, the principal amount of such Repayment Obligations due on a certain future date.

“Project” means the acquisition or construction of facilities, equipment, or buildings for use as, or improvements to or equipment or furnishings for, the Student Facilities System.

“Put Bond” means any Bond which is part of a Series of Bonds which is subject to purchase by the Issuer, its agent or a third party from the Owner of the Bond pursuant to provisions of the Supplemental Indenture authorizing the issuance of the Bond and designating it as a “Put Bond”.

“Rate Covenant Requirement” means an amount at least equal to: the sum of (1) 125% of the Aggregate Debt Service excluding amounts payable on Repayment Obligations for the forthcoming Fiscal Year, (2) 100% of the Repayment Obligations, if any, which will be due and payable during the forthcoming Fiscal Year, and (3) 100% of the amounts, if any, required by the Indenture to be deposited into the Debt Service Reserve Account during the forthcoming Fiscal Year.

“Rating Agency” means Moody’s or S&P and their successors and assigns to the extent such agencies then maintain a rating of the Bonds at the request of the Issuer. If either such corporation ceases to act as a securities rating agency, the University may, with the approval of the Trustee and any Security Instrument Issuer that then has a security Instrument in effect, designate any nationally recognized securities rating agency as a replacement.

“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 hereto.

“Regular Record Date” means, with respect to any Interest Payment Date for any Series of Bonds, the date specified as the Regular Record Date in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

“Remarketing Agent” means a remarketing agent or commercial paper dealer appointed by the Issuer pursuant to a Supplemental Indenture.

“Repayment Obligations” means, collectively, all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations.

“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 hereto under all Reserve Instruments.

“Reserve Instrument Fund” means the State Board of Regents Weber State University Student Facilities System Reserve Instrument Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“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 (i) with respect to all Bonds Outstanding as of the date of the Sixth Supplemental Indenture, any bank or other financial institution having at least a rating of AA– and Aa3 or its equivalent or any insurance company or surety company rated in the highest rating category by S&P and Moody’s and, if rated by A.M. Best & Company, rated in the highest rating category by A.M. Best & Company, issuing a Reserve Instrument, and (ii) with respect to the Series 2010A Bonds and any Bonds issued thereafter, any bank, financial institution, insurance company or surety company 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.

“S&P” means S&P Global Ratings.

“Security Instrument” means an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term *“Security Instrument”* includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices; provided, however, that no such device or instrument shall be a *“Security Instrument”* for purposes of the Indenture unless specifically so designated in a Supplemental Indenture authorizing the use of such device or instrument.

“Security Instrument Agreement” means any agreement entered into by the Issuer and a Security Instrument Issuer pursuant to a Supplemental Indenture providing for the issuance by such Security Instrument Issuer of a Security Instrument.

“Security Instrument Costs” means, with respect to any Security Instrument, all fees, premiums, expenses, and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer pursuant to a Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument. Such Security Instrument Agreement or Supplemental Indenture shall specify any fees, premiums, expenses, and costs constituting Security Instrument Costs.

“Security Instrument Issuer” means any bank or other financial institution, insurance company, surety company or other institution issuing a Security Instrument.

“Security Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Security Instrument Agreement, any outstanding amounts payable by the Issuer under the Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument to repay the Security Instrument Issuer for payments previously or concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. There shall not be included

in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs. Each Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument shall specify any amounts payable under it which, when outstanding, shall constitute Security Instrument Repayment Obligations and shall specify the portions of any such amounts that are allocable as principal of and as interest on such Security Instrument Repayment Obligations.

“*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, therefore.

“*Sinking Fund Installment*” means an amount so designated pursuant to a Supplemental Indenture. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited pursuant to the Indenture toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

“*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 Building Fees*” means the student building fees which the University has heretofore and will hereafter impose against and collect from each regular student in attendance at the University for the use and availability of certain of the facilities and buildings of the Student Facilities System. The amount of Student Building Fees to be assessed against students attending the University shall be fixed from time to time by the University, all as required under the provisions of the Indenture.

“*Student Facilities System*” means the Student Facilities System of the University consisting of: (1) the existing Student Union Building of the University, including food service facilities therein; (2) the existing University bookstore; (3) the existing Dee Events Center including all concessions, parking and other revenues therefrom; (4) the existing student housing facilities and the student housing facilities financed with proceeds of the Series 2010A Bonds and Series 2012 Bonds; (5) the extension of the Stromberg Center for student recreation financed by the Series 2012 Bonds and the portion of the Series 2012 Project consisting of certain classroom building facilities, a portion of which were financed with proceeds of the Series 2012 Bonds (the “Classroom Building System Facilities”) which are, in each case, designated by the University as Additional Facilities of the Student Facilities System); (6) the Series 2021 Project, which consists of the Noorda Engineering and Science Building, a portion of which was financed with proceeds of the Series 2021 Bonds which is designated by the University as Additional Facilities of the Student Facilities System; and (7) all other facilities to house proprietary activities or student housing facilities (including buildings and facilities known as “student union buildings”) which may be hereafter added to the Student Facilities System and designated as Additional Facilities by the Issuer while any of the Bonds herein authorized or which may be authorized and made payable from Pledged Revenues remain Outstanding.

“*Supplemental Indenture*” means any indenture between the Issuer and the Trustee entered into pursuant to and in compliance with the Indenture.

“*Swap Counterparty*” means a member of the International Swap Dealers Association rated in one of the three top rating categories by at least one of the Rating Agencies and meeting the requirements of applicable laws of the State.

“*Swap Payments*” means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Swap Counterparty by the Trustee on behalf of the Issuer.

“*Swap Receipts*” means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Trustee for the account of the Issuer by the Swap Counterparty.

“*System Revenue Accounts*” mean the account by that name established by the General Resolution of the Issuer dated as of September 13, 1985, as amended, and supplemented from time to time and confirmed by the Indenture.

“*Trustee*” means Wells Fargo Bank Northwest, 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 under the Indenture.

“*University*” means Weber State University.

“*Utah Code*” means Utah Code Annotated 1953, as amended.

“*Variable Rate Bonds*” means, as of any date of calculation, Bonds the terms of which on such date of calculation are such that interest thereon for any future period of time is expressed to be calculated at a rate which is not susceptible of a precise determination.

Special Funds and Accounts

Use of System Revenue Accounts

(a) All Operating Revenues (except earnings on the funds and accounts established under the indenture, which shall be allocated as provided in the Indenture) and Student Building Fees shall be deposited by the University to the credit of the System Revenue Accounts. The Operating Revenue and the Student Building Fees shall be segregated on the books of the issuer in separate subaccounts of the System Revenue Accounts.

(b) The Current Expenses shall be paid by the University from time to time from Operating Revenues as they become due and payable as a first charge on the Operating Revenues (but not the Student Building Fees) in the System Revenue Accounts.

(c) On or before the fifteenth Business Day prior to each principal or interest payment date, the University shall transfer and deposit with the Trustee and the Trustee shall deposit after payment of unpaid Current Expenses then due, from amounts on deposit in the System Revenue Accounts to the extent of Pledged Revenues available in the System Revenue Accounts, into the following Funds in the following order the amounts set forth below:

(1) Into the Bond Fund, at such times and in such manner described by Supplemental Indenture, such amounts as shall be necessary to pay the principal of, premium, if any, and interest on the Bonds, and to the extent required by the Supplemental indenture, on any Security Instrument Obligations promptly on each such payment date as the same become due and payable, whether at maturity or by redemption.

(2) To the accounts maintained in the Reserve Instrument Fund, with respect to all Reserve Instruments which are in effect and are expected to continue in effect, such amount of the remaining Pledged Revenues, or a ratable portion (taking into account the amount to be transferred pursuant to subparagraph (2) below) of the amount so remaining if less than the amount necessary, that is required to be paid, including all Reserve Instrument Repayment Obligations, on or before the next such transfer or deposit of Pledged Revenues into the Reserve Instrument Fund, to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement, other than Reserve Instrument Costs, in order to cause the Reserve Instrument Coverage to equal the Reserve Instrument Limit, such that the Reserve Instrument Coverage shall equal the Reserve instrument Limit within one year from any draw date under the Reserve Instrument.

(3) To the accounts maintained in Debt Service Reserve Fund any amounts required by the Indenture to accumulate therein the applicable Debt Service Reserve Requirement at the times and in the amounts provided in the Indenture, or a ratable portion (taking into account the amount to be transferred pursuant to subparagraph (2) above) of remaining Pledged Revenues if less than the amount necessary. Moneys 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.

(d) Subject to making the foregoing deposits, the University may use the balance of the Pledged Revenues accounted for in the System Revenue Accounts for:

- (1) redemption of Bonds for cancellation prior to maturity by depositing the same into the Bond Fund;
- (2) refinancing, refunding, or advance refunding of any Bonds;
- (3) application or accumulation of a reserve for the purpose of applying toward the costs of acquiring, constructing, equipping, or furnishing additional facilities to the Student Facilities System or improving, replacing, restoring, equipping, or furnishing any existing facilities; or
- (4) application for any other lawful purposes as determined by the University.

Bond Fund

(a) The Trustee shall make deposits, as and when received, as follows:

- (1) the accrued interest and any capitalized interest on a series of Bonds shall be deposited into the Bond Fund;
- (2) all moneys payable by the University as specified in the Indenture shall be deposited into the Bond Fund. Any payments made by a Security Instrument Issuer with respect to a Series of Bonds shall be deposited into the Bond Fund and used solely to pay the related Series of Bonds, subject to the provisions of the Supplemental Indenture authorizing the issuance of such Series of Bonds;
- (3) any amount in the Construction Fund shall be transferred to the Bond Fund to the extent required by the Indenture upon completion of a Project;
- (4) all moneys required to be transferred to the Bond Fund from the Debt Service Reserve Fund or from a Reserve Instrument or instruments then in effect shall be deposited into the Bond Fund as provided in the Indenture; and

(5) all other moneys received by the Trustee 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.

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

(1) on or before each Interest Payment Date for each Series of Bonds, the amount required for the interest payable on such date;

(2) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and

(3) on or before each redemption date for each Series of Bonds, the amount required for the payment of redemption price of and accrued interest on such Bonds then to be redeemed.

Such amounts shall be applied by the Paying Agents to pay Principal Installments and redemption price of, and interest on the related Series of Bonds.

The Trustee shall pay out of the Bond Fund to the Security Instrument Issuer, if any, that has issued a Security Instrument with respect to such Series of Bonds an amount equal to any Security Instrument Repayment Obligation then due and payable to such Security Instrument Issuer. If payment is so made on Pledged Bonds held for the benefit of the Security Instrument Issuer, a corresponding payment on the Security Instrument Repayment Obligation shall be deemed to have been made (without requiring an additional payment by the Issuer) and the Trustee shall keep its records accordingly.

In the Indenture, the Issuer authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of and interest on the Bonds and on Security Instrument Repayment Obligations as the same become due and payable and to make said funds so withdrawn available to the Trustee and any paying agent for the purpose of paying said principal and interest.

(c) Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, amounts accumulated in the Bond Fund with respect to any Sinking Fund Installment (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Installment was established) shall, if so directed by the issuer in a written request not less than 30 days before the due date of such Sinking Fund Installment, be applied by the Trustee to (1) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, (2) the redemption at the applicable sinking fund redemption price of such Bonds, if then redeemable by their terms, or (3) any combination of (1) and (2). All purchases of any Bonds pursuant to this subsection (c) shall be made at prices not exceeding the applicable sinking fund redemption price of such Bonds plus accrued interest, and such purchases shall be made in such manner as the issuer shall direct the Trustee. The applicable sinking fund Redemption Price (or Principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Bond Fund until such Sinking Fund Installment date for the purpose of calculating the amount of such Fund. As soon as practicable after the 60th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption on such due date, by giving notice as required by the Indenture, Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Bond Fund to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the issuer as Current Expense.

(d) After payment in full of the principal of and interest on all Bonds (or after provision has been made for the payment thereof so that such Bonds are no longer Outstanding), all agreements relating to all outstanding Reserve Instrument Repayment Obligations, in accordance with their respective terms, the fees, charges and expenses of the Trustee and any paying agent, any other amounts required to be paid under the Indenture and under any Reserve Instrument Agreement, all amounts remaining in the Bond Fund shall be paid to the University.

Debt Service Reserve Fund

Except as otherwise provided in the Indenture, 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 Debt Service Reserve Requirement applicable to such Series which amount 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. If amounts on deposit in an account in the Debt Service Reserve Fund shall, at any time, be less than the applicable Debt Service Reserve Fund Requirement, all Security Instrument issuers shall be notified immediately of such deficiency, and such deficiency shall be made up at the time and in the manner indicated in the Indenture.

In the event funds on deposit in an account 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 such account in the Debt Service Reserve Fund to make up such deficiency and Reserve Instruments applicable to such Series of Bonds are in effect, the Trustee shall immediately make a demand for payment on such 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 for application to such deficiencies.

In the event a Reserve Instrument is terminated in accordance with its terms, the Issuer shall be required either (i) to fund the Debt Service Reserve Requirement in substantially equal semiannual installments over a period not longer than 60 months, or (ii) to provide a substitute Reserve Instrument which provides the same Reserve Instrument Coverage.

Purchase of Bonds

The Issuer may purchase Bonds of any Series from any available funds at public or private sale, as and when and at such prices as the Issuer may in its discretion determine, subject to applicable law. All Bonds so purchased shall at such times as shall be selected by the Issuer be delivered to and canceled by the Trustee or any Registrar and shall thereafter be delivered to, or upon the order of, the Issuer, and no Bonds shall be issued in place thereof. In the case of the purchase of Bonds of a Series and maturity for which Sinking Fund Installments shall have been established, the Issuer shall, by a written request delivered to the Trustee, elect the manner in which the Principal amount of such Bonds shall be credited toward Sinking Fund Installments, consistent with the procedures of the Indenture.

Investment of Funds

The Indenture provides that moneys held in any Fund or account created pursuant to the Indenture may, at the discretion and authorization of an Authorized Representative of the University, be invested in Permitted Investments. Such investments shall be held by the Trustee, and when the Trustee determines it necessary to use the moneys in the Funds for the purposes for which the Funds were created, it shall, at the discretion of an Authorized Representative of the University, liquidate at prevailing market prices as much of the investments as may be necessary and apply the proceeds to such purposes. All income derived from the investment of the Construction Fund, the Bond Fund, the Reserve Instrument Fund, and the Debt Service Reserve Fund shall be maintained in said respective Funds and disbursed along with the other moneys on deposit therein as provided in the Indenture. Any moneys in the System Revenue Accounts may, at the discretion and authorization of an authorized officer of the University, be invested in investments permitted by the Utah State Money Management Act, as it may be amended from time to time.

General Covenants

General Covenants

The Issuer and the University covenant and agree with each and every Registered Owner of the Bonds issued under the Indenture, Security Instrument Issuer and Reserve Instrument Provider as follows:

(a) The University will maintain its Student Facilities System in good condition and repair and operate the same in an efficient manner so as to utilize fully such Student Facilities System.

(b) So long as any Bonds are Outstanding, and Security Instrument Repayment Obligations are Outstanding or any Reserve Instrument Repayment Obligations are outstanding, 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 Accounts. Each Registered Owner, Security Instrument Issuer 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 Student Facilities System. The University further agrees that it will within 270 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 or the Utah State Auditor, showing the receipts and disbursements of the System Revenue Accounts, and that such audit will be delivered to the Trustee and to each Security Instrument Issuer and will be available for inspection by each Registered Owner and Reserve Instrument Provider.

Lien of Bonds; Equity of Liens

The Bonds and any Security Instrument Repayment Obligations constitute an irrevocable first lien upon the Pledged Revenues. The Issuer covenants that the Bonds and any Security Instrument Repayment Obligations are equitably and ratably

secured by a lien on the Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance or delivery of the Bonds or Security Instrument, it being the intention of the Issuer that there shall be no priority among the Bonds or the Security Instrument Repayment Obligations regardless of the fact that they may be actually issued and/or delivered at different times.

Any assignment or pledge from the Issuer to a Reserve Instrument Provider of (i) proceeds of the issuance and sale of Bonds, (ii) Pledged Revenues, or (iii) funds established by the Indenture, including investments, if any, thereof, is and shall be subordinate to the assignment and pledge effected by the Indenture to the Registered Owners of the Bonds and to the Security Instrument Issuers.

Payment of Principal, Premium and Interest

The Issuer covenants that it will punctually pay or cause to be paid the principal of, premium, if any, and interest on every Bond, any Security Instrument Repayment Obligations, and any Reserve Instrument Repayment Obligations, in strict conformity with the terms of the Bonds, the Indenture, any Security Instrument Agreement and any Reserve Instrument Agreement, according to the true intent and meaning thereof. The principal of and interest on the Bonds, any Security Instrument Repayment Obligations and any Reserve Instrument Repayment Obligations are payable solely from the Pledged Revenues (except to the extent paid out of moneys attributable to Bond proceeds or other funds created under the Indenture or the income from the temporary investment thereof), which Pledged Revenues are specifically pledged and assigned to the payment thereof in the manner and to the extent specified in the Indenture, and nothing in the Bonds, the Indenture, any Security Instrument Agreement or any Reserve Instrument Agreement should be considered as pledging any other funds or assets of the Issuer or the University for the payment of the Bonds, any Security Instrument Repayment Obligations or any Reserve Instrument Repayment Obligations except for the Pledged Revenues pledged for such purpose.

Performance of Covenants; Issuer

The Issuer covenants that at all times it will faithfully perform any and all covenants, undertakings, stipulations, and provisions contained in the Indenture, and in any and every Bond, Security Instrument Agreement and Reserve Instrument Agreement. The Issuer represents that it is duly authorized to issue the Bonds authorized by the Indenture and to execute the Indenture, that all actions on its part for the issuance of the Bonds and the execution and delivery of the Indenture have been duly and effectively taken, and that the Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

List of Bondholders

The Registrar will keep on file at its principal office a list of the names and addresses of the Registered Owners of all Bonds which are from time to time registered on the registration books in the hands of the Trustee as Registrar for the Bonds. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Issuer or by the Registered Owners (or a designated representative thereof) of 10% or more in principal amount of Bonds then Outstanding, such ownership and the authority of any such designated representative to be evidenced to the reasonable satisfaction of the Trustee. The Registrar shall maintain a list of the names and addresses of the Owners of all Bonds and upon any transfer shall add the name and address of the new Bondowner and eliminate the name and address of the transferor Bondowner. Such lists, together with all other records of ownership, registration, transfer, and exchange of the Bonds and of persons to whom payment with respect to such obligations is made, are "private" or "confidential" as defined in Chapter 2 of Title 63, Utah Code, or any successor provision of law.

Expeditious Construction

The University shall complete the acquisition and construction of each Project with all practical dispatch and will cause all construction to be effected in a sound and economical manner.

Management of Student Facilities System

(a) The University, in order to assure the efficient management and operation of its Student Facilities System, will employ competent and experienced management and will use its best efforts to see that its Student Facilities System are properly operated and maintained.

(b) The University will at all times cause the Student Facilities System to be maintained, preserved, and kept in good repair, working order and condition so that the operating efficiency thereof will be of a high character. The University will cause all necessary and proper repairs and replacements to be made so that the business carried on in connection with the Student Facilities Systems may be properly and advantageously conducted at all times in a manner consistent with prudent management, and that the rights and security of the Owners of the Bonds, Security Instrument Issuers and Reserve Instrument Issuers may be fully protected and preserved.

Pledged Discretionary Investment Income

Prior to the beginning of each Fiscal Year, the University shall determine whether the Pledged Revenues (excluding any Pledged Discretionary Investment Income) are projected to be sufficient to enable the University to meet the Rate Covenant Requirement. In the event that such projection indicates that the Pledged Revenues will not be sufficient to meet the Rate Covenant Requirement during the forthcoming Fiscal Year, the University covenants and agrees that it will allocate such amount of its discretionary investment income as shall be necessary to cause the total Pledged Revenues to equal the Rate Covenant Requirement for such Fiscal Year. The University shall file a certificate with the Trustee prior to July 1 of each Fiscal Year that (i) shows the projected Pledged Revenues (excluding any Pledged Discretionary Investment Income), Aggregate Debt Service and the amount, if any, of Pledged Discretionary Investment Income and (ii) demonstrates the University's compliance with the Rate Covenant Requirement, all for the forthcoming Fiscal Year.

Payment from Other Available Funds

Notwithstanding any other provisions of the Indenture, nothing in the Indenture shall be construed to prevent the University from (i) depositing any funds available to the University for such purpose in any account in the Bond Fund for the payment of principal of, premium, if any, and interest on any Bonds and the Security Instrument Repayment Obligations or for the amounts payable under any applicable Security Instrument Agreement issued under provisions hereof or for the redemption of any such Bonds, or (ii) depositing any funds available to the University in the Reserve Instrument Fund for the payment of any amounts payable under any applicable Reserve Instrument Agreement.

Payment of Taxes

The University covenants that all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon its Student Facilities 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 Student Facilities System or any part thereof or upon any Operating Revenues thereof, except for the lien and charge thereon created under the Indenture and securing the Bonds and the Security Instrument Repayment Obligations, will be created or permitted to be created ranking equally with or prior to the Bonds and the Security Instrument Repayment Obligations and that all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon its Student Facilities System or any part 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 covenant 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 Student Facilities System, will self-insure or carry insurance, including, but not limited to, worker's 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.

Instruments of Further Assurance

The Issuer, the University and the Trustee mutually covenant that they will, from time to time, each upon the written request of the other, execute and deliver such further instruments and take or cause to be taken such further actions as may be reasonable and as may be required by the other to carry out the purposes hereof; provided, however, that no such instruments or action shall involve any personal liability of the Trustee or members of the governing body of the Issuer or the University or any official thereof.

Against Encumbrances

The University will not create, and will use its good faith efforts to prevent the creation of, any mortgage or lien upon the Student Facilities System or any property essential to the proper operation of the Student Facilities System or to the maintenance of the Pledged Revenues. The Issuer and the University will not create, or permit the creation of, any pledge, lien, charge, or encumbrance upon the Pledged Revenues except only as provided in or permitted by the Indenture.

Limitation on Sale or Other Disposition of Property

(a) The Issuer and the University will not sell or otherwise dispose of all or a substantial part of the Student Facilities System except:

(1) The University may sell or otherwise dispose of any such facilities, or an interest in such facilities, constituting a part of the Student Facilities System which have ceased to be necessary for the efficient operations of the Student Facilities System.

(2) In addition, the University may sell or otherwise dispose of any facilities, or an interest in facilities, constituting a part of the Student Facilities System if the University files with the Trustee a certificate demonstrating that, following

such sale or disposition and after giving effect both to the proposed sale or disposition of the facilities and the application of the proceeds of such sale, and to any change in estimated Pledged Revenues resulting from such sale or other disposition and for the remainder of the Fiscal Year in which such sale is effective and in the next succeeding Fiscal Year, the estimated Pledged Revenues will be not less than the Rate Covenant Requirement. If the facilities to be sold or otherwise disposed of were financed with the proceeds of tax-exempt Bonds, the University shall also file with the Trustee an opinion of nationally recognized bond counsel to the effect that such sale or disposition will not adversely affect the tax-exempt status of such Bonds.

(b) The University will not enter into any lease or other agreement which impairs or impedes the operation of the Student Facilities System or which impairs or impedes the rights of the Bond-owners with respect to the Pledged Revenues.

(c) The proceeds of any sale or other disposition pursuant to the Indenture shall be deposited into the System Revenue Accounts or as otherwise directed in the certificate described in (a)(2) above.

Power to Own Student Facilities Systems and Collect Rates and Fees

The University has, and will have so long as any Bonds are Outstanding, or Repayment Obligations are outstanding, good, right, and lawful power to own the Student Facilities System and to fix and collect rates, fees, and other charges in connection with the Student Facilities System. No revenue-producing facility or service of the Student Facilities System shall be leased, furnished or supplied free, but shall always be leased, furnished or supplied so as to produce Operating Revenues, provided that the University reserves the right to lease, furnish or supply free any such facility or service to the extent that such action does not materially adversely affect the Issuer's ability to perform its obligations under the Indenture.

Maintenance of Revenues

The Issuer and the University will at all times comply with all terms, covenants, and provisions, express and implied, of all contracts and agreements entered into by it for Student Facilities System use and services and all other contracts or agreements affecting or involving the Student Facilities System or business of the University with respect thereto. The University shall promptly collect all charges due for Student Facilities System use and service supplied by it as the same become due, and shall at all times maintain and promptly and vigorously enforce its rights against any person who does not pay such charges when due. The University shall establish policies, rules and fees, charges and rentals as shall be necessary to (i) assure maximum use and occupancy of the Student Facilities System and the services thereof and (ii) yield sufficient revenues to meet the obligations of the University and the Issuer under the Indenture (including the Rate Covenant Requirement).

Rates and Charges

(a) In order to assure full and continuous performance of the covenants contained in the Indenture with a margin for contingencies and temporary unanticipated reduction in Operating Revenues or Student Building Fees, the Issuer and the University covenant and agree to establish, fix, prescribe, continue and collect (directly or through leases, use agreements or other agreements, or licenses or ordinances) rates and charges for the sale or use of Student Facilities System services furnished by the University which, together with other income, are reasonably expected to yield Pledged Revenues, which are at least equal to the Rate Covenant Requirement for the forthcoming Fiscal Year.

(b) If the University's annual financial statement discloses that during the period covered by such financial statement the Pledged Revenues were not at least equal to the Rate Covenant Requirement, the Issuer shall not be in default under this covenant if, within 60 days after the date of such financial statement the University revises the schedule of rates, charges and fees insofar as is practicable and revises Current Expenses so as to produce Pledged Revenues at least equal to the Rate Covenant Requirement.

Reconstruction and Replacement of Student Facilities System; Application of Insurance or Condemnation Proceeds

If any useful portion of the Student Facilities System shall be damaged or destroyed or taken by exercise of the power of eminent domain, the University shall, as expeditiously as is practicable, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless the University shall file with the Trustee a certificate to the effect that such reconstruction or replacement is not in the interests of the Issuer and the Bondowners. The proceeds of any insurance or condemnation proceedings paid on account of such damage or destruction or taking, other than business interruption loss insurance or public liability insurance, shall, if the appropriate Project Account in the Construction Fund has not been closed, be paid into the Construction Fund, or if the Construction Fund has been closed, shall be held by the Trustee in a special account and made available for, and to the extent necessary applied to, the cost of such reconstruction or replacement, if any. Pending such application, such proceeds may be invested by the University in Permitted Investments which mature not later than such times as shall be necessary to provide moneys when needed to pay such cost of reconstruction or replacement. Any balance of such proceeds of insurance or condemnation proceedings not needed to pay such cost of reconstruction or replacement shall be deposited into the System Reserve Accounts.

Events of Default

Events of Default

Each of the following events is an “Event of Default” under the Indenture:

(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 Security Instrument Agreement) 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 Security Instrument Agreement) 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 an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or custodian for any of the Operating Revenues or Pledged Revenues, or approving a petition filed against the Issuer or the University seeking reorganization of the Issuer 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 or the University, as applicable, shall not be vacated or discharged or stayed on appeal within 30 days after the entry thereof; or

(d) if any proceeding shall be instituted, with the consent or acquiescence of the Issuer, or the University, as applicable, for the purpose of effecting a composition between the Issuer 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 Operating Revenues or Pledged Revenues; or

(e) if (i) the Issuer 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 or the University, as applicable, a receiver, trustee or custodian of the Issuer 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

(f) if the Issuer 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

(g) 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 Issuer or the University or of the whole or any substantial part of the property of the Issuer 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

(h) if the Issuer 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, the General Indenture or any Supplemental Indenture hereof on the part of the Issuer or the University to be performed, other than as set forth 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 Issuer 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 or any Security Instrument Issued by a Security Instrument that is in effect at the time;

provided that any failure by the Issuer to make payment as described in subparagraph (a) or (b) above shall not constitute an Event of Default with respect to any Bond if the Supplemental Indenture authorizing the issuance of such Bond provides that due and punctual payment by a Security Instrument Issuer or a Reserve Instrument Issuer shall not give rise to an Event of Default and such payment is, in fact, duly and punctually made; and provided, further that the provisions of subparagraph (h) above are subject to the following limitations: if by reason of acts of God; strikes, lockouts or other similar disturbances; acts of public enemies; orders of any kind of the government of the United States or the State or any department, agency, political subdivision, court or official of the State which asserts jurisdiction over the Issuer or the University; orders of any kind of civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; volcanoes; fires, hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; or any cause or event not reasonably within the control of the Issuer or the University, the Issuer or the University is unable in whole or in part to carry out any one or more of its respective agreements or obligations contained in the Indenture (other than as described in (a) through (g) above) such default shall not constitute an “Event of Default” so long as such cause or event continues.

The Trustee shall give notice to any Security Instrument Issuer or Reserve Instrument Issuer of any Event of Default known to the Trustee within 30 days after it has knowledge thereof.

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 Issuer and the University under the Indenture.

If an Event of Default shall have occurred, and if requested so to do by (i) Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding, (ii) Security Instrument Issuers at that time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 50% in aggregate principal amount of Bonds at the time Outstanding, or (iii) any combination of Bondowners and Security Instrument Issuers described in (i) and (ii) above representing not less than 50% in aggregate Principal amount of Bonds at the time 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 upon it as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Registered Owners and the Security Instrument Issuers.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Registered Owners or to the Security Instrument Issuers) 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, the Registered Owners or the Security Instrument Issuers 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, the Registered Owners, or the Security Instrument Issuers, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Right of Registered Owners and Security Instrument Issuers to Direct Proceedings

Unless a Supplemental Indenture provides otherwise, either (1) the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding, (2) the Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 50% in aggregate principal amount of Bonds at the time Outstanding, or (3) any combination of Bondowners and Security Instrument Issuers described in (1) and (2) above representing not less than 50% in aggregate Principal amount of Bonds at the time 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, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions hereof, 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.

Application of Moneys

All Pledged Revenues and moneys received by the Trustee pursuant to any right given or action taken under the default provisions of the Indenture shall be applied in the following order:

(a) To the payment of the reasonable and proper charges and expenses of the Trustee and the reasonable fees and disbursements of its counsel;

(b) To the payment of the principal of, premium, if any, and interest then due and payable on the Bonds and the Security Instrument Repayment Obligations as follows:

(1) 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 and the Security Instrument Repayment Obligations, 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 hereof), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds and Security Instrument Repayment Obligations

due on any particular date, 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.

(2) 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 and Security Instrument Repayment Obligations, 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 or Security Instrument Repayment Obligation over any other Bond or Security Instrument Repayment Obligation, ratably, according to the amounts due respectively for Principal and interest, to the persons entitled thereto without any discrimination or privilege.

(3) To the payment of all obligations owed to all Reserve Instrument Providers, ratably, according to the amounts due without any discrimination or preference under any applicable agreement related to any Reserve Instrument Agreement.

Whenever moneys are to be applied pursuant to the provisions described above, 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; provided, however, that the discretion of the Trustee to apply moneys shall not permit the Trustee to fail to liquidate investments in the Bond Fund and the Debt Service Reserve Fund and apply amounts credited to such funds to the payment of debt service on the dates it is due. 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 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

No Registered Owner of any Bond or Security Instrument Issuer shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof 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 Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 50% in aggregate principal amount of Bonds at the time Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted 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 to it by the Indenture, or to institute such action, suit or proceeding in its, his or their own name or names. Such notification, request and offer of indemnity are in every case at the option of the Trustee conditions precedent to the execution of the powers and trust of the Indenture, and to any action or cause of action for the enforcement hereof, 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 or Security Instrument Issuer shall have any right in any manner whatsoever to affect, disturb or prejudice the lien hereof by its, his or their action or to enforce any right under the Indenture except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of all Bonds then Outstanding and all Security Instrument Issuers at the time providing Security Instruments. Nothing contained in the Indenture shall, however, affect or impair the right of any Registered Owner or Security Instrument Issuer to enforce the covenants of the Issuer to pay the Principal of, premium, if any, and interest on each of the Bonds and Security Instrument Repayment Obligations at the time, place, from the source and in the manner in said Bonds or Security Instrument Repayment Obligations expressed.

Termination of Proceedings

In case the Trustee, any Bondowner or any Security Instrument Issuer shall have proceeded to enforce any right under the Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Bondowner, or Security Instrument Issuer, 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

The Trustee may in its discretion, and with the prior written consent of all Security Instrument Issuers at the time providing Security Instruments, waive any Event of Default 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 or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of Bonds at the time Outstanding in respect of which an Event of Default in the payment of Principal and interest exists, or (b) a majority in aggregate Principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of Bonds at the time Outstanding in the case of any other Event of Default; provided, however, that there shall not be waived (1) any Event of Default in the payment of the Principal of any Bonds at the date of maturity specified therein, or (2) 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, the Registered Owners and the Security Instrument Issuers shall be restored to their former positions and rights, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Cooperation of Issuer and University

In the case of any Event of Default under the Indenture, the Issuer and the University shall cooperate with the Trustee and use its best efforts to protect the Bondowners and the Security Instrument Issuers.

Discharge of Indenture

If the University shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made to or for the Registered Owners of the Bonds, the Principal of and interest due or to become due thereon at the times and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee all sums of moneys due or to become due according to the provisions hereof, and to all Security Instrument Issuers and all Reserve Instrument Providers all sums of money due or to become due accordingly to the provisions of any Security Instrument Agreements, Reserve Instrument Agreements, as applicable, then the Indenture and the estate and rights granted by it shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of the Indenture, and release, assign and deliver unto the Issuer any and all the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee, held by the Trustee, or otherwise subject to the lien of the Indenture, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds, the payment of amounts pursuant to any Security Instrument Agreements or the payment of amounts pursuant to any Reserve Instrument Agreements.

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 herein, or otherwise), 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.

Notwithstanding the foregoing, in the case of Bonds, which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

- (a) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted by the Indenture);
- (b) to instruct the Trustee to call for redemption pursuant to the Indenture any Bonds to be redeemed prior to maturity pursuant to Subparagraph (a) above; and
- (c) to instruct the Trustee to mail, as soon as practicable, in the manner prescribed by the Indenture hereof, a notice to the Registered Owners of such Bonds that the deposit required by the Indenture has been made with the Trustee and that

such Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds as specified in (a) above. If the redemption date for all Bonds, payment for which is to be provided by deposit of moneys or Government Obligations or both, shall fall within 120 days of the mailing of the notice of redemption, then the notices referred to in (b) above and this (c) may be combined.

To accomplish defeasance pursuant to the Indenture, the Issuer shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Security Instrument Issuer providing a Security Instrument with respect to the Series of Bonds to be defeased (“Accountant”) verifying the sufficiency of the escrow established to pay the Bonds to be defeased in full on the redemption or maturity date (“Verification”), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Security Instrument Issuer providing a Security Instrument with respect to the Series of Bonds to be defeased), and (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds to be defeased are no longer “Outstanding” under the Indenture; each Verification and defeasance opinion shall be acceptable in form and substance, addressed, to the Issuer, the Trustee and the Security Instrument Issuer providing a Security Instrument with respect to the Series of Bonds to be defeased. In the event a forward purchase agreement will be employed in the refunding, such agreement shall be subject to the approval of the Security Instrument Issuer providing a Security Instrument with respect to the Series of Bonds to be defeased and shall be accompanied by such opinions of counsel as may be required by the Security Instrument Issuer providing a Security Instrument with respect to the Series of Bonds to be defeased. The Security Instrument Issuer providing a Security Instrument with respect to the Series of Bonds to be defeased shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

Any moneys so deposited with the Trustee as provided in the Indenture may at the direction of the Issuer also be invested and reinvested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee pursuant to the Indenture 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.

No such deposit under the Indenture shall be made or accepted under the Indenture and no use made of any such deposit unless the Trustee shall have received an opinion of nationally recognized municipal bond counsel to the effect that such deposit and use would not cause the Bonds to be treated as arbitrage bonds within the meaning of Sections 148 of the Code.

Notwithstanding any provision of any other provision of the Indenture, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest thereon) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or Government Obligations have been so set aside in trust.

If moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to the provisions described above for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to these provisions shall be made without the consent of the Registered Owner of each Bond affected thereby.

Amounts paid by any Security Instrument Issuer under a Security Instrument Agreement shall not be deemed paid for purposes of the Indenture and shall remain Outstanding and continue to be due and owing until paid by the Issuer in accordance with the Indenture.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Registered Owners, Security Instrument Issuers and Reserve Instrument Providers

The Issuer and the Trustee may, without the consent of, or notice to, any of the Registered Owners or Reserve Instrument Providers, but with notice to any Security Instrument Issuer, enter into an indenture or indentures supplemental hereto, as shall not be inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

- (a) To provide for the issuance of Additional Bonds in accordance with the provisions of the Indenture;
- (b) To cure any ambiguity or formal defect or omission herein which will not materially adversely affect the Owners of the Bonds;
- (c) To grant to or confer upon the Trustee for the benefit of the Registered Owners, any Security Instrument Issuers, and any Reserve Instrument Providers any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Registered Owners, any Security Instrument issuers, and any Reserve Instrument Providers or any of them;
- (d) To subject to the Indenture additional revenues or other revenues, properties, collateral, or security;

(e) To make any other change hereto which, in the judgment of the Trustee, is not materially prejudicial to the interests of the Registered Owners, the Trustee, any Security Instrument Issuer or any Reserve Instrument Provider, with the prior written consent of all Security Instrument Issuers at the time providing a Security Instrument;

(f) To make any change necessary (i) to establish or maintain the exemption from federal income taxation of interest on any Series of Bonds as a result of any modifications or amendments to Section 148 of the Code (or any successor provision of law) or interpretations thereof by the Internal Revenue Service, of (ii) to comply with the provisions of Section 148(f) of the Code (or any successor provision of law), including provisions for the payment of all or a portion of the investment earnings of any of the funds established under the Indenture to the United States of America;

(g) If the Bonds affected by such change are rated by a Rating Agency, to make any change which does not result in a reduction of the rating applicable to any of the Bonds so affected, provided that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the related Security Instrument Issuer;

(h) If the Bonds affected by such change are secured by a Security Instrument, to make any change approved in writing by the related Security Instrument Issuer, provided that if any of the Bonds so affected are rated by a Rating Agency, such change shall not result in a reduction of the rating applicable to any of the Bonds so affected; and

(i) To provide for the appointment of a successor Trustee, a Paying Agent, a separate or co-trustee, a Remarketing Agent, or a Transfer Agent.

No modification or amendment shall be permitted pursuant to paragraph (g) or (h) unless the Issuer delivers to the Trustee an opinion of nationally recognized bond counsel to the effect that such modification or amendment will not adversely affect the tax-exempt status or validity of any Bonds affected by such modification or amendment.

Copies of any such modifications or amendments for which Security Instrument Issuer Consent is required shall be sent to each Rating Agency at least ten days prior to the effective date thereof.

Supplemental Indentures Requiring Consent of Registered Owners and Reserve Instrument Providers; Waivers and Consents by Registered Owners

Exclusive of Supplemental Indentures covered by the Indenture, 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 indenture or indentures supplemental hereto 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 herein 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 hereof or of any indenture supplemental hereto; provided, however, that nothing 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 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 established under the Indenture applicable to any Bonds 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. In addition, no supplement hereto shall modify the rights, duties, or immunities of the Trustee, without the written consent of the Trustee. If a Security Instrument or a Reserve Instrument is in effect with respect to any Series of Bonds Outstanding and if a proposed modification or amendment would affect such Series of Bonds, then, except as described in the Indenture, neither the Indenture nor any Supplemental Indenture with respect to such Series of Bonds shall be modified or amended at any time without the prior written consent of the related Security Instrument Issuer or Reserve Instrument Provider, as applicable. Copies of any such modifications or amendments for which Security Instrument Issuer consent is required shall be sent to each Rating Agency at least ten days prior to the effective day thereof.

Miscellaneous Trustee Provisions

Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment or reimbursement for reasonable fees for its services rendered as Trustee under the Indenture and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent and Registrar for the Bonds as provided in the Indenture. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the foregoing advances, fees, costs, and expenses incurred.

Trustee's Right to Own and Deal in Bonds. The bank or trust company acting as Trustee under the Indenture, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued under and secured by the Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee under the Indenture.

APPENDIX B

FINANCIAL REPORT OF WEBER STATE UNIVERSITY FOR FISCAL YEAR 2020

The financial reports of the University for Fiscal Year 2020 are contained herein.

The University's financial reports for Fiscal Year 2021 must be completed under State law by December 31, 2021.

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WEBER STATE UNIVERSITY
A Component Unit of the State of Utah

Annual Financial Report --- 2020

**Annual
Financial
Report**

2020



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A man with short brown hair, wearing a grey suit jacket, a light blue shirt, and a blue and white striped tie. He is wearing a black face mask with a purple elastic strap and a white cougar head logo on the right side. A small pin is visible on his left lapel. The background is a blurred outdoor scene with green trees and a blue sky.

Message from the President

Make sure to hold on to this issue of our annual financial report, as this year will become one of the most historic for Weber State University. The success that you see in this keepsake issue is despite the challenges of our times — a worldwide pandemic, calls for greater social and racial justice, and major economic disruptions. These challenges create amazing opportunities for unleashing creative thinking, new conversations, and engaged problem-solving, which continue to place Weber State at the intersection for students of all backgrounds to take multiple pathways to success.

While these challenges are frequently referred to as “unprecedented,” they are not. As an educational institution, Weber has endured the 1918 Spanish Flu pandemic, a campus closure that lasted 18 months, rapid transitions in the delivery of academic programs to meet the demands of World War II, and many other difficulties. Weber not only survived those challenges, but emerged from each as an institution better poised to thrive in the future.

With the onset of the pandemic, there was a slight panic with knowing how the interruption would impact our students. But there also was immense calm, knowing that we already had an online learning infrastructure in place to meet the moment. We did not stop there. Over the summer, we expanded our online learning options to include six course-delivery formats to meet students where they were on their educational journey. The formats include face-to-face, face-to-face hybrid, online, virtual, virtual hybrid, and flex.

Weber State also set records for summer enrollment. We increased by over two percent in enrollment with over 4,000 students enrolled for summer courses. For fall enrollment, we went from just under 16 percent down (-16.0) in enrollment to a positive 0.2 percent for full-time enrollment. Our overall headcount for full and part-time students is down only about 100 students. When you put our numbers in pandemic-perspective, you will find tremendous success. This success is credited to our dedicated students, faculty, and staff.

To ensure Weber State remains on the cutting-edge with its program offerings and facilities, we continue to increase our digital footprint with The Digital Fluency District. This District provides coordinated teaching and learning spaces equipped with innovative technology, tools, and support services to empower faculty, staff, and students to build a culture of digital fluency and creative exploration. The Stewart Library and Lampros Hall are the core of this District with spokes extending throughout campus. These creative solutions and spaces will inspire faculty who want to better utilize technology in their teaching. The District fosters environments where learners collaborate, consume information, and create content. This is essential to prepare students for workforce demands that require critical thinking by equipping them with skills in creative problem-solving.

We recently held a grand opening for the new Computer and Automotive Engineering Building at WSU Davis. This new facility capitalizes on the strategic location of WSU Davis to support Hill Air Force Base and its aerospace and defense industry partners. In addition to six classrooms, the \$24 million building features a “sandbox” or test environment for computer science and software engineering courses. The new home of the automotive technology program has updated automotive shops, including a Tesla learning center and an engine test cell. We also look forward to the Fall 2022 opening of the Noorda Engineering, Applied Science and Technology Building on our Main Campus.

With the backdrop of new buildings and innovation across campuses, Weber State is poised to remain a top choice for first-time and returning students, whether continuing from the prior semester or a prior stint in college. Life happens, and we want to help students complete their pursuit of a rewarding career with undeniable skillsets.

We extend our deepest appreciation to all the stakeholders, contributors, and taxpayers for your investment in the education of our Weber State students.

The financial statements that follow are prepared according to generally accepted accounting principles established by the Governmental Accounting Standards Board. The Office of the Utah State Auditor has reviewed and audited this financial report for the year ended June 30, 2020. This financial report is intended to reflect the overall financial position of the university as of June 30, 2020. It also reflects the flow of financial resources to and from the university for the fiscal year ended June 30, 2020.

I am happy to report that the university is in good financial standing and benefits from a joint commitment of students, faculty, staff, alumni, administrators, elected and appointed officials and the community at large.

Best,



Brad Mortensen, President



OFFICE OF THE
STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee
and
Dr. Brad L. Mortensen, President
Weber State University

Report on the Financial Statements

We have audited the accompanying financial statements of Weber State University (University), a component unit of the State of Utah, as of and for the year ended June 30, 2020, 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, 2020, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Defined Benefit Pension Contributions, as listed in the table of contents, 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 Message 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 this other information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020 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 State Auditor
October 15, 2020



Management's Discussion & Analysis

INTRODUCTION

This section of Weber State University's (the University's) Annual Report presents management's discussion and analysis of the University's financial performance during the fiscal year ended June 30, 2020, with comparable information for the fiscal year ended June 30, 2019. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis is designed to provide an easily readable analysis of the University's financial activities based on facts, decisions, and conditions known at the date of the auditor's report. The financial statements, footnotes, and this discussion are the responsibility of management.

FINANCIAL STATEMENTS OVERVIEW

This annual report consists of a series of financial statements, prepared in accordance with GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements-and Management's Discussion and Analysis – for Public Colleges and Universities, and GASB Statement No. 38, Certain Financial Statement Note Disclosures.

As required by these accounting principles, the annual report consists of three basic financial statements which 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 one of these statements will be discussed.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point-in-time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of Weber State University. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred

inflows of resources, and net position (assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources). The difference between current and noncurrent assets will be discussed in the footnotes to the financial statements.

A summarized comparison of the University's assets, deferred outflows, liabilities, deferred inflows, and net position as of June 30, 2020 and 2019 is shown below.

CONDENSED STATEMENT OF NET POSITION

| | As of June 30, 2020 Amount | As of June 30, 2019 Amount | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|---|----------------------------------|----------------------------------|-------------------------------------|-----------------------------------|
| Assets | | | | |
| Current assets | \$95,416,914 | \$74,776,907 | \$20,640,007 | 27.60% |
| Noncurrent assets | | | | |
| Capital | 408,396,365 | 391,990,459 | 16,405,906 | 4.19% |
| Other | 220,510,372 | 247,238,240 | (26,727,868) | (10.81%) |
| Total assets | 724,323,651 | 714,005,606 | 10,318,045 | 1.45% |
| Deferred outflows of resources | | | | |
| Deferred amount of refunding | 778,744 | 535,854 | 242,890 | 45.33% |
| Deferred outflows relating to pensions* | 9,156,003 | 12,384,487 | (3,228,484) | (26.07%) |
| Total deferred outflows of resources | 9,934,747 | 12,920,341 | (2,985,594) | (23.11%) |
| Liabilities | | | | |
| Current liabilities | 19,756,970 | 22,535,857 | (2,778,887) | (12.33%) |
| Noncurrent liabilities | 54,316,322 | 69,243,156 | (14,926,834) | (21.56%) |
| Total liabilities | 74,073,292 | 91,779,013 | (17,705,721) | (19.29%) |
| Deferred inflows of resources | | | | |
| Deferred inflows relating to beneficial interests | 8,741,742 | 8,960,678 | (218,936) | (2.44%) |
| Deferred inflows relating to pensions* | 5,310,806 | 5,537,745 | (226,939) | (4.10%) |
| Total deferred inflows of resources | 14,052,548 | 14,498,423 | (445,875) | (3.08%) |
| Net position | | | | |
| Net investment in capital assets | 364,416,979 | 345,235,481 | 19,181,498 | 5.56% |
| Restricted - nonexpendable | 112,338,244 | 110,974,030 | 1,364,214 | 1.23% |
| Restricted - expendable | 61,777,525 | 68,672,087 | (6,894,562) | (10.04%) |
| Unrestricted | 107,599,810 | 95,766,913 | 11,832,897 | 12.36% |
| TOTAL NET POSITION | \$646,132,558 | \$620,648,511 | \$25,484,047 | 4.11% |

* FY2019 deferred outflows and inflows related to pensions were adjusted by Utah Retirement Systems (URS)

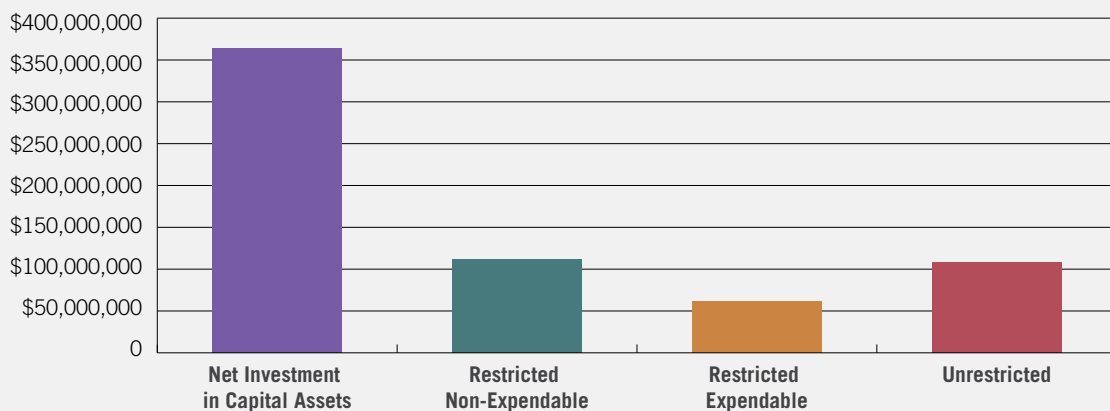
From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes to outside organizations. Finally, the Statement of Net Position provides a picture of the net position (assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources) and its availability for expenditure by the University.

Net position is divided into three major categories. The first category, "net investment in capital assets," provides the University's equity in property, plant, and equipment. The next category is "restricted" net position, which is divided into

two subcategories, "nonexpendable" and "expendable." The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is "unrestricted" net position. Unrestricted net position is generally designated internally by the University for specific institutional purposes.

The composition of the University's net position is displayed in the following graph.

COMPOSITION OF THE UNIVERSITY'S NET POSITION AS OF JUNE 30, 2020



In fiscal year 2020 current assets increased 27.60%, primarily from an increase in cash and cash equivalents due to the majority of the government agency bonds being called, due to dropping interest rates, and being held in cash. Deferred outflows relating to pensions decreased \$3.2 million largely from the net difference between expected and actual experience (see note 7). Noncurrent liabilities decreased approximately \$14.9 million, in fiscal year 2020, primarily due to a \$12.9 million decrease in net pension liability (see note 7). At the end of fiscal year 2020, the University's current assets of \$95.4 million were sufficient to cover current liabilities of \$19.8 million. Also at the end of fiscal year 2020, total assets of \$724.3 million were sufficient to cover total liabilities of \$74.1 million. Deferred outflows and inflows

relating to pensions are a result of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. (see notes 1 and 7). Deferred inflows of resources relating to beneficial interests are a result of GASB Statement No. 81, Irrevocable Split-Interest Agreements. Over time, increases or decreases in net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities. One must also consider that the consumption of assets follows the institutional philosophy to use available resources to acquire and improve all areas of the University to better serve the mission of the University.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, both operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the University. Generally speaking, operating revenues are received for providing goods and services to the various customers and

constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided.

A summarized comparison of the University's revenues, expenses, and changes in net position for the years ended June 30, 2020 and 2019 is shown below.

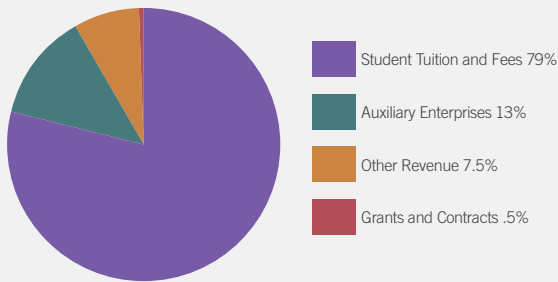
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

| | Year Ended June 30, 2020 Amount | Year Ended June 30, 2019 Amount | Amount of Increase (Decrease) | Percent Increase (Decrease) |
|--|---------------------------------------|---------------------------------------|-------------------------------------|-----------------------------------|
| Operating revenues | | | | |
| Tuition and fees | \$87,868,667 | \$85,822,271 | \$2,046,396 | 2.38% |
| Grants and contracts | 611,206 | 713,206 | (102,000) | (14.30%) |
| Auxiliary enterprises | 14,198,329 | 16,315,936 | (2,117,607) | (12.98%) |
| Other | 8,555,449 | 9,057,000 | (501,551) | (5.54%) |
| Total operating revenues | 111,233,651 | 111,908,413 | (674,762) | (0.60%) |
| Operating expenses | | | | |
| Salaries and wages | 122,052,294 | 115,015,898 | 7,036,396 | 6.12% |
| Employee benefits | 38,402,549 | 47,604,464 | (9,201,915) | (19.33%) |
| Scholarships and fellowships | 17,100,330 | 15,198,659 | 1,901,671 | 12.51% |
| Depreciation | 18,704,747 | 18,013,006 | 691,741 | 3.84% |
| Other operating expenses | 54,866,823 | 57,936,710 | (3,069,887) | (5.30%) |
| Total operating expenses | 251,126,743 | 253,768,737 | (2,641,994) | (1.04%) |
| Operating loss | (139,893,092) | (141,860,324) | 1,967,232 | 1.39% |
| Nonoperating revenues/(expenses) | | | | |
| State appropriations | 95,582,300 | 91,227,101 | 4,355,199 | 4.77% |
| Grants and contracts | 42,893,388 | 41,085,775 | 1,807,613 | 4.40% |
| Other nonoperating revenues/(expenses) | 17,800,091 | 21,516,870 | (3,716,779) | (17.27%) |
| Net nonoperating revenues/(expenses) | 156,275,779 | 153,829,746 | 2,446,033 | 1.59% |
| Income before other revenue | 16,382,687 | 11,969,422 | 4,413,265 | 36.87% |
| Other revenues | | | | |
| Capital appropriations | 6,266,134 | 33,303,565 | (27,037,431) | (81.18%) |
| Capital grants and gifts | 247,270 | 765,794 | (518,524) | (67.71%) |
| Additions to permanent endowments | 2,587,956 | 3,873,830 | (1,285,874) | (33.19%) |
| Total other revenue | 9,101,360 | 37,943,189 | (28,841,829) | (76.01%) |
| Increase in net position | 25,484,047 | 49,912,611 | (24,428,564) | (48.94%) |
| Net position - beginning of year | 620,648,511 | 570,735,900 | 49,912,611 | 8.75% |
| Net position - end of year | \$646,132,558 | \$620,648,511 | \$25,484,047 | 4.11% |

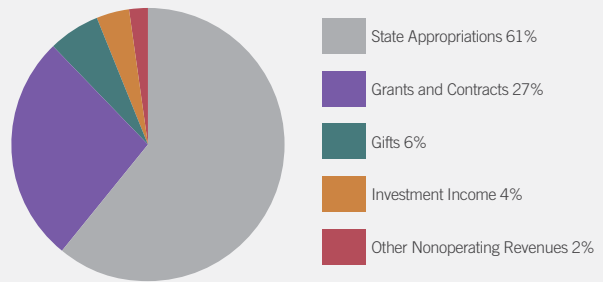
The most significant source of operating revenue for the University is student tuition and fees, which totaled \$87.9 million for fiscal year 2020. Auxiliary enterprise revenue decreased approximately \$2.1 million largely due to COVID 19. Other nonoperating revenues/(expenses) decreased approximately \$3.7 million largely due to \$7.5 million decrease in investment income for fiscal year 2020. Capital appropriations decreased \$27 million in fiscal year 2020

due to several State funded construction projects finishing in fiscal year 2019, including Lindquist Hall. In fiscal year 2020 additions to permanent endowments decreased \$1.3 million largely due to several large endowments created from generous donations in fiscal year 2019. The following charts highlight the University's operating and nonoperating revenues for the fiscal year 2020.

OPERATING REVENUES



NONOPERATING REVENUES



Rapid Online Course Development

Get up and running quickly in case of a campus closure



1. Start Here

A quick guide to consider class on

2. Strategies

Ways to accomplish key tasks and address challenges.

3. Tools

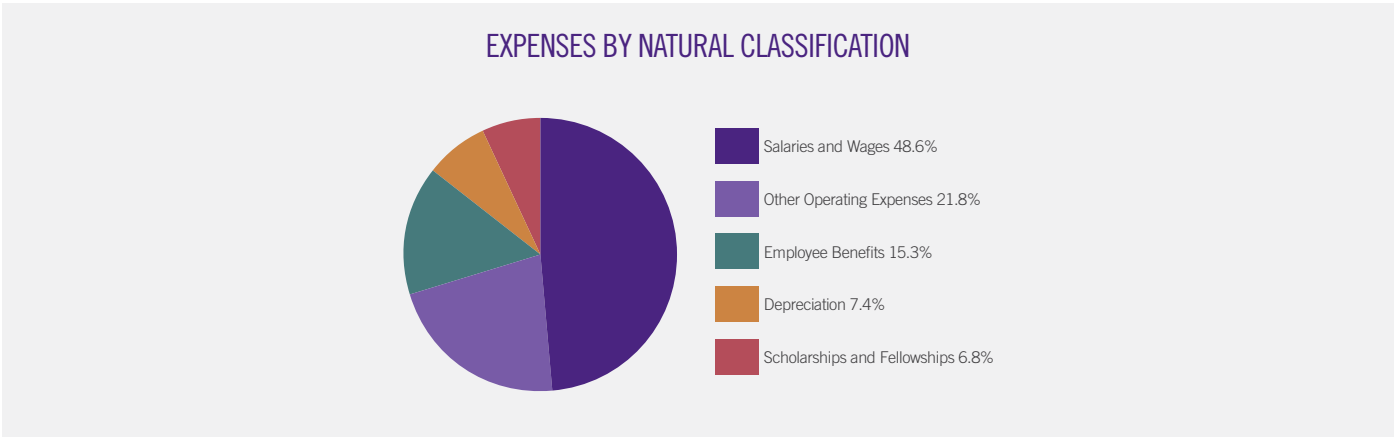
Guides on tools that can help during a prolonged closure.

Students

and resources to help students use online tools.

The University's operating expenses were \$251.1 million for the fiscal year ended June 30, 2020. Employee benefits decreased \$9.2 million primarily due to a decrease in net pension liability for the University (see note 7). Scholarships and fellowships increased \$1.9 million partially due to CARES Act relief funds disbursed to students due to COVID

19. Other operating expenses decreased \$3.1 million partly from a slowdown in procurement activity due to COVID 19. Operating expenses are reported by natural classification in the financial statements. The following chart illustrates the University's operating expenses by natural classification for the fiscal year ended 2020.



State appropriations are considered nonoperating because they are provided by the Legislature to the University without the Legislature directly receiving commensurate goods and services for those revenues. This will always result in an

overall operating loss. A more comprehensive assessment of the operations of the University is reflected in "Income (Loss) Before Other Revenue."



STATEMENT OF CASH FLOWS

The final statement presented by the University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University during the year.

The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the University. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing

purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section shows the net change in cash which reconciles to the end of year cash shown on the Statement of Net Position. The University's cash flows for the fiscal year ended June 30, 2020 are shown below.

CONDENSED STATEMENT OF CASH FLOWS

| | Year Ended June 30, 2020 Amount | Year Ended June 30, 2019 Amount | Amount Increase (Decrease) | Percent Increase (Decrease) |
|---|---------------------------------------|---------------------------------------|----------------------------------|-----------------------------------|
| Cash and cash equivalents provided (used) by: | | | | |
| Operating activities | \$(131,722,484) | \$(123,207,770) | \$(8,514,714) | (6.91%) |
| Noncapital financing activities | 153,110,255 | 145,252,135 | 7,858,120 | 5.41% |
| Capital financing activities | (31,891,347) | (20,730,550) | (11,160,797) | (53.84%) |
| Investing activities | 37,292,777 | 18,840,333 | 18,452,444 | 97.94% |
| Net change in cash and cash equivalents | 26,789,201 | 20,154,148 | 6,635,053 | 32.92% |
| Cash and cash equivalents - beginning of year | 65,437,101 | 45,282,953 | 20,154,148 | 44.51% |
| Cash and cash equivalents - end of year | \$92,226,302 | \$65,437,101 | \$26,789,201 | 40.94% |



Major Construction Projects

There were several significant construction projects during the fiscal year. These projects are funded from a number of different sources including private donations and state capital appropriations.

BARBARA AND RORY YOUNGBERG FOOTBALL CENTER

An open house and ribbon cutting took place in September 2019 for the new Barbara and Rory Youngberg Football Center. The project was constructed on the north end of the football stadium. The 27,000-square foot building is now the main entrance to the stadium. It also includes the Sark's Boys Gateway, the Stromberg Strength and Conditioning Complex, the Marquardt-Kimball Plaza and the Behnken Plaza. The facility features a new state-of-the-art strength and conditioning facility for all Wildcat student-athletes, as well as a new football team locker room, a new expanded equipment room, and football coaches offices and position group meeting rooms. The building also includes a 125-seat team room that will benefit all student-athletes. A new plaza, ticket office, and souvenir shop are also part of the complex. The approximate budget for the project was \$15 million.

OUTDOOR ADVENTURE AND WELCOME CENTER

Groundbreaking took place for the new Weber State University Outdoor Adventure & Welcome Center in October 2019. This new 16,900 square-foot building will have a Welcome Center to help students get oriented and make connections on campus. The Outdoor Adventure Center will allow WSU's popular Campus Recreation Outdoor Program to expand its equipment rental center, making room for new equipment and improved efficiency. The center will also support recreation rock climbing, including bouldering and a 55-foot climbing wall. The Welcome Center portion of the facility will provide space for the Office of Admissions to host visitor experiences that showcase Weber State's connection between education and the environment. Construction is expected to be complete by January 2021 and has an approximate construction budget of \$7 million.

DAVIS CAMPUS COMPUTER & AUTOMOTIVE ENGINEERING

Groundbreaking took place in May 2019 on the new Davis Computer and Automotive Engineering Building at WSU Davis in Layton. The 50,000 square-foot building will help the College of Engineering, Applied Science & Technology (EAST) accommodate the rapid growth in the field. The building will be used for automotive, computer and software engineering courses to meet high-demand degrees in northern Utah. The approximate \$24 million project also includes a new primary entrance to campus from State Route 193, which relieves pressure on the existing entry and allow faster access. The state-of-the-art facilities offer innovative and collaborate learning spaces to students in computer science, computer engineering and automotive technology. The new building was completed in time for Fall semester 2020.

SOLAR COVERED PARKING LOT

Weber State University broke ground in June 2020 and took another step in its goal of becoming a sustainable, carbon-neutral campus by installing a solar covered array over the W10 parking lot, on the northwest side of the Ogden campus. The lot has approximately 100 parking spaces available for students, faculty and staff. The array houses 550 kilowatts of solar panels that feed directly into Lindquist Hall and the campus electrical grid. The power produced by the array is expected to offset 80% of Lindquist Hall's energy consumption. The parking lot was ready for student parking for Fall semester 2020. The approximate cost of the project was \$1.7 million.





Economic Outlook for WSU

A crucial element in the University's future continues to be a strong relationship with the State of Utah. The University's operating budget for the fiscal year ending June 30, 2020 is supported by two major sources of revenue: appropriations from the State of Utah (\$95.6 million) and net student tuition and fees (\$87.9 million). Weber State University's budget conditions remained solid during the Fiscal Year 2020, assisted by 2.0% tuition and 3.0% fee increases despite the economic impact of the COVID 19 pandemic.

Utah's economy continues to be recognized among the top performing states. Given the historical inverse relationship between student enrollment growth and a strong state economy, only a slight enrollment increase is projected for Fiscal Year 2021. Conservative budgeting with 2.0% tuition and 2.0% fee increases should continue to keep the University's financial position stable during the fiscal year 2020-2021 allowing for a \$2.05 million decrease in state appropriations, stemming from the financial impacts related to COVID 19.

The University continues to monitor and mitigate the financial impacts of COVID 19. Weber State University was awarded \$5,857,113 in CARES Act student financial aid funding (phase I), \$5,857,113 in CARES Act Institutional funding (phase II), and \$580,432 in CARES Act Strengthening Institutions (SIP) funding. As of June 30, 2020 we had expended \$930,483 of the phase 1 funding, \$595,637 of the phase 2 funding, and \$580,432 of the SIP funding.

Current conditions are likely to influence the University to examine future tuition and fee increases for additional funding. The institution is continuing the implementation of a strategic enrollment plan, developed in fiscal year 2017-2018, targeting enrollment growth. As the financial statements and footnotes indicate, the University remains on a solid financial foundation. A conservative financial management approach will continue to be employed in managing the resources of the University.

Norman C. Tarbox, Jr., Ed.D.,
Vice President for Administrative Services



Basic Financial Statements



STATEMENT OF NET POSITION

As of June 30, 2020

ASSETS

| Current Assets | 2020 |
|---|--------------------|
| Cash and cash equivalents (Note 2) | \$74,177,174 |
| Short-term investments (Note 2) | 6,658,667 |
| Accounts receivable, net (Note 5) | 4,649,590 |
| Receivable from state agencies (Note 5) | 3,072,369 |
| Interest receivable | 179,430 |
| Inventories | 2,820,830 |
| Prepaid expenses | 1,101,713 |
| Student loans receivable, net (Note 5) | 850,832 |
| Pledges receivable, net (Note 5) | 1,462,781 |
| Other assets | 443,528 |
| Total Current Assets | 95,416,914 |
| Noncurrent Assets | |
| Restricted cash and cash equivalents (Note 2) | 18,049,128 |
| Investments (Note 2) | 184,162,559 |
| Accounts receivable, net (Note 5) | 4,039,555 |
| Student loans receivable, net (Note 5) | 2,485,345 |
| Pledges receivable, net (Note 5) | 2,745,509 |
| Other noncurrent assets (note 1) | 8,829,993 |
| Capital assets, net (Note 3) | 408,396,365 |
| Net pension asset (Notes 1 and 7) | 198,283 |
| Total noncurrent assets | 628,906,737 |
| Total Assets | 724,323,651 |

DERERRED OUTFLOWS OF RESOURCES

| | |
|--|------------------|
| Deferred Outflows relating to Pensions (Notes 1 and 7) | 9,156,003 |
| Deferred amount of refunding | 778,744 |
| Total Deferred Outflows of Resources | 9,934,747 |

LIABILITIES

| | |
|--|-------------------|
| Current Liabilities | |
| Accounts payable (Note 5) | 1,762,636 |
| Accrued liabilities | 620,301 |
| Accrued payroll | 100,000 |
| Payable to state agencies | 2,350,860 |
| Compensated absences & termination benefits (Note 3) | 3,301,616 |
| Unearned revenue | 8,174,283 |
| Bonds payable (Notes 3 and 4) | 3,054,944 |
| Other liabilities | 392,330 |
| Total current liabilities | 19,756,970 |
| Noncurrent Liabilities | |
| Compensated absences & termination benefits (Note 3) | 4,334,953 |
| Annuities payable (Note 3) | 355,155 |
| Bonds payable (Notes 3 and 4) | 41,703,186 |
| Net pension liability (Notes 1 and 7) | 7,923,028 |
| Total noncurrent liabilities | 54,316,322 |
| Total Liabilities | 74,073,292 |

DEFERRED INFLOWS OF RESOURCES

| | |
|--|-------------------|
| Deferred Inflows Relating to Beneficial Interests (Note 1) | 8,741,742 |
| Deferred Inflows Relating to Pensions (Notes 1 and 7) | 5,310,806 |
| Total Deferred Inflows of Resources | 14,052,548 |

NET POSITION

| | |
|--|----------------------|
| Net investment in capital assets | 364,416,979 |
| Restricted: | |
| Nonexpendable | |
| Primarily scholarships and fellowships | 112,338,244 |
| Expendable | |
| Primarily scholarships and fellowships | 51,129,382 |
| Capital projects | 3,069,256 |
| Loans | 5,115,892 |
| Sponsored projects | 2,232,744 |
| Debt service | 230,251 |
| Unrestricted | 107,599,810 |
| Total Net Position | \$646,132,558 |

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2020

REVENUES

| Operating Revenues | 2020 |
|--|--------------------|
| Student tuition and fees, net (Note 1) | \$87,868,667 |
| Federal grants and contracts | 424,166 |
| State and local grants and contracts | 127,136 |
| Nongovernmental grants and contracts | 59,904 |
| Sales and services of educational activities | 2,966,353 |
| Auxiliary enterprises, net (Note 1) | 14,198,329 |
| Other operating revenues | 5,589,096 |
| Total Operating Revenues | 111,233,651 |

EXPENSES

| | |
|---------------------------------|----------------------|
| Operating Expenses | |
| Salaries and wages | 122,052,294 |
| Employee benefits | 38,402,549 |
| Scholarships and fellowships | 17,100,330 |
| Depreciation | 18,704,747 |
| Other operating expenses | 54,866,823 |
| Total Operating Expenses | 251,126,743 |
| Operating Loss | (139,893,092) |

NONOPERATING REVENUES (EXPENSES)

| | |
|---|--------------------|
| State appropriations | 95,582,300 |
| Federal grants and contracts | 36,582,523 |
| State and local grants and contracts | 5,741,261 |
| Nongovernmental grants and contracts | 569,604 |
| Gifts | 10,088,648 |
| Investment income (net of investment expense) | 6,717,418 |
| Interest on capital assets-related debt | (1,444,189) |
| Other nonoperating revenues | 2,438,214 |
| Net Nonoperating Revenues | 156,275,779 |
| Income Before Other Revenue | 16,382,687 |

OTHER REVENUES

| | |
|-----------------------------------|-------------------|
| Capital appropriations | 6,266,134 |
| Capital grants and gifts | 247,270 |
| Additions to permanent endowments | 2,587,956 |
| Total other revenue | 9,101,360 |
| Increase in Net Position | 25,484,047 |

NET POSITION

| | |
|----------------------------------|---------------|
| Net Position - Beginning of Year | 620,648,511 |
| Net Position - End of Year | \$646,132,558 |

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

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

| | 2020 |
|---|----------------------|
| Tuition and fees | \$86,948,020 |
| Receipts from grants/contracts | 611,206 |
| Receipts from auxiliary and educational services | 17,164,682 |
| Collection of loans from students | 695,104 |
| Payments for scholarships and fellowships | (17,037,632) |
| Payments for employee services and benefits | (170,320,659) |
| Other operating receipts | 4,642,737 |
| Payments to suppliers | (54,425,942) |
| Net cash provided (used) by Operating Activities | (131,722,484) |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|--|--------------------|
| State appropriations | 95,582,300 |
| Receipts from grants/contracts | 42,893,388 |
| Agency receipts including direct lending program | 36,224,009 |
| Agency disbursements including direct lending program | (36,377,266) |
| Receipts from gifts | 9,437,636 |
| Receipts for permanent endowments | 2,587,956 |
| Other noncapital financing activities | 2,762,232 |
| Net cash provided (used) by Noncapital Financing Activities | 153,110,255 |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|---------------------|
| Receipts from capital grants/gifts | 716,850 |
| Proceeds from bond issuance | 10,835,000 |
| Purchases of capital assets | (28,397,259) |
| Principal paid on capital debt/leases | (13,595,000) |
| Interest paid on capital debt/leases | (1,450,938) |
| Net cash provided (used) by Capital and related Financing Activities | (31,891,347) |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|-------------------|
| Proceeds from sale/maturity of investments | 53,776,405 |
| Receipt of interest/dividends from investments | 8,667,453 |
| Purchase of investments | (25,151,081) |
| Net cash provided (used) by Investing Activities | 37,292,777 |

| | |
|---|-------------------|
| Net Increase (decrease) in Cash and Cash Equivalents | 26,789,201 |
|---|-------------------|

| | |
|--|-------------------|
| Cash and Cash Equivalents - Beginning of Year | 65,437,101 |
|--|-------------------|

| | |
|--|---------------------|
| Cash and Cash Equivalents - End of Year | \$92,226,302 |
|--|---------------------|

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the Fiscal Year Ended June 30, 2020

Reconciliation of net operating income (loss) to net cash provided (used) by operating activities:

| | 2020 |
|---|------------------------|
| Operating income (loss) | <u>\$(139,893,092)</u> |
| Difference between actuarial calculated pension expense and actual contributions | \$(10,139,655) |
| Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities: | |
| Depreciation expense | 19,151,853 |
| Changes in assets and liabilities: | |
| Receivables (net) | (444,080) |
| Student loans receivable | 659,860 |
| Inventories | (326,799) |
| Prepaid expenses | 32,458 |
| Other current assets | (6,225) |
| Accounts payable | (559,957) |
| Accrued liabilities | (6,749) |
| Accrued payroll | (122,000) |
| Unearned revenue | (476,567) |
| Compensated absences and early retirement | 402,588 |
| Other current liabilities | 5,881 |
| Net cash provided (used) by Operating Activities | <u>\$(131,722,484)</u> |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | |
| Increase (decrease) in fair value of investments | \$(1,884,215) |
| Capital assets acquired from State of Utah (DFCM) | 6,266,134 |
| Donated property and equipment | 212,235 |
| Total Noncash Investing, Capital, and Financing Activities | <u>\$4,594,154</u> |

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





Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed by Weber State University (the University) are set forth below:

REPORTING ENTITY

The University is a component unit and an integral part of the State of Utah. The University is considered a component unit of the State of Utah because it receives appropriations from the State and is financially accountable to the State. The financial activity of the University is included in the State's Comprehensive Annual Financial Report, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity.

The financial statements include the accounts of the University, all auxiliary enterprises, and other restricted and unrestricted funds of the University, the Weber State University Foundation (the Foundation) and the Weber State University Research Foundation (the Research Foundation). The Foundation and the Research Foundation, non-profit organizations, were incorporated under Utah law in 1972 and 2009, respectively. The Foundation was established to provide support for the University, its faculty and students, and to promote, sponsor, and carry-out educational, scientific, charitable, and related activities and objectives at the University. The Research Foundation was established to further the educational and research mission of the University. The University has a controlling number of positions on the Board of Directors of the Foundation and the Research Foundation.

The Foundation and the Research Foundation are included in the financial statements of the University as blended component units. 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. It is reported as part of the University. Financial statements of the Foundation and the Research Foundation can be obtained from the University. In Note 10, condensed financial statements have been prepared for the Foundation. Due to minimal financial activity, condensed financial statements have not been prepared for the Research Foundation.

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.

This includes an MD&A, a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, notes to the financial statements, and other applicable RSI. The required basic financial statements described above are prepared using the economic resources measurement focus and the accrual basis of accounting. Operating activities include all revenues and expenses, derived on an exchange basis, used to support the instructional, research and public efforts, and other University priorities. Fund financial statements are not required for BTA reporting.

In accordance with GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions, the University recognizes the estimated net realizable value of pledges as revenue as soon as all eligibility and time requirements imposed by the provider have been met.

CASH EQUIVALENTS

For purposes of the statements of cash flows, 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 State Treasurers' Investment Pool are also considered cash equivalents.

INVESTMENTS

The University accounts for its investments at fair value or NAV (net asset value) in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The University distributes earnings from pooled investments according to the University Policy No. 5-14 Investment of Public Funds.

INVENTORIES

Inventories held for resale are stated at the lower of cost (first-in, first-out method) or market or on a basis which approximates cost determined on the first-in, first-out method. Non-resale inventories are expensed as purchased. Bookstore inventories are valued using the retail inventory method.

DEFERRED OUTFLOWS/INFLOWS

In addition to assets, financial statements will sometimes report separate sections for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and will not be recognized as an inflow of resources (revenue) until that time. Also, in accordance with GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, losses incurred due to refunding of bond debt are reported as deferred outflows rather than as bond liabilities.

OTHER NON-CURRENT ASSETS

Other non-current assets are primarily composed of beneficial interests which have been donated to the University. Due to GASB Statement No. 81, Irrevocable Split-Interest Agreements, the University has recognized \$8,741,742 as a noncurrent asset and corresponding deferred inflow of resources for certain irrevocable split-interest agreements. The University has a beneficial interest or right to a portion of the benefits donated pursuant to an irrevocable split-interest agreement, in which the donor enters into a trust and transfers resources to an intermediary. Asset recognition criteria include (1) the government is specified by name as beneficiary in the legal document underlying the donation; (2) the donation agreement is irrevocable; (3) the donor has not granted variance power to the intermediary with respect to the donated resources; (4) the donor does not control the intermediary, such that the actions of the intermediary are not influenced by the donor beyond the specified stipulations of the agreement; (5) the irrevocable split-interest agreement established a legally enforceable right for the government's benefit (an unconditional beneficial interest). Agreements specifying the University as the only beneficiary are now reflected in Note 11.

CAPITAL ASSETS

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements with a cost of \$250,000 or more are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. All land is capitalized and not depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, 40 years for buildings, 20 years for infrastructure, land improvements, and library collections, and 3 to 10 years for equipment.

UNEARNED REVENUES

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to 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 full-time and certain part-time University employees earn vacation leave for each month worked at a rate between 12 and 22 days per year. Vacation time may be used as it is earned. A maximum of 240 hours can be carried over into the next vacation year, which begins each November 1. Upon termination, no more than the maximum plus the current year earned vacation is payable to the employee. A liability is recognized in the Statement of Net Position for vacation payable to the employees at the statement date.

Non-academic full-time and certain part-time University employees earn sick leave at the rate of one day earned for each month worked. No payment is made for unused sick leave in the event of termination. After an employee has accumulated 18 days of unused sick leave, any sick leave days accumulated by the end of the sick leave year in excess of 8 days may be converted at the option of the employee to vacation days.

NON-CURRENT LIABILITIES:

Non-current liabilities include (1) principal amounts of revenue bonds payable and other obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences 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 non-current assets.

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 (Systems) and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. 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.

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 net position - nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in 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.

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

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are

used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include unrestricted quasi-endowments.

CLASSIFICATION OF REVENUES AND EXPENSES:

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

Operating revenues: Operating revenues 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 educational activities and auxiliary enterprises, net of scholarship discounts and allowances, (3) federal, state, local, and nongovernmental research grants and contracts, and (4) interest on institutional student loans.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as (1) gifts and contributions, (2) non-research federal, state, local, and nongovernmental grants and contracts and (3) other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB Statement No. 34, such as state appropriations and investment income.

Operating expenses: Operating expenses include activities that have the characteristics of exchange transactions, such as (1) salaries and wages, (2) employee benefits, (3) scholarships and fellowships, (4) depreciation, and (5) other operating expenses.

Non-operating expenses: Non-operating expenses primarily include interest on debt obligations.

When both restricted and unrestricted resources are available, such resources are spent and tracked at the discretion of the department subject to donor restrictions, where applicable.

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. The following schedule presents revenue allowances for the year ended June 30, 2020:

| Revenue | 2020 |
|-----------------------|--------------|
| Tuition and Fees | \$38,544,601 |
| Auxiliary enterprises | \$637,743 |



2. CASH & INVESTMENTS

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 policy for custodial credit risk that further limits what is required by the State Money Management Act. As of June 30, 2020, the University had bank and deposit balances of \$5,609,159 at Wells Fargo, of which \$5,359,159 was uninsured and uncollateralized, and cash in transit to Commonfund totaling \$3,068,138 all of which uninsured and uncollateralized. The Foundation had \$20,335 held by Key Bank, and \$296,581 held by Morgan Stanley, all of which was insured. The State of Utah does not require collateral on deposits.

Investments

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 (Utah Code, Title 51, Chapter 7) (the Act) that relate to the deposit and investment of public funds.

Except for endowment funds, the University follows the requirements of the Act 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 Rule 541, Management and Reporting of Institutional Investments (Rule 541).

The 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.

Statutes authorize the University to invest in negotiable or nonnegotiable deposits of qualified or permitted 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 Act; and the Utah Public Treasurers' Investment Fund (PTIF).

The Utah State Treasurer's Office operates the PTIF. The PTIF is available for investment of funds administered by any Utah

public treasurer and is not registered with the Securities and Exchange Commission (SEC) as an investment company. The PTIF is authorized and regulated by the Act. The Act established the Money Management Council which oversees the activities of the Utah 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 UPMIFA and Rule 541 allow the University to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any of the investments authorized by the Act or any of the following subject to satisfying certain criteria: mutual funds registered with the SEC, 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.

According to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Title 51-8 of the Utah Code, the University may appropriate for expenditure or accumulate so much of an endowment fund as the University determines to be prudent for uses, benefits, purposes, and duration for which the endowment was established. The endowment income spending policy at June 30, 2020, is 4% of the twelve quarter moving average of the market value of the endowment pool. The spending policy is reviewed periodically and any necessary changes are made. The amount of net appreciation investments of donor-restricted endowments that were available for authorization for expenditure at June 30, 2020 was approximately \$11.3 million. The net appreciation is a component of restricted expendable net assets.

FAIR VALUE OF INVESTMENTS

The University measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- ▶ Level 1: Quoted prices for identical investments in active markets;
- ▶ Level 2: Observable inputs other than quoted market prices; and,
- ▶ Level 3: Unobservable inputs.

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- ▶ U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- ▶ Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- ▶ Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund; and,
- ▶ Utah Public Treasurers' Investment Fund: application of the June 30, 2020 fair value factor, as calculated by the Utah State Treasurer, to the University balance in the Fund.

Securities classified in Level 3 are valued using the following approaches:

- ▶ Other donated assets are valued using the real estate's value or the cash surrender value of the life insurance policy.

The Bond and Equity Mutual funds listed below are held and managed by Commonfund. For these funds Commonfund is not required to register as an investment company, and has not

registered as such. For these funds, Commonfund received a ruling from the Commodity Futures Trading Commission that it is entitled to relief from regulation as a Commodity Pool Operator. In terms of regulatory oversight, these funds are subject to regulatory reporting under Form PF, National Futures Association/Commodity Futures Trading Commission pool quarterly and annual reporting (for commodity pools).

At June 30, 2020, the University had the following recurring fair value measurements.

| Investments by Fair Value Level | Fair Value Measurements Using | | | |
|---|-------------------------------|--------------|---------------|-----------|
| | Total | Level 1 | Level 2 | Level 3 |
| Debt Securities | | | | |
| U.S. Agencies | \$10,130,708 | | \$10,130,708 | |
| Corporate Notes | 30,174,574 | | 30,174,574 | |
| Money Market Mutual Funds | 500,320 | | 500,320 | |
| Bond Mutual Funds | 31,149,272 | | 31,149,272 | |
| Utah Public Treasurers' Investment Fund | 83,653,905 | | 83,653,905 | |
| Total Debt Securities | 155,608,779 | | 155,608,779 | - |
| Equity Securities | | | | |
| Common and Preferred Stock | 7,061,199 | 7,061,199 | | |
| Exchange Traded/Closed-End Funds | 1,405,626 | 1,405,626 | | |
| Equity Mutual Funds | 95,153,879 | | 95,153,879 | |
| Total Equity Securities | 103,620,704 | 8,466,825 | 95,153,879 | - |
| Other | | | | |
| Donated Assets | 3,821,671 | | | 3,821,671 |
| Total Other | 3,821,671 | | | 3,821,671 |
| Total investments by Fair Value Level | \$263,051,154 | \$ 8,466,825 | \$250,762,658 | 3,821,671 |

Investments Measured at Net Asset Value NAV

| | |
|--|---------------|
| Global Distressed | \$35,539 |
| Real Estate Opportunity | 716,548 |
| Private Equity Partnerships | 4,907,748 |
| Venture Capital Funds | 4,416,355 |
| Secondary Partners | 633,816 |
| Natural Resources Partners | 1,214,290 |
| Total Investments Measured at NAV | 11,924,296 |
| Total Investments Measured at Fair Value | \$274,975,450 |

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships or limited liability companies. The University values these investments based on the values provided by the partnerships as well as the audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is

progressed from the most recently available valuation taking into account subsequent capital calls and distributions. In order to mitigate market volatility and provide diversification to traditional investments, the University has opted to invest portions of its portfolio in alternative assets, including private capital. Private capital partnerships utilize investments strategies that focuses on managers who buy and sell privately owned companies. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the University's alternative investments measured at NAV:

| Investments Measured at NAV | Fair Value | Unfunded Commitments | Redemption | Redemption Notice Period |
|-----------------------------------|------------|----------------------|------------|--------------------------|
| Real Estate Opportunity | 716,548 | 3,293,936 | N/A | N/A |
| Private Equity Partnerships | 4,907,748 | 8,538,000 | N/A | N/A |
| Secondary Partners | 633,816 | 800,003 | N/A | N/A |
| Venture Capital Funds | 4,416,355 | 6,022,450 | N/A | N/A |
| Global Distressed | 35,539 | 76,300 | N/A | N/A |
| Natural Resources Partners | 1,214,290 | 1,904,600 | N/A | N/A |
| Total Investments Measured at NAV | 11,924,296 | 20,635,289 | | |

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 State's Money Management Act or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Title 51-7-11 of the Money Management 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 terms 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. 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, Rule 541 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, 2020, the University had the following debt investments and maturities:

| Investment Type | Fair Value | Investment Maturities (in Years) | | |
|--|---------------|----------------------------------|--------------|--------------|
| | | Less than 1 | 1-5 | 6-10 |
| State of Utah Public Treasurers' Investment Fund | \$83,653,905 | \$83,653,905 | \$ - | \$ - |
| Bond Mutual Funds | 31,149,272 | - | - | 31,149,272 |
| U.S. Agencies | 10,130,708 | - | - | 10,130,708 |
| Corporate Notes | 30,174,574 | 5,017,832 | 25,156,742 | - |
| Money Market Mutual Funds | 500,320 | 500,320 | - | - |
| Total | \$155,608,779 | \$89,172,057 | \$25,156,742 | \$41,279,980 |

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 State's Money Management Act, the UPMIFA, and Rule 541, as previously discussed.

At June 30, 2020, the University had the following debt investments and quality ratings:

| Investment Type | Fair Value | Quality Ratings | | |
|--|---------------|-----------------|------------|--------------|
| | | AA | A | Unrated |
| State of Utah Public Treasurer's Investment Fund | \$83,653,905 | | | \$83,653,905 |
| Bond Mutual Funds | 31,149,272 | | | 31,149,272 |
| U.S. Agencies | 10,130,708 | 10,130,708 | | |
| Corporate Notes | 30,174,574 | - | 30,174,574 | |
| Money Market Mutual Funds | 500,320 | | | 500,320 |
| Total | \$155,608,779 | 10,130,708 | 30,174,574 | 115,303,497 |

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 Rule 541, 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, Rule 541 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. Rule 541 also limits investments in alternative investment funds, as allowed by Rule 541, to between 0% and 30% based on the size of the

University's endowment fund. At June 30, 2020, the University was in compliance with these rules.

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 that further limits what is required by the State Money Management Act. As of June 30, 2020, the University had \$10,130,708 in U.S. agencies, \$30,174,574 in corporate notes, and \$2,140,435 in stock, that are uninsured and held by the counterparty but not in the University's name.

3. CAPITAL ASSETS AND LONG-TERM LIABILITIES

Changes in capital assets and long-term liabilities for the year ended June 30, 2020 are summarized below:

CAPITAL ASSETS

| | Beginning Balances | Additions | Reductions | Ending Balance |
|-------------------------------------|-----------------------|--------------|--------------|-------------------|
| Land | \$11,159,652 | \$- | \$- | \$11,159,652 |
| Land improvements & infrastructure | 49,445,700 | 1,026,009 | 698,726 | 49,772,983 |
| Buildings | 499,137,337 | 18,582,797 | 682,316 | 517,037,818 |
| Leasehold Improvements | 1,309,530 | - | - | 1,309,530 |
| Equipment | 34,379,078 | 1,914,362 | 1,036,793 | 35,256,647 |
| Library collections | 18,168,143 | 125,701 | 766,039 | 17,527,805 |
| CIP | 14,505,140 | 31,721,852 | 17,812,962 | 28,414,030 |
| Total | 628,104,580 | 53,370,721 | 20,996,836 | 660,478,465 |
| Less: Accumulated depreciation for: | | | | |
| Land Improvements & infrastructure | 20,664,802 | 2,482,302 | 471,285 | 22,675,819 |
| Buildings | 174,936,431 | 12,768,173 | 579,969 | 187,124,635 |
| Leasehold Improvements | 458,336 | 130,953 | - | 589,289 |
| Equipment | 26,787,613 | 2,654,220 | 919,474 | 28,522,359 |
| Library collections | 13,266,939 | 669,098 | 766,039 | 13,169,998 |
| Total | 236,114,121 | 18,704,746 | 2,736,767 | 252,082,100 |
| Capital assets, net | \$391,990,459 | \$34,665,975 | \$18,260,069 | \$408,396,365 |

LONG TERM LIABILITIES

| | Beginning Balances | Additions | Reductions | Ending Balance | Current Portion |
|-------------------------------------|-----------------------|--------------|--------------|-------------------|--------------------|
| Bonds Payable: | | | | | |
| Bonds payable | \$44,780,000 | \$10,835,000 | \$14,060,000 | \$41,555,000 | \$2,790,000 |
| Unamortized bond premium | 2,510,832 | \$1,064,210 | 371,912 | 3,203,130 | 264,944 |
| Total contract and bond obligations | 47,290,832 | 11,899,210 | 14,431,912 | 44,758,130 | 3,054,944 |
| Other Liabilities: | | | | | |
| Compensated absences | 4,599,517 | 2,685,447 | 1,889,132 | 5,395,832 | 2,149,043 |
| Termination benefits payable | 2,634,464 | 761,867 | 1,155,594 | 2,240,737 | 1,152,573 |
| Net pension liability | 20,865,945 | - | 12,942,917 | 7,923,028 | - |
| Annuities payable | 443,742 | 0 | 53,049 | 390,693 | 35,538 |
| Total other liabilities | 28,543,668 | 3,447,314 | 16,040,692 | 15,950,290 | 3,337,154 |
| Total long-term liabilities | \$75,834,500 | \$15,346,524 | \$30,472,604 | \$60,708,420 | \$6,392,098 |

4. REVENUE BONDS PAYABLE

Revenue bonds payable consisted of the following at June 30, 2020:

| | |
|---|----------------------|
| Student Facilities System Refunding Revenue Bonds, Series 2015, \$18,135,000, 2%-5% maturing 2015 through 2030 | \$ 13,140,000 |
| Student Facilities System, Revenue Bonds, Series 2012, \$17,380,000, 3%-4% maturing 2013 through 2032 | 11,790,000 |
| Student Facilities System, Revenue Bonds, Series 2019, \$10,835,000, 2.25%-5% maturing 2021 through 2040 | 10,835,000 |
| Student Facilities System Refunding, Revenue Bonds, Series 2017, \$7,215,000, 2.00%-5.00% maturing 2018 through 2030 | 5,790,000 |
| | <u>41,555,000</u> |
| Plus unamortized bond premium | <u>3,203,130</u> |
| Total bonds payable | <u>\$ 44,758,130</u> |

Principal and interest on these revenue bonds are collateralized by a first lien on certain revenue and other income of the University operations. The Student Facilities System includes the Student Union Building; the University bookstore; the Dee Events Center, including the parking and all concessions; Series 2012 System Facilities; and student housing facilities. The general purpose for which the secured debt was issued is student facilities capital additions and improvements. All revenues from these facilities and student building fees are pledged to the Series 2012,

Series 2015, Series 2017, and Series 2019 Revenue Bonds and are included in Student Tuition & Fees and Auxiliary Enterprises Revenue. In addition, the Bonds are insured by the Municipal Bond Insurance Association, the Assured Guaranty Municipal Corporation (formerly Financial Security Assurance, Inc.), or by a debt service reserve account, for the timely payment of principal and interest. For the year ended June 30, 2020, the receipts and disbursements of pledged revenues were as follows:

Receipts

| | |
|-------------------------------------|-------------------|
| Pledged auxiliary operating revenue | \$15,800,404 |
| Student building fees | 4,009,450 |
| Total receipts | <u>19,809,854</u> |

Disbursements

| | |
|--|---------------------|
| Pledged auxiliary operating expenses | 14,214,849 |
| Excess of pledged receipts over expenses | \$ 5,595,005 |
| Debt service principal and interest payments | <u>\$ 4,460,940</u> |

The scheduled maturities of the revenue bonds are as follows:

| | Principal | Interest | Total Payments |
|-----------|----------------------|----------------------|----------------------|
| 2021 | 2,790,000 | 1,597,461 | 4,387,461 |
| 2022 | 2,925,000 | 1,466,161 | 4,391,161 |
| 2023 | 3,035,000 | 1,336,911 | 4,371,911 |
| 2024 | 3,190,000 | 1,202,661 | 4,392,661 |
| 2025 | 3,325,000 | 1,061,261 | 4,386,261 |
| 2026-2030 | 17,525,000 | 3,230,093 | 20,755,093 |
| 2031-2035 | 5,325,000 | 815,568 | 6,140,568 |
| 2036-2040 | 3,440,000 | 274,964 | 3,714,964 |
| Totals | <u>\$ 41,555,000</u> | <u>\$ 10,985,080</u> | <u>\$ 52,540,080</u> |

DEFEASED REVENUE BONDS

In fiscal year 2020, the University issued Student Facilities System Revenue Refunding Bonds, Series 2019, in the amount of \$10,835,000 and defeased the 2010 Bonds, by placing proceeds from the 2019 Bonds, with Wells Fargo Bank, the Escrow Agent. Proceeds from the 2019 Bonds, together with other legally available moneys, in the aggregate amount of \$11,713,151 was deposited with Wells Fargo Bank, as Escrow Agent, pursuant to the Escrow Agreement to establish an irrevocable trust escrow

account, consisting of cash and government obligations of the United State of America. Amounts in the Escrow Account shall be used to pay interest on the 2010A Bonds maturing on and after April 1, 2021 and to redeem the 2010 A Refunded Bonds at a redemption price of 100% of the principal amount thereof on October 1, 2020. This refunding resulted in net present value benefit of \$671,768 or 5.945% over 21 years and an average annual cash flow savings of \$39,198.



5. ACCOUNTS RECEIVABLE AND PAYABLE

Accounts receivable consist primarily of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Utah. Grants and contracts receivable include amounts due from the Federal Government, local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grant and contracts. The receivable from State agencies includes amounts due from State agencies in connection with the reimbursement of allowable expenses made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. The following schedule presents receivables as of June 30, 2020, including approximately \$4,039,555, \$2,485,345, and \$2,745,509 of net, noncurrent accounts, student loans, and pledges receivable, respectively:

| | |
|---------------------------------------|--------------|
| Accounts | \$10,563,024 |
| Grants and contracts | 2,179,209 |
| Student loans | 3,468,211 |
| Pledges | 4,294,173 |
| Receivable from state agencies | 3,124,987 |
| Interest | 179,430 |
| Total receivables | 23,809,034 |
| Less allowances for doubtful accounts | (4,323,622) |
| Receivables, net | \$19,485,412 |

The following schedule presents the major components of accounts payable at June 30, 2020:

| | |
|------------------------|-------------|
| Payable to State | \$2,350,861 |
| Vendors | 1,762,636 |
| Interest | 399,365 |
| Other | 320,935 |
| Total Accounts Payable | \$4,833,797 |

6. OPERATING LEASES

The University leases several buildings for classes and various programs. Total payments for such leases were \$431,487 for the year ended June 30, 2020. The following is a schedule by year of future operating lease payments for the previously described operating leases:

| Fiscal Year Ending June 30 | Operating Leases |
|-------------------------------------|------------------|
| 2021 | 452,871 |
| 2022 | 438,403 |
| 2023 | 333,357 |
| 2024 | 318,512 |
| 2025 | 326,482 |
| 2026 | 334,646 |
| Total future minimum lease payments | \$2,204,271 |

7. PENSION PLANS AND RETIREMENT BENEFITS

As required by State law, eligible non-exempt employees of the University (as defined by the U.S. Fair Labor Standards Act) are covered by either the State and School Contributory, Noncontributory, or Tier 2 Retirement Systems (Systems). Employees hired after November 16, 2015 cannot elect to participate in the URS system unless they had already participated in a URS plan from a previous employer. These ineligible non-exempt employees along with exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the Teachers Insurance and Annuity Association (TIAA).

DEFINED CONTRIBUTION PLANS

TIAA provides individual retirement fund contracts with each participating employee. Benefits provided to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement, and are fully vested from the date of employment. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. For the year ending June 30, 2020, the University's contribution to this defined contribution plan was 14.2% of the participating employees' annual salaries, or \$12,168,678 which is included in the benefits expense. The compensation for employees covered by TIAA (including post-retired employees), for the year ended June 30, 2020, was \$85,694,906. The University has no further liability once annual contributions are made.

Employees who participate in the State and School Noncontributory and Tier 2 pension plans also participate in qualified contributory 401(k) and 457 savings plans administered by the Utah Retirement Systems. The University contributes 1.5%, and 1.03% respectively of participating employees' annual salaries to a 401(k) plan administered by the Systems. For employees participating in the Tier 2 Public Employee defined contribution plan, the University is required to contribute 20.02% of the employee's salary, of which 10% is paid into a 401(k)/457 plan while the remainder is contributed to the Tier 1 Plans, as required by law. During the year ended June 30, 2020, the University's contribution totaled \$317,900 which was included in the benefits expense, and the participating employees' voluntary contributions totaled \$402,254.

DEFINED BENEFIT PLANS

Eligible plan participants are provided with pensions through the Systems. The University participates in the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) and Public Employees Contributory Retirement System (Contributory System or Tier 1): multiple employer, cost sharing, public employees retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System): a multiple employer, cost sharing, public employees retirement system.

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

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 direction 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' publicly available financial report 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 benefits 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% |
| 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% |

* with actuarial reductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit. The 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 URS 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 as of June 30, 2020 are as follows:

| | Paid by Employer for Employee | Employer Contribution Rate |
|--------------------------------|-------------------------------|----------------------------|
| Contributory System | | |
| 17 Higher Education – Tier 1 | 6.00 % | 17.70 % |
| 117 Higher Education – Tier 2* | N/A | 18.99 % |
| Noncontributory System | | |
| 18 - Higher Education – Tier 1 | N/A | 22.19 % |
| Tier 2 DC Only | | |
| 217 Higher Education | N/A | 10.02 % |

* Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 Plans.

For Fiscal year ended June 30, 2020, the employer and employee contributions to the Systems were as follows:

| System | Employer Contributions | Employee Contributions |
|--------------------------------|------------------------|------------------------|
| Noncontributory System | \$3,049,150 | N/A |
| Contributory System | 30,938 | 10,487 |
| Tier 2 Public Employees System | 639,286 | - |
| Total Contributions | \$3,719,374 | \$10,487 |

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

PENSION ASSETS, LIABILITIES, EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATING TO PENSIONS

At June 30, 2020, the University reported a net pension asset of \$198,283 and a net pension liability of \$7,923,028.

| (Measurement Date): December 31, 2019 | | | | | |
|---------------------------------------|-------------------|-----------------------|---------------------|----------------------------------|-------------------|
| | Net Pension Asset | Net Pension Liability | Proportionate Share | Proportionate Share Dec 31, 2018 | Change (Decrease) |
| Noncontributory System | \$0 | \$7,871,059 | 6.7100228% | 0.5175892% | 6.1924336% |
| Contributory System | \$198,283 | \$0 | 3.5167112% | 2.1021497% | 1.4145615% |
| Tier 2 Public Employees System | \$0 | \$51,969 | 0.2310701% | 0.2718236% | (0.0407535)% |
| Total Net Pension Asset / Liability | \$198,283 | \$7,923,028 | | | |

The net pension asset and liability were measured as of December 31, 2019. The total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2020, the University recognized pension expense of (\$6,376,296) for the defined benefit pension plans.

At June 30, 2020, the University 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 | \$6,518,048 | \$93,336 |
| Changes in assumption | \$735,583 | \$1,493 |
| Net difference between projected and actual earnings on pension plan investments | | \$4,801,136 |
| Changes in proportion and differences between contributions and proportionate share of contributions | \$27,377 | \$414,843 |
| Contributions subsequent to the measurement date | \$1,874,995 | \$0 |
| Total | \$9,156,003 | \$5,310,808 |

\$1,874,995 was reported as deferred outflows of resources related to pensions results from contributions made by the University prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019. 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 | Net Deferred Outflows (inflows) of Resources |
|------------------------|--|
| 2020 | \$3,067,473 |
| 2021 | \$729,229 |
| 2022 | (\$109,393) |
| 2023 | (\$1,743,740) |
| 2024 | \$4,536 |
| Thereafter | \$22,097 |

Actuarial assumptions: The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- ▶ **Inflation:** 2.50 Percent
- ▶ **Salary increases:** 3.25 – 9.75 percent, average, including inflation Investment
- ▶ **Investment rate of return:** 6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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 | Expected Return Arithmetic Basis | | |
|------------------------------------|----------------------------------|------------------------------|--|
| | Target Asset Allocation | Real Return Arithmetic Basis | Long-Term Expected Portfolio Real Rate of Return |
| Equity securities | 40 % | 6.15 % | 2.46 % |
| Debt securities | 20 % | 0.40 % | 0.08 % |
| Real assets | 15 % | 5.75% | 0.86 % |
| Private equity | 9 % | 9.95 % | 0.90 % |
| Absolute return | 16 % | 2.85 % | 0.46 % |
| Cash and cash equivalents | 0 % | 0.00 % | 0.00 % |
| Totals | 100 % | | 4.75 % |
| Inflation | | | 2.50 % |
| Expected arithmetic nominal return | | | 7.25 % |

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.45% that is net of investment expense.

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS 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 discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

| | 1% Decrease (5.95%) | Discount Rate (6.95%) | 1% Increase (7.95%) |
|-------------------------|---------------------|-----------------------|---------------------|
| Noncontributory | \$25,908,667 | \$7,871,059 | (\$7,137,916) |
| Contributory | \$315,159 | (\$198,283) | (\$635,247) |
| Tier 2 Public Employees | \$448,155 | \$51,969 | (\$254,209) |
| Total | \$26,671,981 | \$7,724,745 | (\$8,027,372) |

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



8. CONSTRUCTION COMMITMENTS

The Utah State 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 land assets on the books of the University. State-funded construction projects administered by DFCM will not be recorded on the books of the University until the facility is available for occupancy. At June 30, 2020, the University had outstanding commitments for the construction and remodeling of University buildings of approximately \$8,935,543.

9. TERMINATION BENEFITS

In addition to the pension benefits described in Note 7, the University may provide an early retirement program to qualified employees that are approved by the administration in accordance with University policy as approved by the State Board of Regents. Full-time salaried employees who will have 15 years of full-time service and are within ten years of the Full Retirement Age (FRA) on the date of the proposed retirement are eligible to apply for the early retirement program. FRA or normal retirement age, is the age a person can receive full (100%) social security benefits as specified by the Social Security Administration. Full-time service will include approved leaves of absence with pay such as sabbaticals. Hourly service is not credited. The benefits include a semi-monthly stipend of between 14.28% to 30% of the retiree's salary at the end of active employment along with health and dental insurance. The benefits are paid by the University at a rate of 71.4% to 100% for medical and 57.1% to 80.0% for dental benefits. Benefits are payable for 7 years or until the retiree reaches age 65 for health and dental insurance and until the employee reaches FRA for the stipend.

There are currently 38 retirees who are receiving benefits under the University's early retirement program. The University has recorded a liability for the cost of these benefits at their net present value in the year the individuals retire using a discount rate of 2%. To offset increasing healthcare and dental costs, the University has also adjusted the liability by 3% to account for these estimated future increases. The expense for the early retirement program for the year ended June 30, 2020, was \$1,155,594.

10. WSU FOUNDATION - BLENDED PRESENTATION COMPONENT UNIT

The Weber State University Foundation (the Foundation) is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement resources that are available to the University in support of its programs. The majority of the resources or income the Foundation holds and invests is restricted to the activities of the University by the donors. Additionally, the University Board of Trustees approves the individuals who are appointed to serve on the Foundation's governing board. These restricted resources held by the Foundation can only be used by, or for the benefit of the University. For these reasons the Foundation is considered a component unit of the University and is presented in the University financial statements as a blended component unit. Separately issued financial statements for the Foundation can be obtained from the University at 3850 Dixon Parkway Department 1014, Ogden Utah 84408-1014.



The following is a condensed version of their financial statements for the fiscal year ended June 30, 2020.

STATEMENT OF NET POSITION

| | | |
|------------------------------------|--------------------|--------------|
| Assets | | |
| Current Assets | | |
| Other Current Assets | | \$444,075 |
| Non Current Assets | | |
| Restricted Cash & Cash Equivalents | | 339,534 |
| Investments | | 10,890,487 |
| | Total Assets | 11,674,096 |
| Liabilities | | |
| Current Liabilities | | |
| Current Liabilities | | 35,538 |
| Noncurrent Liabilities | | |
| Annuities Payable | | 355,155 |
| | Total Liabilities | 390,693 |
| Net Position | | |
| Restricted | | |
| | Restricted | 11,283,403 |
| | Total Net Position | \$11,283,403 |

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

| | | |
|-----------------------------------|--|--------------|
| Operating Revenues | | |
| Gifts | | \$- |
| | Total Operating Revenues | - |
| Operating Expenses | | |
| Other Expenses | | (17,488) |
| Transfers to University | | 461,994 |
| | Total Operating Expenses and Transfers | 444,506 |
| Operating Income (Loss) | | (444,506) |
| Nonoperating Revenues | | |
| Investment Income (Loss) | | (736,544) |
| Change in Net Position | | (1,181,050) |
| Net Position at beginning of year | | 12,464,453 |
| Net Position at end of year | | \$11,283,403 |

STATEMENT OF CASH FLOWS

| | | |
|---|--|-----------|
| Cash Flows from Operating Activities | | |
| Cash Received through contributions | | \$- |
| Cash Payments for operations | | (42,332) |
| Transfers to University | | (461,994) |
| Net Cash Provided by (used in) Operating Activities | | (504,326) |
| Cash Flows from Investing Activities | | |
| Investment Income | | 190,700 |
| Investment Purchases/Proceeds | | 562,746 |
| Net Cash Provided by (used in) Investing Activities | | 753,446 |
| Increase in Cash and Cash Equivalents | | 249,120 |
| Cash and Cash Equivalents at beginning of year | | 90,414 |
| Cash and Cash Equivalents at end of year | | \$339,534 |

11. FUNDS HELD IN TRUST BY OTHERS

Funds held in trust by others for the sole benefit of the University are neither in the possession of nor under the management of the University. These funds, which are not recorded on the University's financial records and which arose from contributions, are held and administered by external fiscal agents, selected by the donors, who distribute net income earned by such funds to the University, where it is recorded when received. The fair value of funds held in trust at June 30, 2020 was \$12,106,482.

12. RISK MANAGEMENT

The University maintains insurance coverage for commercial general liability, automobile, errors and omissions, and property (buildings and equipment) through policies administered by the Utah State Risk Management Fund. Employees of the University and authorized volunteers are covered by workers' compensation and employees' liability through the Workers' Compensation Fund of Utah.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability Noncontributory, Contributory, & Tier 2 Public Employees Systems of the Utah Retirement Systems

| | December 31, 2019 | | |
|---|------------------------|---------------------|--------------------------------|
| | Noncontributory System | Contributory System | Tier 2 Public Employees System |
| Proportion of Net Pension Liability (Asset) | 6.7100228% | 3.5167112% | 0.2310701% |
| Proportionate Share of Net Pension Liability (Asset) | \$7,871,059 | \$(198,283) | \$51,969 |
| Covered Payroll | \$14,223,902 | \$182,748 | \$- |
| Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll | 55.34% | -108.50% | 0.00% |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 94.2% | 103.6% | 96.5% |

| | December 31, 2018 | | |
|---|------------------------|---------------------|--------------------------------|
| | Noncontributory System | Contributory System | Tier 2 Public Employees System |
| Proportion of Net Pension Liability (Asset) | 0.5175892% | 2.1021497% | 0.2718236% |
| Proportionate Share of Net Pension Liability (Asset) | \$19,256,995 | \$1,492,535 | \$116,416 |
| Covered Payroll | \$14,396,107 | \$407,970 | \$3,177,248 |
| Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll | 133.77% | 365.84% | 3.66% |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 84.1% | 91.4% | 90.8% |

| | December 31, 2017 | | |
|---|------------------------|---------------------|--------------------------------|
| | Noncontributory System | Contributory System | Tier 2 Public Employees System |
| Proportion of Net Pension Liability (Asset) | 0.5362218% | 2.1186295% | 0.3156128% |
| Proportionate Share of Net Pension Liability (Asset) | \$13,112,565 | \$139,414 | \$27,827 |
| Covered Payroll | \$14,526,952 | \$482,045 | \$3,090,727 |
| Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll | 90.26% | 28.92% | 0.90% |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 89.2% | 99.2% | 97.4% |

| | December 31, 2016 | | |
|---|------------------------|---------------------|--------------------------------|
| | Noncontributory System | Contributory System | Tier 2 Public Employees System |
| Proportion of Net Pension Liability (Asset) | 0.5426397% | 1.8014682% | 0.3777285% |
| Proportionate Share of Net Pension Liability (Asset) | \$17,586,502 | \$987,128 | \$42,135 |
| Covered Payroll | \$14,565,724 | \$482,911 | \$3,097,679 |
| Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll | 120.74% | 204.41% | 1.36% |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 84.9% | 93.4% | 95.1% |

| | December 31, 2015 | | |
|---|------------------------|---------------------|--------------------------------|
| | Noncontributory System | Contributory System | Tier 2 Public Employees System |
| Proportion of Net Pension Liability (Asset) | 0.5649436% | 1.4258809% | 0.4586583% |
| Proportionate Share of Net Pension Liability (Asset) | \$17,746,496 | \$893,531 | \$(1,001) |
| Covered Payroll | \$14,964,592 | \$451,684 | \$2,963,149 |
| Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll | 118.59% | 197.82% | -0.03% |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 84.5% | 92.4% | 100.2% |

| | December 31, 2014 | | |
|---|------------------------|---------------------|--------------------------------|
| | Noncontributory System | Contributory System | Tier 2 Public Employees System |
| Proportion of Net Pension Liability (Asset) | 0.54930260% | 1.19379800% | 0.4999827% |
| Proportionate Share of Net Pension Liability (Asset) | \$13,801,385 | \$130,898 | \$(15,152) |
| Covered Payroll | \$14,708,544 | \$429,730 | \$2,452,491 |
| Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll | 93.80% | 30.50% | (0.60%) |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 87.20% | 98.70% | 103.50% |

The 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.

Changes in Assumptions: The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

Schedule of Defined Benefit Pension Contributions

Noncontributory, Contributory, & Tier 2 Public Employees Systems of the Utah Retirement Systems

Last 10 Fiscal Years as of June 30.

Noncontributory System

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution | \$3,049,150 | \$3,132,687 | \$3,143,377 | \$3,148,336 | \$3,204,447 | \$3,239,631 | \$2,914,501 | \$2,692,824 | \$2,406,594 | \$2,313,852 |
| Contributions in Relation to the Contractually Required Contribution | (3,049,150) | (3,132,687) | (3,143,377) | (3,148,336) | (3,204,447) | (3,239,631) | (2,914,501) | (2,692,824) | (2,406,594) | (2,313,852) |
| Contribution Deficiency (Excess) | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| Covered Payroll | \$14,011,779 | \$14,437,619 | \$14,605,891 | \$14,188,087 | \$14,440,949 | \$14,599,504 | \$14,244,873 | \$14,354,071 | \$14,273,985 | \$14,178,027 |
| Contributions as a Percentage of Covered Payroll | 21.76% | 21.70% | 21.52% | 22.19% | 22.19% | 22.19% | 20.46% | 18.76% | 16.86% | 16.32% |

Contributory System

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Contractually Required Contribution | \$30,938 | \$47,577 | \$84,948 | \$114,251 | \$111,545 | \$104,601 | \$93,105 | \$84,937 | \$86,171 | \$92,796 |
| Contributions in Relation to the Contractually Required Contribution | (30,938) | (47,577) | (84,948) | (114,251) | (111,545) | (104,601) | (93,105) | (84,937) | (86,171) | (92,796) |
| Contribution Deficiency (Excess) | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| Covered Payroll | \$174,788 | \$268,797 | \$479,927 | \$482,070 | \$470,656 | \$441,353 | \$423,784 | \$419,028 | \$469,082 | \$520,448 |
| Contributions as a Percentage of Covered Payroll | 17.70% | 17.70% | 17.70% | 23.70% | 23.70% | 23.70% | 21.97% | 20.27% | 18.37% | 17.83% |

Tier 2 Public Employees System

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011** |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|--------|
| Contractually Required Contribution | \$639,286 | \$629,567 | \$602,195 | \$643,870 | \$628,814 | \$526,517 | \$367,060 | \$187,733 | \$54,317 | N/A |
| Contributions in Relation to the Contractually Required Contribution | (639,286) | (629,567) | (602,195) | (643,870) | (628,814) | (526,517) | (367,060) | (187,733) | (54,317) | |
| Contribution Deficiency (Excess) | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| Covered Payroll | \$3,366,433 | \$3,336,337 | \$3,265,705 | \$3,529,983 | \$3,447,449 | \$2,881,559 | \$2,191,402 | \$1,246,565 | \$426,352 | |
| Contributions as a Percentage of Covered Payroll | 18.99% | 18.87% | 18.44% | 18.24% | 18.24% | 18.27% | 16.75% | 15.06% | 12.74% | |

**Contributions in Tier 2 include an amortization rate to help fund the unfunded liability in the Tier 1 Noncontributory and Contributory systems. The Tier 2 Public Employees System was created in fiscal year 2011.

Governing Boards & Officers

As of June 30, 2020

WEBER STATE ADMINISTRATION

Brad L. Mortensen, PhD.
President

Norman C. Tarbox, Jr., Ed.D.
*Vice President for
Administrative Services*

Ravindra (Ravi) Krovi, Ph.D.
Provost

Brett E. Perozzi, Ph.D.
Vice President for Student Affairs

T. Elizabeth (Betsy) Mennell, Ph.D.
*Vice President for
University Advancement*

Bret R. Ellis, Ph.D.
*Vice President for
Information Systems*

FINANCIAL SERVICES

Steven E. Nabor, C.P.A.
Chief Financial Officer

Ronald L. Smith, C.P.A.
Controller

Wendell W. Rich, C.P.A.
*Director of Financial Reporting
& Investments*

Michael K. Richter
Bursar

Clayton N. Anderson, M.H.A.
*Director of Budget &
Institutional Research*

UTAH STATE BOARD OF REGENTS

Harris H. Simmons
Chair

Nina R. Barnes
Vice Chair

Jessalie B. Anderson

Lisa-Michele Church

Wilford W. Clyde

Sanchaita Datta

Alan E. Hall

Marlin K. Jensen

Ronald W. Jibson

Patricia Jones

Steven J. Lund

Sheva Mozafari

Cristina Ortega

Robert W. Prince

Mark R. Stoddard

Thomas Wright

David R. Woolstenhulme
*Interim Commissioner
of Higher Education*

WEBER STATE UNIVERSITY BOARD OF TRUSTEES

Nolan Karras
Chair

Kearston Cutrubus
Vice Chair

Karla Bergeson

Marty Carpenter

Clint Costley

Amanda Covington

Louenda Downs

Karen Fairbanks

Benjamin Ferney

Don Salazar

Norman C. Tarbox, Jr.
Treasurer

Sherri Cox
Executive Secretary





WEBER STATE UNIVERSITY

ANNUAL FINANCIAL REPORT 2020

Prepared by:
Weber State University Accounting Services
3850 Dixon Parkway Dept 1014
Ogden, Utah 84408-1014
Phone: 801-626-7443
Fax: 801-626-7464

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the 2021 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: \$5,815,000
Utah Board of Higher Education
Weber State University
Student Facilities System Revenue Bonds,
Series 2021

We hereby certify that we have examined a certified copy of the proceedings of the Utah Board of Higher Education (the “*Board*”), including a certified copy of the resolution adopted by the Board on May 21, 2021, authorizing the issuance by the Board, on behalf of Weber State University, an institution of higher education and a body politic and corporate of the State of Utah (the “*University*”), of its Weber State University Student Facilities System Revenue Bonds, Series 2021, in the aggregate principal amount of \$5,815,000 (the “*Series 2021 Bonds*”). The Series 2021 Bonds are issued and secured under the General Indenture of Trust dated as of July 1, 1997, as previously supplemented and amended (the “*General Indenture*”), and as further supplemented by the Eleventh Supplemental Indenture of Trust dated as of December 1, 2021 (the “*Eleventh Supplemental Indenture*”), each among the Board, the University and Wells Fargo Bank, N.A., as trustee. The General Indenture and the Eleventh Supplemental Indenture are collectively referred to herein as the “*Indenture*.”

The Series 2021 Bonds are dated as of their date of original issuance and delivery and mature on April 1 of each of the years and in the amounts and bear interest as follows:

| MATURITY DATE (APRIL 1) | PRINCIPAL AMOUNT | INTEREST RATE |
|----------------------------|---------------------|------------------|
| 2023 | \$ 200,000 | 5.000% |
| 2024 | 210,000 | 5.000 |
| 2025 | 225,000 | 5.000 |
| 2026 | 235,000 | 5.000 |
| 2027 | 245,000 | 5.000 |
| 2028 | 260,000 | 5.000 |
| 2029 | 270,000 | 5.000 |
| 2030 | 285,000 | 5.000 |
| 2031 | 300,000 | 4.000 |
| 2032 | 310,000 | 4.000 |
| 2035 | 1,000,000 | 3.000 |
| 2036 | 355,000 | 3.000 |
| 2037 | 365,000 | 3.000 |
| 2038 | 375,000 | 3.000 |
| 2039 | 385,000 | 2.000 |
| 2040 | 395,000 | 2.000 |
| 2041 | 400,000 | 2.125 |

The Series 2021 Bonds are subject to redemption prior to maturity at the times, in the manner and upon the terms set forth in each of the Series 2021 Bonds and in the Indenture. The Series 2021 Bonds are issuable as fully-registered bonds, without coupons, in the denomination of \$5,000 or any whole multiple thereof.

The Series 2021 Bonds are being issued under the authority of Title 53B, Chapter 21, Utah Code Annotated 1953, as amended, and Section 63B-31-201(5), Utah Code Annotated 1953, as amended (collectively, the “*Act*”), for the purpose of

paying costs of constructing the Noorda Engineering and Applied Science building and paying costs of issuance of the Series 2021 Bonds.

Based on such examination, we are of the opinion that such proceedings show lawful authority for the issuance of the Series 2021 Bonds under the laws of the State of Utah now in force and that:

(1) The Board has the power under the Act to enter into the Indenture and to issue the Series 2021 Bonds on behalf of the University, and the Indenture has been duly and lawfully authorized, executed and delivered by the Board, 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 of Utah 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 (as defined in the Indenture), 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, and no further action on the part of the Board, the University, or any other party is required to perfect the same or the interest of the Bondholders therein.

(3) The Series 2021 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 Series 2021 Bonds are entitled to the benefits of the Indenture and the Act, and the Series 2021 Bonds have been duly and validly authorized and issued in accordance with law and the Indenture.

(4) All actions, conditions and things required by the constitution and laws of the State of Utah to happen, exist, and be performed precedent to the issuance and sale of the Series 2021 Bonds have been complied with.

(5) Subject to the condition that the Board and the University comply with certain covenants, interest on the Series 2021 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 under the Internal Revenue Code of 1986, as amended (the "*Code*"). Failure to comply with certain of such covenants could cause interest on the Series 2021 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2021 Bonds. Ownership of the Series 2021 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 Series 2021 Bonds.

(7) Under the laws of the State of Utah, as presently enacted and construed, interest on the Series 2021 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 of Utah or any political subdivision thereof. Ownership of the Series 2021 Bonds may result in other Utah tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2021 Bonds.

We further certify that we have examined the form of the Series 2021 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 Series 2021 Bonds.

In rendering this opinion, we have relied upon certificates of the Board and the University with respect to certain material facts 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

FORM OF 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 Utah Board of Higher Education (the “*Issuer*”) and Weber State University (the “*University*”) in connection with the issuance by the Issuer of its Weber State University Student Facilities System Revenue Bonds, Series 2021 (the “*Bonds*”). The Bonds are being issued pursuant to a General Indenture of Trust dated as of July 1, 1997, as previously supplemented and amended (the “*General Indenture*”), and as further supplemented by a Eleventh Supplemental Indenture of Trust, dated as of June 1, 2021 (the “*Eleventh Supplemental Indenture*” and together with the General Indenture, the “*Indenture*”), each between the Issuer, the University and Wells Fargo Bank, National Association, as trustee (the “*Trustee*”).

In consideration of the issuance of the Bonds by the Issuer and the purchase of such 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 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 Bonds at the time the 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 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.

“*Financial Obligation*” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*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 Bonds.

“*Reportable Event*” means the occurrence of any of the Events with respect to the 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 Bonds are set forth on the inside cover page of the Final Official Statement relating to the Bonds dated June 17, 2021 (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. 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 Bonds or defeasance of any 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 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 Bonds, as determined either by parties unaffiliated with the Issuer and the University (such as the Trustee).

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 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 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.

Dated as of the date first above written.

UTAH BOARD OF HIGHER EDUCATION

By _____
Vice Chair

ATTEST:

By _____
Secretary

WEBER STATE UNIVERSITY

By _____
Vice President for Administrative Services

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 in the tables under the captions, (i) “HISTORICAL PLEDGED REVENUES AND DEBT SERVICE COVERAGE”; (ii) “DESCRIPTION OF PLEDGED REVENUE SOURCES”; (iii) “DEBT STRUCTURE OF WEBER STATE UNIVERSITY”; and (iv) “FINANCIAL INFORMATION REGARDING WEBER STATE UNIVERSITY–Financial Summaries,” exclusive of Audited Financial Statements.

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 by February 1 following the last day of the University’s fiscal year (currently June 30). 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 by the later of (i) the date described in the immediately preceding paragraph or (ii) 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 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 Issuer or the University
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the University or the sale of all or substantially all of the assets of the Issuer or 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
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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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 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2021 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 2021 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 2021 Bonds, except in the event that use of the book-entry system for the 2021 Bonds is discontinued.

To facilitate subsequent transfers, all 2021 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 2021 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 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021 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 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2021 Bonds may wish to ascertain that the nominee holding the 2021 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 2021 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 2021 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 Higher Education 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 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2021 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 Higher Education 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 Higher Education, 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 Higher Education 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 2021 Bonds at any time by giving reasonable notice to the Board of Higher Education or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2021 Bond certificates are required to be printed and delivered.

The Board of Higher Education may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2021 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 Higher Education believes to be reliable, but the Board of Higher Education takes no responsibility for the accuracy thereof.

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APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$_____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



WEBER STATE UNIVERSITY