OFFICIAL NOTICE OF BOND SALE

and

PRELIMINARY OFFICIAL STATEMENT

State Board of Regents of the State of Utah

Utah State University

$55,250,000*

Student Fee and Housing System Revenue Bonds, Series 2019

Electronic bids will be received up to 9:30:00 A.M., M.D.T., via the *PARITY*® electronic bid submission system, on Thursday, August 8, 2019.

* Preliminary; subject to change.

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Official Notice of Bond Sale

(Bond Sale to Be Conducted Electronically)

$55,250,000*
State Board of Regents of the State of Utah
Utah State University
Student Fee and Housing System Revenue Bonds, Series 2019

Bids will be received electronically (as described under "Procedures Regarding Electronic Bidding" below) by certain designated officers of the State Board of Regents of the State of Utah (the "Board of Regents") and Utah State University (the "University"), via the PARITY® electronic bid submission system ("PARITY"), at 9:30:00 a.m., Mountain Daylight Time ("M.D.T."), on Thursday, August 8, 2019, for the purchase (all or none) of $55,250,000* aggregate principal amount of the Board of Regents' Utah State University Student Fee and Housing System Revenue Bonds, Series 2019 (the "2019 Bonds") to be issued pursuant to a Master Resolution adopted by the Issuer on March 25, 1994, as heretofore amended and supplemented, and as further supplemented by a Supplemental Resolution adopted by the Board of Regents on May 17, 2019 (collectively, the "Resolution"). The 2019 Bonds are to be awarded to the successful bidder(s) on Thursday, August 8, 2019, as described below. Defined terms used herein and not otherwise defined have the meanings assigned to such terms in the Preliminary Official Statement, relating to the 2019 Bonds dated the date hereof and to which this OFFICIAL NOTICE OF BOND SALE is attached (the "Preliminary Official Statement").

Description of 2019 Bonds

The purpose of the issuance of the 2019 Bonds is to (i) finance the cost of constructing student housing and parking improvements (the "2019 Project") and (ii) pay costs of issuance of the 2019 Bonds.

The 2019 Bonds will be dated as of the date of issuance and delivery thereof (anticipated to be Thursday, August 22, 2019), will be issuable only as fully–registered bonds in book–entry form, will be issued in denominations of $5,000 or any whole multiple thereof, not exceeding the amount of each maturity, and will mature (or be payable by sinking fund installment as described below) on April 1 of each of the years and in the principal amounts as follows:

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* Preliminary; subject to change.

Maturity (April 1)	Principal Amount*	Maturity (April 1)	Principal Amount*
2022	$ 200,000	2038	$ 1,825,000
2023	1,050,000	2039	1,900,000
2024	1,075,000	2040	1,950,000
2025	1,150,000	2041	2,025,000
2026	1,200,000	2042	2,075,000
2027	1,250,000	2043	2,150,000
2028	1,325,000	2044	2,200,000
2029	1,400,000	2045	2,275,000
2030	1,450,000	2046	2,325,000
2031	1,475,000	2047	2,400,000
2032	1,550,000	2048	2,475,000
2033	1,575,000	2049	2,550,000
2034	1,650,000	2050	2,625,000
2035	1,675,000	2051	2,725,000
2036	1,725,000	2052	2,200,000
2037	1,800,000		
Total			$55,250,000*

* Preliminary; subject to change. See "Adjustment of Principal Amount of the 2019 Bonds" below.

Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option

2019 Bonds scheduled to mature on one or more of the above–designated maturity dates may be rescheduled, at bidder's option, to mature as term bonds on one or more dates within that period, in which event the 2019 Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above–designated maturity dates and principal amounts maturing on those dates, as adjusted as described herein.

Adjustment of Principal Amount of the 2019 Bonds

The Board of Regents may adjust the aggregate principal amount of the 2019 Bonds by the amount necessary to properly size the issue so that the total amount available to the University will be approximately $59,000,000. The dollar amount of the price bid by the successful bidder may be changed as described herein but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits, and the Board of Regents will consider the bid as having been made for the adjusted amount of the 2019 Bonds. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (a) the aggregate difference between the offering price of the 2019 Bonds to the public and the price to be paid to the Board of Regents, by (b) the principal amount of the 2019 Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above.

If the Board of Regents elects to make such an adjustment, the amount of such adjustment will be allocated to increase or decrease the principal amount of the 2019 Bonds maturing on one or more of the above–designated maturity dates for the 2019 Bonds, all as determined by the Board of Regents, with the advice of Zions Public Finance, Inc., the municipal advisor to the University (the "Municipal Advisor"). The Board of Regents expects to advise the successful bidder as soon as possible, but expects no later than 11:00 a.m., M.D.T., on the date of sale, of the amount, if any, by which the aggregate principal amount of the 2019 Bonds will be adjusted and the corresponding changes to the principal amount of the

2019 Bonds maturing on one or more of the above–designated maturity dates for the 2019 Bonds. Any such adjustment will be in an amount of $5,000 or a whole multiple thereof. The Board of Regents will consider the bid as having been made for the adjusted amount of the 2019 Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate by facsimile transmission to the Municipal Advisor at fax number (801) 844–4484 within one–half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the 2019 Bonds and the amount received from the sale of the 2019 Bonds to the public that will be retained by the successful bidder as its compensation.

Ratings

The Board of Regents will, at its own expense, pay the fees of S&P Global Ratings ("S&P") for rating the 2019 Bonds. As of the date of the Preliminary Official Statement, S&P is expected to assign its municipal bond rating of "AA" to the 2019 Bonds with the understanding that upon delivery of the 2019 Bonds, the insurance policy insuring the payment when due of principal of and interest on the 2019 Bonds will be issued by Build America Mutual Assurance Company. (See "Bond Insurance" below.) S&P has assigned an underlying rating of "AA" to the 2019 Bonds. Any additional ratings shall be at the option and expense of the successful bidder(s).

Purchase Price

The aggregate purchase price to be bid for the 2019 Bonds shall not be less than the principal amount of the 2019 Bonds (preliminarily estimated at $55,250,000[*]). The final par amount of the bonds may be adjusted (either increased or decreased) as provided above under "Adjustment of Principal Amount of the 2019 Bonds".

Interest Rates

Bidders must specify the rate of interest with respect to each maturity of 2019 Bonds. Bidders will be permitted to bid different rates of interest for each separate maturity of 2019 Bonds, but:

(a) the highest interest rate bid for any of the 2019 Bonds shall not exceed 5.00% per annum;

(b) each interest rate specified in any bid must be in a multiple of one–eighth or one–twentieth of one percent (1/8th or 1/20th of 1%) per annum;

(c) all 2019 Bonds of the same maturity must bear a single rate of interest;

(d) interest shall be computed from the dated date of a 2019 Bond to its stated maturity date at the single interest rate specified in the bid for the 2019 Bonds of such maturity;

(e) a zero rate cannot be named for all or any part of the time from the date of any 2019 Bond to its stated maturity;

(f) the purchase price must be paid in immediately available funds, and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for immediately available funds;

(g) any premium must be paid in the funds specified for the payment of the 2019 Bonds as part of the purchase price;

[*] Preliminary; subject to change.

(h) there shall be no supplemental interest coupons; and

(i) interest shall be computed on the basis of a 360–day year of 12, 30–day months.

Interest will be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2019.

Bond Registrar and Paying Agent; Place of Payment

U.S. Bank National Association, Salt Lake City, Utah, will be the trustee, paying agent and bond registrar for the 2019 Bonds in connection with the issuance of the 2019 Bonds. The Board of Regents may remove any trustee, paying agent and any bond registrar, and any successor thereto, and appoint a successor or successors thereto. So long as the 2019 Bonds are outstanding in book–entry form, the principal of and interest on the 2019 Bonds will be paid under the standard procedures of The Depository Trust Company ("DTC").

Redemption Provisions

Optional Redemption. The 2019 Bonds maturing on or prior to April 1, 2029, are not subject to optional redemption prior to maturity. The 2019 Bonds maturing on or after April 1, 2030 are subject to redemption at the option of the Board of Regents on April 1, 2029, and on any date thereafter prior to maturity, in whole or in part, from such maturities as may be selected by the Board of Regents, and at random within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than 30 days' prior written notice, at a redemption price equal to 100% of the principal amount of the 2019 Bonds to be redeemed, plus accrued interest thereon to the redemption date.

Extraordinary Optional Redemption. The 2019 Bonds are also subject to extraordinary optional redemption prior to maturity (in the event of damage to, destruction, seizure or condemnation of the University's Student Housing System or a sale of the project financed by issuance of the 2019 Bonds) at the election of the University, as more fully described in the Preliminary Official Statement under the caption "THE 2019 BONDS—Redemption Provisions."

Bond Insurance

The scheduled payment of principal of and interest on the 2019 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2019 Bonds by Build America Mutual Assurance Company ("BAM"). The bond insurance premium will be paid as a cost of issuance of the 2019 Bonds by the Board of Regents.

Security

The 2019 Bonds are secured by a first lien pledge of the Revenues (as defined in the Preliminary Official Statement), which consist primarily of rentals, charges, fees, income and other revenues derived from the ownership and operation of a portion of the University's Student Housing System, subject to payment from such Revenues of Operation and Maintenance Expenses. See the Preliminary Official Statement for a more complete description of the Revenues.

As more fully described in the Preliminary Official Statement, the Bonds are not an indebtedness of the State of Utah, the Board of Regents or the University, but are special limited obligations of the Board of Regents, payable on a parity with certain outstanding bonds of the Board of Regents, and payable from and secured solely by the Revenues, moneys, securities and funds pledged therefor under the Resolution. The 2019 Bonds shall not directly, indirectly, or contingently obligate the Board of Regents, the University or the State of Utah or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the 2019 Bonds. Neither the Board of Regents nor the University has any taxing power.

The 2019 Bonds are to be issued in the aggregate principal amount of $55,250,000* pursuant to the Resolution for the purposes authorized by the Resolution. The 2019 Bonds are payable and secured on an equal and ratable basis with (i) the Board of Regents' Utah State University, Student Fee and Housing System Revenue Refunding Bonds, Series 2007, currently outstanding in the aggregate principal amount of $34,045,000 (the "2007 Bonds"), (ii) the Board of Regents' Utah State University, Student Fee and Housing System Revenue Bonds, Series 2015, currently outstanding in the aggregate principal amount of $24,455,000 (the "2015 Bonds"), (iii) the Board of Regents' Utah State University, Student Fee and Housing System Revenue Bonds, Series 2016, currently outstanding in the aggregate principal amount of $18,280,000 (the "2016 Bonds"), and (iv) any bonds issued by the Board of Regents under the Master Resolution subsequent to the issuance of the 2019 Bonds ("Additional Bonds" and, together with such outstanding 2007 Bonds, outstanding 2015 Bonds, outstanding 2016 Bonds and the 2019 Bonds, the "Parity Bonds"). As provided in the Resolution, Additional Bonds may be issued from time to time pursuant to supplemental resolution, in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Resolution. The aggregate principal amount of Parity Bonds which may be issued pursuant to the Resolution is not limited except as provided therein, and all Parity Bonds issued and to be issued pursuant to the Resolution are and will be equally and ratably secured by the pledges and covenants made therein.

Award

Award or rejection of bids will be made electronically via PARITY on Thursday, August 8, 2019. The 2019 Bonds will be awarded to the responsible bidder offering to pay the ***lowest effective interest cost*** to the Board of Regents, computed from the date of the 2019 Bonds to maturity and taking into consideration the premium, if any, in the purchase price of the 2019 Bonds. The effective interest rate to the Board of Regents shall be the interest rate per annum determined on a per annum true interest cost ("TIC") based on the discounting of the scheduled semiannual debt service payments on the 2019 Bonds (based on such rate or rates of interest so bid) to the dated date of the 2019 Bonds, compounded semiannually, and to the bid price, excluding accrued interest, if any, to the date of delivery. Interest cost shall be computed on a 360–day year of 12, 30–day months.

Procedures Regarding Electronic Bidding

No bid will be accepted unless the Board of Regents has determined that such bidder has provided the required good faith deposit, as described under "Good Faith Deposit" below.

A prospective bidder must communicate its bid for the 2019 Bonds electronically via PARITY on or before 9:30:00 a.m., M.D.T., on Thursday, August 8, 2019. No bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this OFFICIAL NOTICE OF BOND SALE, the terms of this OFFICIAL NOTICE OF BOND SALE shall control. For further information about PARITY, potential bidders may contact the Municipal Advisor or i–Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, (212) 849–5021.

For purposes of PARITY, the time as maintained by PARITY shall constitute the official time.

Each prospective bidder shall be solely responsible to register to bid via PARITY as described above. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this OFFICIAL NOTICE OF BOND SALE. Neither the Board of Regents nor i–Deal LLC shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to

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* Preliminary; subject to change.

provide or assure such access to any qualified prospective bidder, and neither the Board of Regents nor i–Deal LLC shall be responsible for a bidder's failure to register to bid or for proper operation of or have any liability for any delays or interruptions of, or any damages caused by, PARITY. The Board of Regents is using PARITY as a communication mechanism, and not as the Board of Regents' agent, to conduct the electronic bidding for the 2019 Bonds.

Notification

The Municipal Advisor, on behalf of the Board of Regents, will notify the apparent successful bidder (electronically via PARITY) as soon as possible after the Board of Regents' receipt of bids, that such bidder's bid appears to be the best bid received which conforms to the requirements of this OFFICIAL NOTICE OF BOND SALE, subject to verification and to official action to be taken by certain authorized officers of the Board of Regents and the University as described in the next succeeding paragraph.

The award of the 2019 Bonds to the successful bidder will be considered by certain designated officers of the Board of Regents and the University on Thursday, August 8, 2019, pursuant to a resolution adopted by the Board of Regents on May 17, 2019.

Form of Bid

Each bidder is required to transmit electronically via PARITY an unconditional bid specifying the lowest rate or rates of interest and the purchase price (which shall comply with the purchase price requirements set forth above under the caption "Purchase Price") at which the bidder will purchase the 2019 Bonds. Each bid must be for all the 2019 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the 2019 Bonds represented on a TIC basis, as described under "Award" above, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission, or in any other medium or on any system other than by means of PARITY; provided, however, that in the event a prospective bidder cannot access PARITY through no fault of its own, it may so notify the Municipal Advisor at (801) 844–7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor at (801) 844–7373, who shall transcribe such bid into written form, or by facsimile transmission to the Municipal Advisor at (801) 844–4484, in either case before the time bids are due as stated above, on Thursday, August 8, 2019. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by facsimile transmission (as described above), the time as maintained by PARITY shall constitute the official time.

Each bid submitted as provided in the preceding sentence must specify: (a) an offer to purchase not less than all of the 2019 Bonds; and (b) the lowest rate of interest at which the bidder will purchase the 2019 Bonds at a price satisfying the requirements set forth above. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission to an official of the Board of Regents. Neither the Board of Regents, the University, nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of telephone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Board of Regents or its Municipal Advisor, the apparent successful bidder will provide written confirmation of its bid (by facsimile transmission) to the Board of Regents or its Municipal Advisor prior to 11:00 a.m., M.D.T., on Thursday, August 8, 2019.

Right of Cancellation

The successful bidder shall have the right, at its option, to cancel its obligation to purchase the 2019 Bonds if the Board of Regents shall fail to execute the 2019 Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

Good Faith Deposit

A good faith deposit in the amount of $550,000 (the "Deposit") is required only from the successful bidder. The Deposit shall be payable to the order of the Board of Regents in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 p.m. M.D.T., on the date of sale. As an alternative to wiring funds, a bidder may deliver a cashier's or certified check, payable to the order of the Board of Regents, with its bid. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The Board of Regents shall, as security for the faithful performance by the successful bidder of its obligation to take up and pay for the 2019 Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder and hold the proceeds of the Deposit of the successful bidder or invest the same (at the Board of Regents' risk) in obligations that mature at or before the delivery of the 2019 Bonds as described under the caption "Manner and Time of Delivery" below, until disposed of as follows: (a) at such delivery of the 2019 Bonds and upon compliance with the successful bidder's obligation to take up and pay for the 2019 Bonds, the full amount of the Deposit held by the Board of Regents, without adjustment for interest, shall be applied toward the purchase price of the 2019 Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the Board of Regents; and (b) if the successful bidder fails to take up and pay for the 2019 Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the Board of Regents as liquidated damages.

Sale Reservations

The Board of Regents reserves the right (1) to waive any irregularity or informality in any bid or in the electronic bidding process; (2) to reject any and all bids for the 2019 Bonds; and (3) to resell the 2019 Bonds as provided by law.

Manner and Time of Delivery

The successful bidder will be given at least seven business days' advance notice of the proposed date of the delivery of the 2019 Bonds when that date has been determined. It is estimated that the 2019 Bonds will be delivered in book–entry form on or about Thursday, August 22, 2019. The 2019 Bonds will be delivered as a single bond certificate for each maturity of the 2019 Bonds, registered in the name of DTC or its nominee. The successful bidder must also agree to pay for the 2019 Bonds in federal funds that will be immediately available to the Board of Regents in Salt Lake City, Utah on the day of delivery.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the 2019 Bonds, but neither the failure to print such numbers on any 2019 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the 2019 Bonds in accordance with terms of the contract of sale. All expenses in relation to the providing of CUSIP numbers for the 2019 Bonds shall be paid for by the Board of Regents.

Tax Status

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Board of Regents, the interest on the 2019 Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The above opinions are subject to the condition that the Board of Regents and the University comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2019 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board of Regents and the University have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the 2019 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2019 Bonds.

In the opinion of Bond Counsel, interest on the 2019 Bonds is exempt from State of Utah individual income taxes.

Establishment of Issue Price

The successful bidder shall assist the Board of Regents in establishing the issue price of the 2019 Bonds and shall execute and deliver to the Board of Regents on the date of issuance of the 2019 Bonds an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2019 Bonds, substantially in the form attached hereto as "Exhibit A", with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Board of Regents and Bond Counsel. All actions to be taken by the Board of Regents under this OFFICIAL NOTICE OF BOND SALE to establish the issue price of the 2019 Bonds may be taken on behalf of the Board of Regents by the Municipal Advisor identified herein and any notice or report to be provided to the Board of Regents may be provided to the Municipal Advisor.

The Board of Regents intends that the provisions of Treasury Regulation Section 1.148–1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the 2019 Bonds) will apply to the initial sale of the 2019 Bonds (the "competitive sale requirements") because:

(i) the Board of Regents shall disseminate this OFFICIAL NOTICE OF BOND SALE to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(ii) all bidders shall have an equal opportunity to bid;

(iii) the Board of Regents may receive bids from at least three underwriters of municipal obligations who have established industry reputations for underwriting new issuances of municipal obligations; and

(iv) the Board of Regents anticipates awarding the sale of the 2019 Bonds to the bidder who submits a firm offer to purchase the 2019 Bonds at the highest price (or lowest interest cost), as set forth in this OFFICIAL NOTICE OF BOND SALE.

Any bid submitted pursuant to this OFFICIAL NOTICE OF BOND SALE shall be considered a firm offer for the purchase of the 2019 Bonds, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the Board of Regents shall so advise the successful bidder. The Board of Regents shall then treat the first price at which 10% of a maturity of the 2019 Bonds (the "10% Test") is sold to the public as the issue price of that maturity, applied on a maturity–by–maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The successful bidder shall advise the Board of Regents if any maturity of the 2019 Bonds satisfies the 10% Test as of the date and time of the award of the 2019 Bonds. The Board of Regents will ***not*** require bidders to comply with the "Hold–The–Offering–Price Rule" and therefore in such case does not intend to use the initial offering price to the public as of the sale date of any maturity of the 2019 Bonds as the issue price of that maturity. Bids will ***not*** be subject to cancellation in the event that the competitive sale requirements are not satisfied. ***Bidders should prepare their bids on the assumption that the 2019 Bonds will be subject to the 10% Test in order to establish the issue price of the 2019 Bonds***.

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the 2019 Bonds, the successful bidder agrees to promptly report to the Board of Regents the prices at which the unsold 2019 Bonds of that maturity have been sold to the public. The successful bidder's reporting obligation shall continue as set forth above, whether or not the date of issuance of the 2019 Bonds (the "Closing Date") has occurred, until either (i) all 2019 Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the 2019 Bonds of that maturity, provided that, the successful bidder's reporting obligations after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Board of Regents or Bond Counsel.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third–party distribution agreement (to which the bidder is a party) relating to the initial sale of the 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker–dealer that is a party to such third–party distribution agreement, as applicable:

(a) to report the prices at which it sells to the public the unsold 2019 Bonds of each maturity allocated to it whether or not the Closing Date has occurred, until either all 2019 Bonds of that maturity allocated to it have been sold or it is notified by the successful bidder that the 10% Test has been satisfied as to the 2019 Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the successful bidder.

(b) to promptly notify the successful bidder of any sales of 2019 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the 2019 Bonds to the public (each such term being used as defined below), and

(c) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker–dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker–dealer is a sale to the public.

Any agreement among underwriters or selling group agreement relating to the initial sale of the 2019 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third–party distribution agreement to be employed in connection with the initial sale of the 2019 Bonds to the public to require each broker–dealer that is a party to such third–party distribution agreement to report the prices at which it sells to the public the unsold 2019 Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all 2019 Bonds of that maturity allocated to it have been sold or it is notified by the successful bidder or such underwriter that the 10% Test has been satisfied as to the 2019 Bonds of that maturity, provided that the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the successful bidder or such underwriter.

Sales of any 2019 Bonds to any person that is a related party to an underwriter participating in the initial sale of the 2019 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this OFFICIAL NOTICE OF BOND SALE. Further, for purposes of this OFFICIAL NOTICE OF BOND SALE:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Board of Regents (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2019 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2019 Bonds to the public (including a member of a selling group or a party to a third–party distribution agreement participating in the initial sale of the 2019 Bonds to the public),

(iii) a purchaser of any of the 2019 Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the 2019 Bonds are awarded by the Board of Regents to the successful bidder.

Legal Opinion and Closing Certificates

The unqualified approving opinion of Gilmore & Bell, P.C., covering the legality of the 2019 Bonds will be furnished to the successful bidder. Closing certificates will also be furnished, dated as of the date of delivery of and payment for the 2019 Bonds, including a statement that there is no litigation pending or, to the knowledge of the signer thereof, threatened affecting the validity of the 2019 Bonds.

Disclosure Certificate and Disclosure Counsel Letter

The closing documents will include a certificate executed by the Vice President for Business and Finance or other officer of the University, confirming to the successful bidder that, to the best of the knowledge and belief of the signers thereof, and after reasonable investigation: (a) the descriptions and statements contained in the Preliminary Official Statement circulated with respect to the 2019 Bonds were at the time of the acceptance of the bid true and correct in all material respects and did not at the time of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (b) the final Official Statement (the "Official Statement") did not as of its date and does not at the time of the delivery of the 2019 Bonds contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, should the Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the Official Statement shall relate to the Official Statement as so supplemented or amended.

The Board of Regents has retained Gilmore & Bell, P.C. to act as Disclosure Counsel to the Board of Regents with respect to the 2019 Bonds and in its capacity as disclosure counsel such firm will review the contents of the Preliminary Official Statement and final Official Statement. Gilmore & Bell, P.C. will deliver a letter to the successful bidder for the 2019 Bonds with respect to the Preliminary Official Statement and the final Official Statement which will state, in effect, that while the firm has not verified and is not passing upon, and does not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, based upon participation in conferences and in reliance thereon with various representatives of the Board of Regents, the University and their counsel, and representatives of the Municipal Advisor at which the contents of the Preliminary Official Statement and the Official Statement were discussed and reviewed, without independent verification, no information came to the attention of the attorneys of such firm rendering legal services in connection with such retention which lead such attorneys to believe that either (a) the Preliminary Official Statement as of its date, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (b) the final Official Statement contained as of its date, or as of the date of the delivery of the 2019 Bonds contains, any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. However, such firm will not be called upon to and will not express an opinion or belief as to information relating to the book–entry system or the expressions of opinion, the assumptions, the projections, financial statements (including notes and schedules thereto) or other financial, operating, economic, demographic and statistical data or any information with respect to BAM or any insurance policy contained in the Preliminary Official Statement and the final Official Statement.

Continuing Disclosure

The Board of Regents and the University will enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the University for the benefit of the beneficial owners of the 2019 Bonds on or before the date of delivery of the 2019 Bonds as required under paragraph (b)(5) of Rule 15c2–12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Preliminary Official Statement.

The successful bidder's obligation to purchase the 2019 Bonds shall be conditioned upon the Board of Regents delivering the Undertaking on or before the date of delivery of the 2019 Bonds.

Official Statement

Copies of the Preliminary Official Statement may be obtained as specified below prior to the time bids are taken. The Preliminary Official Statement is in a form "deemed final" by the Board of Regents and the University for purposes of paragraph (b)(1) of Rule 15c2–12 of the Securities and Exchange Commission, but is subject to revision, amendment and completion in the Official Statement.

The Board of Regents shall deliver to the successful bidder no later than the seventh business day after the award of the 2019 Bonds as described under the caption "Award" above, an electronic copy of the Official Statement to enable the successful bidder to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

Municipal Advisor

The University has entered into an agreement with the Municipal Advisor under which the Municipal Advisor provides financial recommendations and guidance to the University with respect to preparation for sale of the 2019 Bonds, timing of sale, tax–exempt bond market conditions, costs of issuance and other factors related to the sale of the 2019 Bonds.

Additional Information

For copies of this OFFICIAL NOTICE OF BOND SALE, the Preliminary Official Statement and information regarding the electronic bidding procedures and other related information, contact the Municipal Advisor at One South Main Street, 18th Floor, Salt Lake City, Utah 84133–1109, (801) 844–7373; fax: (801) 844–4484; brian.baker@zionsbancorp.com or eric.pehrson@zionsbancorp.com. The Preliminary Official Statement (including this OFFICIAL NOTICE OF BOND SALE) is also available at ideal-prospectus; MuniOS and MuniHub.

DATED this 30 day of July 2019.

State Board of Regents of the State of Utah

Utah State University

Exhibit A

Form of Issue Price Certificate

The undersigned, on behalf of [NAME OF PURCHASER] (herein, the "Original Purchaser"), as the Original Purchaser of the $[__________] Utah State University Student Fee and Housing System Revenue Bonds, Series 2019 (the "2019 Bonds"), being issued on the date of this certificate by the State Board of Regents of the State of Utah, acting for and on behalf of Utah State University (the "Board") certifies and represents as follows:

1. Public Offering. The Original Purchaser offered all of the 2019 Bonds to the Public (as defined below) in a bona fide initial offering.

2. Reasonably Expected Initial Offering Price. As of the sale date of the 2019 Bonds (_______, 2019) (the "Sale Date"), the reasonably expected initial offering prices of the 2019 Bonds to the Public by the Original Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the 2019 Bonds used by the Original Purchaser in formulating its bid to purchase the 2019 Bonds.

[2. [*To be used if there are not at least three bids received*] [As of the date of this certificate, the first price at which at least 10% of each maturity of the 2019 Bonds was sold to the Public are the prices listed in Schedule A.] or

[(a) As of the date of this certificate, the Underwriter has not sold at least 10% of each maturity of the 2019 Bonds at any price.

(b) As of the date of this certificate, the Underwriter reasonably expects that the first sale to the Public of 10% or more of each maturity of the 2019 Bonds will be at or below the expected sale prices listed on the attached Schedule A (the "Expected First Sale Prices").]

3. Defined Terms.

(a) *Maturity* means 2019 Bonds with the same credit and payment terms. 2019 Bonds with different maturity dates, or 2019 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" as defined in U.S. Treasury Regulation Section 1.150–1(b) which generally provides that the term related party means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Board (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2019 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2019 Bonds to the Public (including a member of a selling group or a party to a third–party distribution agreement participating in the initial sale of the 2019 Bonds to the Public).

On the Sale Date, the Underwriter purchased the 2019 Bonds from the Board by submitting electronically an “Official Bid Form” responsive to an “OFFICIAL NOTICE OF BOND SALE” and having its bid accepted by the Board. The Board has not modified the terms of the purchase since the Sale Date.

The undersigned understands that the foregoing information will be relied upon by the Board with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the 2019 Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the 2019 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038–G, and other federal income tax advice that it may give to the Board from time to time relating to the 2019 Bonds.

IN WITNESS WHEREOF, the undersigned has hereunto fixed his or her official signature this _____ day of _______________, 2019.

[PURCHASER], as Original Purchaser

By:____________________________

Title: _________________________

Dated: [ISSUE DATE]

To Be Attached:

SCHEDULE A—EXPECTED OFFERING PRICES

PRELIMINARY OFFICIAL STATEMENT

State Board of Regents of the State of Utah

Utah State University

$55,250,000*

Student Fee and Housing System Revenue Bonds, Series 2019

On Thursday, August 8, 2019 up to 9:30:00 A.M., M.D.T., electronic bids will be received by means of the ***PARITY®*** electronic bid submission system. See the "OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding."

The 2019 Bonds will be awarded to the successful bidder(s) and issued pursuant to a resolution of the State Board of Regents of the State of Utah previously adopted on May 17, 2019.

The Board of Regents has deemed this PRELIMINARY OFFICIAL STATEMENT final as of the date hereof for purposes of paragraph (b)(1) of Rule 15c2–12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2019 Bonds, as permitted by the Rule.

For copies of the OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT, and other related information with respect to the 2019 Bonds contact the Municipal Advisor:

ZIONS PUBLIC FINANCE, INC.

Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484
eric.pehrson@zionsbancorp.com

Investors must read the entire PRELIMINARY OFFICIAL STATEMENT to obtain information essential to the making of an informed investment decision.

This PRELIMINARY OFFICIAL STATEMENT is dated July 30, 2019 and the information contained herein speaks only as of that date.

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* Preliminary; subject to change.

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PRELIMINARY OFFICIAL STATEMENT DATED JULY 30, 2019

NEW ISSUE

Rating: S&P "AA" (BAM insured; underlying "AA")
See "BOND INSURANCE" and "MISCELLANEOUS—Bond Ratings" herein.

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Board of Regents, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2019 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" herein.

State Board of Regents of the State of Utah

Utah State University

$55,250,000* Student Fee and Housing System Revenue Bonds, Series 2019

The $55,250,000* Student Fee and Housing System Revenue Bonds, Series 2019, are issued by the Board of Regents 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 2019 Bonds.

Principal of and interest on the 2019 Bonds (interest payable April 1 and October 1 of each year, commencing October 1, 2019) are payable by U.S. Bank National Association, Corporate Trust Services, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2019 BONDS—Book–Entry System" herein.

The 2019 Bonds are subject to optional redemption prior to maturity; may be subject to mandatory sinking fund redemption at the option of the successful bidder(s), as described herein; and are subject to extraordinary optional redemption prior to maturity (in the event of damage to, or destruction, seizure or condemnation of the Student Housing System, as defined herein). See "THE 2019 BONDS—Redemption Provisions" and "—Mandatory Sinking Fund Redemption At Bidder's Option" herein.

The 2019 Bonds are being issued for the purpose of financing the costs of constructing a student housing building and parking structure, paying capitalized interest, funding a debt service reserve account and paying the costs associated with the issuance of the 2019 Bonds. See "THE 2019 BONDS—Sources And Uses Of Funds" and "THE 2019 PROJECT" herein.

The 2019 Bonds will be issued pursuant to the Resolution, as described herein. The Board of Regents has pledged, pursuant to the Resolution, its rights in and to the Revenues to the payment of the 2019 Bonds. The 2019 Bonds are equally and ratably secured with the Outstanding Parity Bonds and any Additional Bonds hereafter issued under the Resolution. ***The 2019 Bonds are not an indebtedness of the State of Utah, the University or the Board of Regents but are special limited obligations of the Board of Regents, payable from and secured solely by the Revenues, and such funds and accounts established by the Resolution, as described herein. See "SECURITY FOR THE 2019 BONDS" herein. The issuance of the 2019 Bonds shall not directly, indirectly, or contingently obligate the Board of Regents, the University or the State of Utah or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefore or to make any appropriation for the payment of the 2019 Bonds. Neither the Board of Regents nor the University has any taxing power.***

In addition, the 2019 Bonds are secured by amounts on deposit in an account in the Debt Service Reserve Fund. The Board of Regents has covenanted to annually certify to the Governor of the State of Utah the amount, if any, required to (i) restore such account to the Debt Service Reserve Requirement with respect to the 2019 Bonds (including payment of amounts under a reserve instrument) or (ii) meet any projected shortfalls of payment of principal and/or interest for the 2019 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 2019 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 2019 Bonds.

The scheduled payment of principal of and interest on the 2019 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2019 Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

BAM

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

See the inside front cover for the maturity schedule of the 2019 Bonds

The 2019 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on Thursday, August 8, 2019 (as set forth in the OFFICIAL NOTICE OF BOND SALE, dated the date of the PRELIMINARY OFFICIAL STATEMENT).

Zions Public Finance, Inc., Salt Lake City, Utah, is acting 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 August __, 2019, and the information contained herein speaks only as of that date.

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* Preliminary; subject to change.

[1] The anticipated date of delivery is Thursday, August 22, 2019.

State Board of Regents of the State of Utah

Utah State University

$55,250,000*

Student Fee and Housing System Revenue Bonds, Series 2019

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

$__________ Serial Bonds

Due April 1	CUSIP® 917563	Principal Amount*	Interest Rate	Yield/ Price
2022………		$ 200,000		
2023………		1,050,000		
2024………		1,075,000		
2025………		1,150,000		
2026………		1,200,000		
2027………		1,250,000		
2028………		1,325,000		
2029………		1,400,000		
2030………		1,450,000		
2031………		1,475,000		
2032………		1,550,000		
2033………		1,575,000		
2034………		1,650,000		
2035………		1,675,000		
2036………		1,725,000		
2037………		1,800,000		
2038………		1,825,000		
2039………		1,900,000		
2040………		1,950,000		
2041………		2,025,000		
2042………		2,075,000		
2043………		2,150,000		
2044………		2,200,000		
2045………		2,275,000		
2046………		2,325,000		
2047………		2,400,000		
2048………		2,475,000		
2049………		2,550,000		
2050………		2,625,000		
2051………		2,725,000		
2052………		2,200,000		

$_________ ____% Term Bonds Due April 1, 20__—Price ___% (CUSIP® 917563 ___)

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* Preliminary; subject to change.

[1] The anticipated date of delivery is Thursday, August 22, 2019.

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(This page has been intentionally left blank.)

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 2019 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other informational representations must not be relied upon as having been authorized by either the State Board of Regents of the State of Utah (the "Board of Regents"); Utah State University (the "University"); U.S. Bank National Association, Corporate Trust Services (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 Regents, the University, AGM, and The Depository Trust Company, New York, New York and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2019 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Board of Regents or the University since the date hereof.

BAM makes no representation regarding the 2019 Bonds or the advisability of investing in the 2019 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 here from, 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 2019 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 2019 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2019 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.

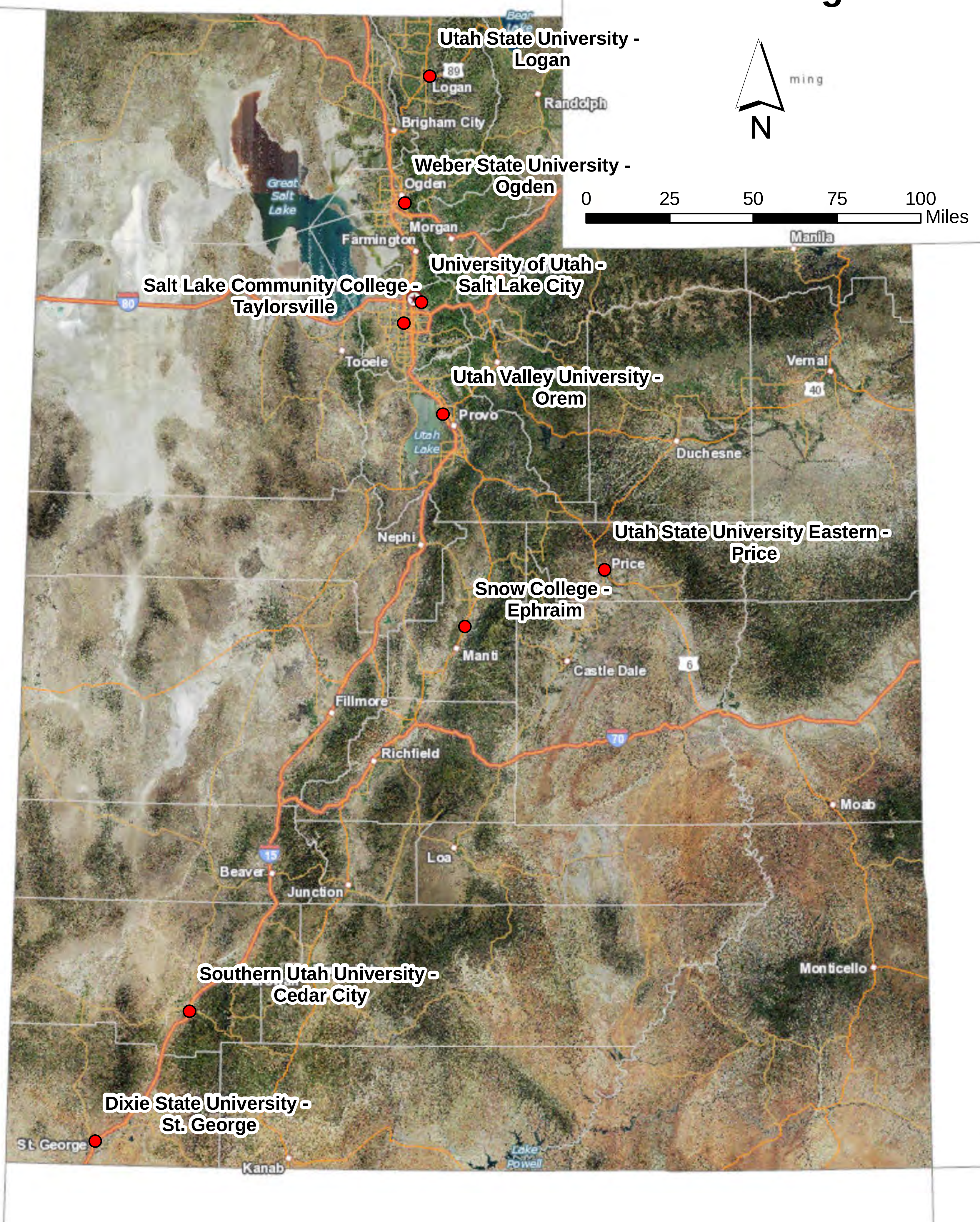
The yields/prices at which the 2019 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2019 Bonds to dealers and others. In connection with the offering of the 2019 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2019 Bonds. Such transactions may include overallotments in connection with the purchase of 2019 Bonds, the purchase of 2019 Bonds to stabilize their market price and the purchase of 2019 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 Regents nor the University plans to issue any updates or revisions to those forward–looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. See in particular "PROJECTED REVENUES AND DEBT SERVICE COVERAGE" and "UTAH STATE UNIVERSITY—Estimated Enrollment Projections" herein***.

The CUSIP® (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and neither the Board of Regents nor the University makes any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the 2019 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2019 Bonds.

The information available at 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 2019 Bonds and is not a part of this OFFICIAL STATEMENT.

Utah State Board of Regents



OFFICIAL STATEMENT RELATING TO

$55,250,000*

State Board of Regents of the State of Utah

Utah State University

Student Fee and Housing System Revenue Bonds, Series 2019

INTRODUCTION

This introduction contains only a brief description of the hereinafter described 2019 Bonds, as defined herein, the security and sources of payment for the 2019 Bonds and certain information regarding the State Board of Regents of the State of Utah (the "Board of Regents") and Utah 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 RESOLUTION–DEFINITIONS" (page A–1) or the Resolution (as defined below).

See the following appendices that are attached hereto and incorporated herein by reference: "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION;" "APPENDIX B—FINANCIAL REPORT OF UTAH STATE UNIVERSITY FOR FISCAL YEAR 2018;" "APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL;" "APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING;" "APPENDIX E—BOOK–ENTRY SYSTEM;" and "APPENDIX F—SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

When used herein the terms "Fiscal Year[s] 20YY" or "Fiscal Year[s] End[ed][ing] June 30, 20YY" shall refer to the year ended or ending on June 30 of the year indicated and beginning on July 1 of the preceding calendar year. 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).

Public Sale/Electronic Bid

The 2019 Bonds will be awarded pursuant to competitive bidding received by means of the ***PARITY®*** electronic bid submission system on Thursday, August 8, 2019, pursuant to the OFFICIAL NOTICE OF BOND SALE (dated the date of the PRELIMINARY OFFICIAL STATEMENT).

See the "OFFICIAL NOTICE OF BOND SALE" above.

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* Preliminary; subject to change.

The Board Of Regents And The 2019 Bonds

The Board of Regents is vested by statute with control, management and supervision of the institutions of higher education of the State of Utah (the "State"), including the University. The University is an institution of higher education and a body corporate and politic of the State operating under provisions of Title 53B, Utah Code Annotated 1953, as amended (the "Higher Education Act"), located in Logan, Utah. See "STATE BOARD OF REGENTS OF THE STATE OF UTAH" and "UTAH 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 Regents, acting for and on behalf of the University, of its $55,250,000* Student Fee and Housing System Revenue Bonds, Series 2019 (the "2019 Bonds" or "2019 Bond"), initially issued in book–entry form only.

Utah State University

The University is in the City of Logan, Utah (the "City"). The City, incorporated in 1866, is the county seat of Cache County, Utah (the "County") and had 51,115 residents (according to 2017 U.S. Census Bureau Estimates), and was ranked as the 12th most populous city in the State (out of approximately 245 municipalities). The County is located approximately 90 miles north of Salt Lake City, Utah and 20 miles south of the Utah–Idaho border. The County, incorporated in 1857, had 127,068 residents according to the 2018 population estimate by the U.S. Census Bureau, ranking the County as the 6th most populated county in the State (out of 29 counties).

The University is one of the institutions of the State system of higher education and had a student enrollment for Academic Year 2018–2019 (2018 Fall semester (third week) headcount) of 27,932 students (educating approximately 15.2% of the students in the Board of Regent's Utah Systems of Higher Education system). See "UTAH STATE UNIVERSITY" below.

Authority And Purpose Of The 2019 Bonds; Outstanding Parity Bonds

Authority. The 2019 Bonds are being issued pursuant to: (i) Title 53B, Chapter 21, Utah Code Annotated 1953, as amended (the "Utah Code") and Section 63B–29–102, Utah Code, and other applicable provisions of law (collectively, the "Act"); and (ii) a Master Resolution, dated as of March 25, 1994, as previously supplemented and amended and restated (the "Master Resolution"), and as further supplemented by a Supplemental Resolution, adopted May 17, 2019 (the "Supplemental Resolution") which provides for the authorization, issuance, sale and delivery of the 2019 Bonds. The Master Resolution and the Supplemental Resolution are collectively referred to herein as the "Resolution." Under the terms of the Resolution, U.S. Bank National Association, Corporate Trust Services ("U.S. Bank") has been appointed the trustee for the 2019 Bonds (the "Trustee").

Purpose. The 2019 Bonds are being issued for the purpose of financing the costs of constructing a six–story student apartment building (containing four to six units, housing 402 beds); a multi–level parking structure with 403 parking spaces; paying capitalized interest; funding a debt service reserve account and paying the costs associated with the issuance of the 2019 Bonds. See "THE 2019 BONDS—Sources And Uses Of Funds" and "THE 2019 PROJECT" herein.

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

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* Preliminary; subject to change.

(i) $39,155,000 (original principal amount), Utah State University, Student Fee and Housing System Revenue Refunding Bonds, Series 2007, dated May 30, 2007, currently outstanding in the aggregate principal amount of $34,045,000 (the "2007 Bonds");

(ii) $24,455,000 (original principal amount), Utah State University, Student Fee and Housing System Revenue Bonds, Series 2015, dated September 23, 2015, currently outstanding in the aggregate principal amount of $24,455,000 (the "2015 Bonds"); and

(iii) $19,540,000 (original principal amount), Utah State University, Student Fee and Housing System Revenue Bonds, Series 2016, dated June 23, 2016, currently outstanding in the aggregate principal amount of $18,280,000 (the "2016 Bonds").

The 2007 Bonds, the 2015 Bonds and the 2016 Bonds are sometimes referred to herein as, the "Outstanding Parity Bonds". The Outstanding Parity Bonds are currently outstanding in the aggregate principal amount of $75,175,000.

Security

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

The 2019 Bonds are payable, on a parity with the Outstanding Parity Bonds, from and are secured solely by a pledge under the Resolution of, revenues, which consist of (a) the rentals, charges, fees, income and other revenue derived from the ownership and operation of a portion of the University's Student Housing System (as defined herein), (b) Student Building Fees (as defined herein), (c) Land Grant Income (as defined herein), (d) net income from other pledged services and (e) all earnings on certain funds and accounts held by the Trustee under the Resolution (collectively, the "Revenues"), subject to payment from such Revenues of Operations and Maintenance Expenses (as defined herein). See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION—DEFINITIONS" (page A–1).

See "SECURITY FOR THE 2019 BONDS—Security And Sources Of Payment" below.

Neither the Board of Regents nor the University has mortgaged or granted a security interest in any property of the University or any portion thereof to secure payment of the 2019 Bonds.

The 2019 Bonds are not an indebtedness of the State, the University or the Board of Regents but are special, limited obligations of the Board of Regents, payable from and secured solely by the Revenues, and other amounts established by the Resolution as described in the Resolution and this OFFICIAL STATEMENT. The issuance of the 2019 Bonds shall not directly, indirectly, or contingently obligate the Board of Regents, the University or the State or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. Neither the Board of Regents nor the University has any taxing power.

The 2019 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 Resolution (the "Additional Bonds"). See "SECURITY FOR THE 2019 BONDS—Additional Bonds" below. The 2019 Bonds, the Outstanding Parity Bonds, and any Additional Bonds which may be issued from time to time under the Resolution are collectively referred to herein as the "Bonds" or the "Student Fee/Housing Bonds".

Bond Insurance

The scheduled payment of principal of and interest on the 2019 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2019 Bonds by Build America Mutual Assurance Company. ("BAM"). See "BOND INSURANCE" below.

Debt Service Reserve Account For The 2019 Bonds

The 2019 Bonds are also secured by an account in the Debt Service Reserve Fund (the "2019 Debt Service Reserve Account"). The 2019 Debt Service Reserve Requirement, as defined herein, will be satisfied by obtaining a 2019 Reserve Instrument (defined below) from BAM. See "SECURITY FOR THE 2019 BONDS—Debt Service Reserve Account–2019 Debt Service Reserve Account; 2019 Reserve Instrument" below.

Redemption Provisions

The 2019 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). The 2019 Bonds are also subject to extraordinary optional redemption prior to maturity (in the event of damage to, or destruction, seizure or condemnation of the Student Housing System (as defined herein). See "THE 2019 BONDS—Redemption Provisions" and "—Mandatory Sinking Fund Redemption At Bidder's Option" below.

Registration, Denominations, Manner Of Payment

The 2019 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 2019 Bonds. Purchases of 2019 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 2019 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 2019 Bonds. "Direct Participants," "Indirect Participants" and "Beneficial Owners" are defined under "APPENDIX E—BOOK–ENTRY SYSTEM" below.

Principal of and interest on the 2019 Bonds (interest payable April 1 and October 1 of each year, commencing October 1, 2019) are payable by U.S. Bank, as Paying Agent (the "Paying Agent"), to the registered owners of the 2019 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 2019 Bonds, as described under the caption "APPENDIX E—BOOK–ENTRY SYSTEM" below.

So long as DTC or its nominee is the sole registered owner of the 2019 Bonds, neither the Board of Regents, the University, the State, the successful bidder(s) nor the Trustee will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2019 Bonds.

Record Date; Transfer Or Exchange

The Record Date for the 2019 Bonds is the 15th day of the month next preceding each respective Interest Payment Date. The 2019 Bonds may be transferred or exchanged as provided in the Resolution. The Board of Regents, the University and the Trustee shall not be required to transfer or exchange any 2019 Bond (i) during the period from and including any Record Date, to and including the next succeeding Interest Payment Date or (ii) during the period of 15 days prior to the mailing of notice calling such

2019 Bond for redemption nor at any time following the mailing of notice calling such 2019 Bond for redemption.

Tax Matters Regarding The 2019 Bonds

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Board of Regents, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2019 Bonds is exempt from State of Utah individual income taxes.

See "TAX MATTERS" below.

Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds.

Professional Services

In connection with the issuance of the 2019 Bonds, the following have served the Board of Regents in the capacity indicated.

Counsel to the Board of Regents and the University
Utah Attorney General
Kevin V Olsen Assistant Attorney General
160 E 300 S Ste 500
Salt Lake City UT 84114
801.366.0270 | f 801.366.0268
kvolsen@agutah.gov

Bond Counsel and Disclosure Counsel to the Board of Regents
Gilmore & Bell PC
15 W S Temple Ste 1450
Salt Lake City UT 84101
801.364.5080 | f 801.364.5032
bwade@gilmorebell.com

Trustee, Bond Registrar and Paying Agent
US Bank National Association
Corporate Trust Services
170 S Main St Ste 200
Salt Lake City UT 84101
801.534.6083 | f 801.534.6013
brandon.elzinga@usbank.com

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

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

The 2019 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 Gilmore & Bell, P.C., Bond Counsel, and certain other conditions. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the Board of Regents and the University by Gilmore & Bell, P.C., Disclosure Counsel to the Board of Regents. Certain legal matters will be passed on for the Board of Regents and the University by the Attorney General of the State. It is expected that the 2019 Bonds, in book–entry form only, will be available for delivery to DTC or its agent on or about Thursday, August 22, 2019.

Continuing Disclosure Undertaking

The University and the Board of Regents will enter into a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2019 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see "CONTINUING DISCLOSURE UNDERTAK-

ING" below and "APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING."

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Board of Regents, the University and the 2019 Bonds are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolution and the 2019 Bonds are qualified in their entirety by reference to each such document.

Descriptions of the Resolution and the 2019 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 2019 Bonds and establishing the rights and responsibilities of the Board of Regents, the University and other parties to the transaction, may be obtained from the "contact persons" as indicated below. A summary of certain provisions of the Resolution is attached hereto as "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

Contact Persons

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

Brian Baker, Vice President, brian.baker@zionsbancorp.com
Eric John Pehrson, Senior Vice President, eric.pehrson@zionsbancorp.com
Zions Public Finance, Inc.
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact person for the University concerning the 2019 Bonds is:

David T. Cowley
Vice President for Business and Finance
dave.cowley@usu.edu
Utah State University
1445 Old Main Hill
Logan UT 84322–1445
435.797.1146 | f 435.797.0710

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Board of Regents concerning the 2019 Bonds is:

Richard Amon, PhD
Associate Commissioner for Finance and Facilities
ramon@ushe.edu
Utah System of Higher Education
60 S 400 W
Salt Lake City UT 84101
801.321.7241 | f 801.321.7199

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2019 Bonds, BAM will issue its Municipal Bond Insurance Policy for the 2019 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the 2019 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 2019 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 2019 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the 2019 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 2019 Bonds, nor does it guarantee that the rating on the 2019 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, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $513.9 million, $105 million and $408.9 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 2019 Bonds or the advisability of investing in the 2019 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 here from, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under this heading "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 easily accessible on BAMs website at buildamerica.com/creditinsights. (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 on at buildamerica.com/obligor. 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 Regents, the University or the successful bidder(s) for the 2019 Bonds, and the Board of Regents, 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 2019 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the 2019 Bonds, whether at the initial offering or otherwise.

ADDITIONAL INFORMATION REGARDING THE BOND INSURER

Certain Rights Of 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 2019 Bonds for exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the 2019 Bonds are entitled to take pursuant to the provisions of the Resolution pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee.

Any amendment, supplement, modification to or waiver of the Resolution that requires the consent of owners of the 2019 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 2019 Bonds under the Resolution. In addition, in the event BAM makes any payments in respect of principal of or interest on the 2019 Bonds pursuant to the Policy to the owners of such 2019 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 DISLCOSURE UNDERTAKING

Continuing Disclosure Undertaking For 2019 Bonds

Continuing Disclosure Undertaking For 2019 Bonds. The University will enter into a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the 2019 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 2019 Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the proposed form of the Disclosure Undertaking in "APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING".

Based on the Disclosure Undertaking, the University will submit its annual financial report (Fiscal Year Ending June 30) (the "Financial Report") and other operating and financial information on or before March 26 (not more than 270 days from the end of the Fiscal Year). The University will submit the Fiscal Year 2019 Financial Report and other operating and financial information for the 2019 Bonds on or before March 26, 2020, and annually thereafter on or before each March 26 of each year.

A failure by the University to comply with the Disclosure Undertaking will not constitute a default under the Resolution and the Beneficial Owners of the 2019 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 2019 Bonds in the secondary market. Any such failure may adversely affect the marketability of the 2019 Bonds.

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

The University provides continuing disclosure on bond issues issued under three distinct revenue systems. Continuing disclosure information is due on or before March 26 of each year.

> *Research Bonds*. The University submits continuing disclosure information related to its outstanding research revenue bonds (the "Research Revenue Bonds").
>
> *Student Fee/Housing Bonds*. The University submits continuing disclosure information related to its Outstanding Parity Bonds (and in the future the 2019 Bonds).
>
> *Student Fee Building Bonds*. The University submits continuing disclosure information related to student fee building revenue bonds (the "Building Fee Bonds").

See "DEBT STRUCTURE OF UTAH STATE UNIVERSITY—Outstanding Debt Of The University" below.

Other Colleges and Universities Under the Board of Regents; *The University's Disclosure Responsibilities*. Certain other higher education system institutions (colleges and universities) on behalf of which the Board of Regents has issued bonds have missed filing deadlines under their continuing disclosure undertakings or failed to include certain financial information in filings made pursuant to such continuing undertakings. The Board of Regents disclosure compliance policy requires the State's institutions of higher education, including the University, to adopt their own disclosure compliance policy and 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 2019 BONDS

General

The 2019 Bonds will be dated the date of their initial delivery[1] 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 2019 Bonds shall bear interest from their date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2019 Bonds is payable semiannually on each April 1 and October 1, commencing October 1, 2019. Interest on the 2019 Bonds shall be computed on the basis of a 360–day year consisting of 12, 30–day months. U.S. Bank is the Trustee and Paying Agent with respect to the 2019 Bonds.

The 2019 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.

Sources And Uses Of Funds

The proceeds from the sale of the 2019 Bonds are estimated to be applied as set forth below:

Sources:	
Par amount of 2019 Bonds	$
Original issue premium	
Total	$
Uses:	
Deposit into 2019 Project Account (Housing)	$
Deposit into 2019 Project Account (Parking)	$
Capitalized interest (Housing) (through October 1, 2022)	
Capitalized interest (Parking) (through October 1, 2020)	
Underwriter's discount	
Costs of issuance (1)	
Original issue discount	
Total	$

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

(Source: Municipal Advisor.)

Redemption Provisions

Optional Redemption. The 2019 Bonds maturing on or prior to April 1, 2029, are not subject to optional redemption prior to maturity. The 2019 Bonds maturing on or after April 1, 2030 are subject to redemption at the option of the Board of Regents on April 1, 2029, and on any date thereafter prior to maturity, in whole or in part, from such maturities as may be selected by the Board of Regents, and at ran-

[1] The anticipated date of delivery is Thursday, August 22, 2019.

dom 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 2019 Bonds to be redeemed, plus accrued interest thereon to the redemption date.

Extraordinary Optional Redemption. The 2019 Bonds are subject to extraordinary optional redemption prior to maturity, in whole or in part (in whole multiples of $5,000), from time to time at the election of the University, from such maturities or portions thereof as the University may select, on any business day in the event that following the sale or transfer of the use or management of a portion or all of the 2019 Project to any Person other than a state or local government unit or an organization exempt from federal income taxation under Section 501(a) of the Internal Revenue Code (the "Code"), by reason of being described in Section 501(c)(3) of the Code and the University shall have received an opinion of nationally recognized bond counsel to the effect that the failure to redeem the 2019 Bonds could, barring the University taking any other remedial action or entering into a closing agreement with the Internal Revenue Service, result in the interest on the 2019 Bonds becoming includable in the gross income of the Holders thereof for federal tax purposes. To make the election to redeem the 2019 Bonds as provided under the Resolution, the University shall deliver to the Board of Regents and the Trustee a Written Certificate of the University giving notice of the receipt of such opinion, stating the specific reasons for the election, identifying the specific source and amount of funds from which the extraordinary optional redemption is to be made, specifying the date on which the extraordinary optional redemption is to occur and identifying the 2019 Bonds that are to be so redeemed.

As of the date of this OFFICIAL STATEMENT, the University currently has no plans to sell or transfer the use or management of any of its facilities to another entity.

The 2019 Bonds are also subject to extraordinary optional redemption prior to maturity, in whole or in part (in whole multiples of $5,000), from time to time at the election of the University, from such maturities or portions thereof as the University may select, on any business day in the event that (i) the Student Housing System or any portion thereof is damaged, destroyed or taken in a condemnation proceeding and (ii) the University elects not to repair, rebuild or replace the affected portion of the Student Housing System. To make the election to redeem the 2019 Bonds as provided in the Resolution, the University shall deliver to the Board of Regents and the Trustee a Written Certificate of the University giving notice of the damage to or destruction of the Student Housing System and describing the extent thereof, stating the specific reasons for the election, identifying the specific source and amount of funds from which the extraordinary optional redemption is to be made, specifying the date on which the extraordinary optional redemption is to occur and identifying the 2019 Bonds that are to be so redeemed. The source of funds for such an extraordinary optional redemption is limited to the proceeds of any insurance, other than business interruption insurance or public liability insurance, paid with respect to the damage or destruction of the Student Housing System, plus all amounts required to be paid as deductibles with respect to such insurance, and the proceeds of any condemnation award that are made available by reason of one or more such occurrences.

In the event of either of such extraordinary optional redemptions, the 2019 Bonds to be redeemed shall be redeemed at a Redemption Price equal to 100% of the principal amount of the 2019 Bonds to be redeemed, plus accrued interest thereon to the redemption date, but without premium.

Partial Redemption of 2019 Bonds. If any 2019 Bond is to be redeemed in part only, upon the presentation of such bond for such partial redemption, the Board of Regents shall execute, and the Trustee shall authenticate and deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Board of Regents, a 2019 Bond or 2019 Bonds of the same interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered 2019 Bond. A portion of any 2019 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 2019 Bonds for redemption, the Trustee will treat each such 2019 Bond as representing that number of 2019 Bonds of $5,000 which is obtained by dividing the principal amount of such 2019 Bond by $5,000.

Notice of Redemption. Notice of redemption of any 2019 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 2019 Bonds and CUSIP numbers of the 2019 Bonds being redeemed; (ii) the dated date of and interest rate on such Bonds; (iii) in the case of partial redemption of 2019 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 2019 Bond, a new 2019 Bond in principal amount equal to the unredeemed portion of such 2019 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 2019 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 2019 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 2019 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 2019 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 2019 Bonds.

Mandatory Sinking Fund Redemption At Bidder's Option

The 2019 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See in the "OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option."

Book–Entry System

DTC will act as securities depository for the 2019 Bonds. The 2019 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 2019 Bond certificate will be issued for each maturity of the 2019 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 2019 Bonds

	The 2019 Bonds			
Payment Date	Principal*	Interest	Period Total	Fiscal Total
October 1, 2019	$ 0.00	$	$	
April 1, 2020.....................	0.00			
October 1, 2020	0.00			
April 1, 2021.....................	0.00			
October 1, 2021	0.00			
April 1, 2022.....................	200,000.00			

* Preliminary; subject to change.

Debt Service On The 2019 Bonds–continued

Payment Date	The 2019 Bonds Principal*	The 2019 Bonds Interest	Period Total	Fiscal Total
October 1, 2022	0.00			
April 1, 2023.....................	1,005,000.00			
October 1, 2023	0.00			
April 1, 2024.....................	1,075,000.00			
October 1, 2024	0.00			
April 1, 2025.....................	1,150,000.00			
October 1, 2025	0.00			
April 1, 2026.....................	1,200,000.00			
October 1, 2026	0.00			
April 1, 2027.....................	1,250,000.00			
October 1, 2027	0.00			
April 1, 2028.....................	1,325,000.00			
October 1, 2028	0.00			
April 1, 2029.....................	1,400,000.00			
October 1, 2029	0.00			
April 1, 2030.....................	1,450,000.00			
October 1, 2030	0.00			
April 1, 2031.....................	1,475,000.00			
October 1, 2031	0.00			
April 1, 2032.....................	1,550,000.00			
October 1, 2032	0.00			
April 1, 2033.....................	1,575,000.00			
October 1, 2033	0.00			
April 1, 2034.....................	1,650,000.00			
October 1, 2034	0.00			
April 1, 2035.....................	1,675,000.00			
October 1, 2035	0.00			
April 1, 2036.....................	1,725,000.00			
October 1, 2036	0.00			
April 1, 2037.....................	1,800,000.00			
October 1, 2037	0.00			
April 1, 2038.....................	1,825,000.00			
October 1, 2038	0.00			
April 1, 2039.....................	1,900,000.00			
October 1, 2039	0.00			
April 1, 2040.....................	1,950,000.00			
October 1, 2040	0.00			
April 1, 2041.....................	2,025,000.00			
October 1, 2041	0.00			
April 1, 2042.....................	2,075,000.00			
October 1, 2042	0.00			
April 1, 2043.....................	2,150,000.00			
October 1, 2043	0.00			
April 1, 2044.....................	2,200,000.00			
October 1, 2044	0.00			
April 1, 2045.....................	2,275,000.00			
October 1, 2045	0.00			
April 1, 2046.....................	2,325,000.00			
October 1, 2046	0.00			
April 1, 2047.....................	2,400,000.00			
October 1, 2047	0.00			
April 1, 2048.....................	2,475,000.00			

* Preliminary; subject to change.

Debt Service On The 2019 Bonds–continued

	The 2019 Bonds			
Payment Date	Principal*	Interest	Period Total	Fiscal Total
October 1, 2048	0.00			
April 1, 2049.....................	2,550,000.00			
October 1, 2049	0.00			
April 1, 2050.....................	2,625,000.00			
October 1, 2050	0.00			
April 1, 2051.....................	2,725,000.00			
October 1, 2051	0.00			
April 1, 2052.....................	2,200,000.00			
Totals.........................	$55,250,000.00			

* Preliminary; subject to change.

(Source: Municipal Advisor.)

SECURITY FOR THE 2019 BONDS

Security And Sources Of Payment

The 2019 Bonds are payable from, and are secured by a pledge under the Resolution of the Revenues which consist of (a) the rentals, charges, fees, income and other revenue derived from the ownership and operation of a portion of the University's Student Housing System, (b) Student Building Fees, (c) Land Grant Income, (d) net income from other pledged services and (e) all earnings on certain funds and accounts held by the Trustee under the Resolution, subject to payment from such Revenues of Operation and Maintenance Expenses.

Revenues. The 2019 Bonds are limited obligations of the University payable solely from the limited sources of Revenues described below. The following Revenues are to be used first to pay the Operation and Maintenance Expenses of the Student Housing System, and then are to be used to pay the principal of, premium, if any, and interest on Bonds:

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

(a) the Living Learning Community comprised of six buildings;

(b) the Mountain View Tower (which tower is being replaced with a new student housing building constructed from a portion of the bond proceeds of the 2019 Bonds), Central Suites and Richards Hall;

(c) the Blue Square comprised of three apartment buildings;

(d) the seven apartment buildings known as the Student Living Center comprised of Jones Hall, Morgan Hall, Rich Hall, San Juan Hall, Summit Hall, Snow Hall and Wasatch Hall;

(e) the five apartment buildings comprised of the Merrill Hall, Bullen Hall, Moen Hall, Greaves Hall, and Reeder Hall;

(f) the three Darwin Avenue apartments buildings and the Old Main Hill West apartment building;

(g) the apartment housing comprised of the 39 buildings known as Aggie Village, the six buildings known as West Stadium Villa and the 10 buildings known as the Townhouses;

(h) all parking services, including the Big Blue Terrace, the Aggie Terrace and the other parking areas (in addition a parking structure is being constructed from a portion of the bond proceeds of the 2019 Bonds);

(i) the Taggart Student Center, including , but not limited to, the dining services operations therein known as Quick Stop, The HUB, Aggie Marketplace and the Campus Store;

(j) the dining facilities known as The Junction; and

(k) all other facilities financed as projects under the Resolution (but excluding facilities replaced as part of the projects financed under the Resolution) together, in each instance, with all appurtenances and properties, real, personal and mixed, of every nature used or useful in connection with any of the above–described buildings and facilities while any of the Bonds authorized under the Resolution remain outstanding (collectively, the "Student Housing System").

Student Building Fee. The University imposes and collects a student–building fee (the "Student Building Fee") from each full–time and part–time graduate and undergraduate student attending the University for the use and availability of certain facilities and buildings of the Student Housing System. The Student Building Fee currently assessed against each full–time student is $30.00 per semester (pro–rated for less than full–time). The amount of the Student Building Fee to be assessed against students attending the University shall be fixed from time to time by the University, as required under the provisions of the Resolution.

Land Grant Income. Land Grant Income includes all revenues and income derived by the University from Land Grants described in Section 7 of Article X of the constitution of the State of Utah and in the Act of July 16, 1894, Ch. 138, 28 Stat. 109, adopted by the Congress of the United States. The School and Institutional Trust Lands Administration administer the 1862 Land Grant fund on behalf of the University.

Other Revenues. The University has also pledged (a) net income derived from the operation of concessions, and other facilities specified in the Resolution and (b) 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 Revenues. Revenues shall not include (a) proceeds received on insurance resulting from casualty damage to assets of the Student Housing System, (b) the proceeds of sale of Additional Bonds or Contracts issued or executed for Student Housing System purposes, (c) moneys received under any Security Instrument or any Reserve Instrument (as defined in the Resolution), (d) appropriations by the Legislature of the State, or (e) any other revenue of the University not specifically identified above.

The pledge of the Revenues is subject to the use of the Revenues to pay the Operation and Maintenance Expenses. "Operation and Maintenance Expenses" includes all actual operation and maintenance expenses related to the Student Housing System incurred in any particular fiscal year or period to which said term is applicable or charges made therefore during such fiscal year or period, including amounts reasonably required to be set aside in reserves for items of Operation and Maintenance Expenses, the payment of which is not then immediately required. See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–DEFINITIONS" (page A–1).

The 2019 Bonds are not an indebtedness of the State, the University or the Board of Regents but are special, limited obligations of the Board of Regents, payable from and secured solely by the Reve-

nues, and such funds and accounts established by the Resolution. The issuance of the 2019 Bonds shall not directly, indirectly, or contingently obligate the Board of Regents, the University or the State or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefore or to make any appropriation for their payment. Neither the Board of Regents nor the University has any taxing power.

Rate Covenants

The Board of Regents covenants that the University shall establish and maintain, so long as any of the Bonds, Contracts or Repayment Obligations remain Outstanding, such rules and such fees, rental rates and charges for the use of the Student Housing System as shall be necessary to (i) assure maximum occupancy and use of the same and the services afforded thereby, (ii) yield sufficient Revenues to pay the Operation and Maintenance Expenses and Debt Service, to maintain the minimum amounts required by the Resolution in the Debt Service Reserve Account and the Renewal and Replacement Reserve Fund and make all other payments and charges as are required under the Resolution. The Board of Regents further covenants that, so long as any of the Bonds, Contracts or Repayment Obligations remain Outstanding, there shall be charged against all users of services pertaining to and all users of the Student Housing System, including the Board of Regents and the University, the fees, rates and other charges so that the resulting Revenues shall be adequate to meet the requirements of the Resolution. Such charges, together with Student Building Fees and all other Revenues, shall yield at least the following amounts for each Fiscal Year:

(1) *Operation and Maintenance Expenses.* An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year;

(2) *Principal and Interest and Debt Service Reserve.* An amount equal to at least 110% of the sum of (a) the Aggregate Debt Service for the forthcoming Fiscal Year and (b) any amount required to be deposited by the University into any Series Subaccount in the Debt Service Reserve Account for such Fiscal Year pursuant to the Resolution; and

(3) *Deficiencies*. Other amounts required to meet then existing deficiencies or requirements pertaining to any other Fund or Account created under the Resolution and relating to the Revenues and the application thereof or any securities or obligations payable therefrom.

The Board of Regents and the University agree that should the annual financial report made in accordance with the provisions of the Resolution disclose that during the period covered by such financial report the Net Revenues were not at least equal to the requirement of paragraphs (2) and (3) above, the University and, to the extent necessary, the Board of Regents shall revise the schedule of fees, rental rates, and charges as is practicable and further revise the Operation and Maintenance Expenses so as to produce the necessary Net Revenues as required. “Net Revenues” as defined under the Resolution means, for any period, the Revenues during such period less amounts used or applied to pay the Operation and Maintenance Expenses during such period.

The rate maintenance covenant is subject to compliance by the University with any legislation of the United States or the State (exclusive of any legislation the subject matter of which is the appropriation of any of the Revenues) or any regulation or other action taken by the federal government or any State agency or political subdivision of the State pursuant to such legislation (exclusive of any legislation the subject matter of which is the appropriation of any of the Revenues), in the exercise of the police power thereof for the public welfare, which legislation (exclusive of any legislation the subject matter of which is the appropriation of any of the Revenues), regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges due to the University for the use of or otherwise pertaining to all services rendered by the Student Housing System, including, without limitation, increases in the amounts of such charges. All of such Revenues, including any Revenues received from the University, shall be subject to distribution to the payment of the Operation and Maintenance Expenses and to the payment of Debt Service requirements of all Bonds, Contracts and Repayment Obligations and other obligations payable from the Revenues, including reasonable reserves therefor, as in the Resolution specifically provided.

Flow Of Funds

The Resolution provides that all Revenues shall be promptly deposited to the Revenue Fund held by the University and used to pay Operation and Maintenance Expenses, as the same become due and payable. Following the payment of Operation and Maintenance Expenses from amounts on deposit in the Revenue Fund, the Resolution provides that no later than the 15th day of the month next preceding each date on which amounts fall due on any Series of Bonds or Contract, the University shall apply amounts on deposit in the Revenue Fund (to the extent available) as follows:

(i) First, into the Principal and Interest Fund:

(a) first, for credit to the Debt Service Account, the amount, if any, required so that the balance in each of the separate Series Subaccounts therein shall equal the Accrued Debt Service with respect to the Series of Bonds or Contract for which such Series Subaccount was established, excluding any Pledged Bonds but including any related Security Instrument Repayment Obligations; *provided, however*, if the moneys available in the Revenue Fund for transfer shall be insufficient to equal the Accrued Aggregate Debt Service on all such Outstanding Bonds (excluding any Pledged Bonds), Contracts and Security Instrument Repayment Obligations, the University shall deposit from the moneys so available in the Revenue Fund into each such Series Subaccount such amount on a pro rata basis that reflects the portion of the principal amount of each Series of Bonds, Contracts and Security Instrument Repayment Obligations then Outstanding to the aggregate principal amount of all such Series of Bonds, Contracts and Security Instrument Repayment Obligations then Outstanding; and

(b) second, for credit to the Debt Service Reserve Account:

(i) if any Reserve Instrument satisfying all or a portion on the Debt Service Reserve Requirement with respect to a Series of Bonds or a Contract has been terminated or is to expire pursuant to its terms, an amount, in not to exceed 10 approximately equal semiannual installments commencing on the 15th day of the month next preceding each interest payment date of such Series of Bonds or each payment date on such Contract next succeeding the date of such termination or receipt by the University of notice of such expiration, necessary to cause the balance in the appropriate Series Subaccount in the Debt Service Reserve Account to equal the Debt Service Reserve Requirement with respect to such Series of Bonds; and

(ii) if (a) moneys shall ever have been paid out of any Series Subaccount in the Debt Service Reserve Account or (b) a draw on a Reserve Instrument shall have been made in either case due to a shortfall in the Debt Service Account or (c) if for any other reason the fair market value of the moneys and Investment Securities in any Series Subaccount in the Debt Service Reserve Account shall have become less than the applicable Debt Service Reserve Requirement or the amount previously deposited therein pursuant to clause (b)(i) above, then such amount of the money remaining in the Revenue Fund or all of the money so remaining if less than the amount necessary, shall be deposited into such Series Subaccount until (x) there shall be on deposit in such Series Subaccount in the Debt Service Reserve Account the amount required to be paid to the Reserve Instrument Issuer to cause the Reserve Instrument Coverage to be reinstated in an amount to equal the Reserve Instrument Limit and such amount shall be promptly paid to the Reserve Instrument Issuer, and (y) such additional amounts as necessary until the amount, if any, required to be deposited into such Series Subaccount in the Debt Service Reserve Account, after taking into account both the moneys on deposit therein and the Reserve Instrument Coverage applicable to such Bonds or Contracts, equals the Debt Service Reserve Requirement required to be on deposit in such Series Subaccount;

provided, however, if the moneys in the Revenue Fund are insufficient to make the required deposits into all Series Subaccounts in the Debt Service Reserve Account, the University shall deposit from the moneys so available into all such Series Subaccounts on a pro rata basis that reflects the proportion of the principal amount of each Series of Bonds and each Contract then Outstanding to the aggregate principal amount of all such Series of Bonds and Contracts;

provided further, however, that so long as there shall be held in the Principal and Interest Fund, excluding any Reserve Instrument Coverage, an amount sufficient to pay in full all Outstanding Bonds, related Repayment Obligations and Contracts in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Principal and Interest Fund; and

(ii) Second, into the Renewal and Replacement Reserve Fund:

If, after the issuance of a Series of Bonds, an amount equal to the Renewal and Replacement Reserve Fund Requirement is not on deposit in the Renewal and Replacement Reserve Fund because sufficient moneys were not required by a Supplemental Resolution to be deposited into the Renewal and Replacement Reserve Fund an amount sufficient to accumulate in the Renewal and Replacement Reserve Fund the Renewal and Replacement Reserve Fund Requirement in not to exceed 10 approximately equal semiannual installments;

If the Renewal and Replacement Reserve Fund Requirement shall ever be increased, the amount specified in a Supplemental Resolution sufficient to cause the balance in the Renewal and Replacement Reserve Fund to equal the increased Renewal and Replacement Reserve Fund Requirement after 10 approximately equal semiannual deposits into the Renewal and Replacement Reserve Fund; and

If moneys shall ever have been paid out of the Renewal and Replacement Reserve Fund and shall not have been replaced from any source, the amount of money necessary, in not to exceed 10 approximately equal semiannual installments, to cause the amount so paid out of the Renewal and Replacement Reserve Fund to be replaced, or to cause to be on deposit in the Renewal and Replacement Reserve Fund an amount equal to the Renewal and Replacement Reserve Fund Requirement, whichever is less.

Amounts remaining or deposited in the Revenue Fund during each Fiscal Year after payment of the amounts described above for such Fiscal Year may be applied by the University, free and clear of the lien of the Resolution, to any one or more of the following, to the extent permitted by law: (i) the purchase or redemption of any Bonds and payment of expenses in connection with the purchase or redemption of any Bonds; (ii) payments of principal or redemption price of and interest on any bonds, including junior lien revenue bonds; (iii) payments into any Project Account or Accounts established in the Construction Fund for application to the purposes of such Accounts; (iv) payment of the costs of capital improvements to the Student Housing System; and (v) and any other lawful purpose of the University.

Also see “APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–PROVISIONS FROM MASTER RESOLUTION–Flow of Funds” (page A–14).

Bond Insurance

The scheduled payment of principal of and interest on the 2019 Bonds when due will be guaranteed under a bond insurance policy to be issued concurrently with the delivery of the 2019 Bonds by BAM. See “BOND INSURANCE” above.

Debt Service Reserve Account

2019 Debt Service Reserve Account; 2019 Reserve Instrument. The Resolution requires the establishment of the 2019 Debt Service Reserve Account and a Debt Service Reserve Requirement with respect to the 2019 Bonds in an amount equal to the maximum annual debt service (based on a Fiscal Year) on the 2019 Bonds, which, as of the date of issuance of the 2019 Bonds, will be $2,872,750* (the "2019 Debt Service Reserve Requirement"). The Resolution authorizes the Board of Regents to obtain a Reserve Instrument to satisfy the 2019 Debt Service Reserve Requirement (the "2019 Reserve Instrument").

The 2019 Reserve Instrument Policy. BAM has made a commitment to issue a municipal bond debt service reserve insurance policy for the 2019 Reserve Instrument with respect to the 2019 Bonds (the "2019 Reserve Instrument Insurance Policy"), effective as of the date of the issuance of such 2019 Bonds. Under the terms of the 2019 Reserve Instrument Insurance Policy, BAM will unconditionally and irrevocably guarantee to pay that portion of the scheduled principal and interest on the 2019 Bonds that become due for payment but shall be unpaid by reason of nonpayment by the Board of Regents (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 Regents to the Trustee or Paying Agent, as beneficiary of the 2019 Reserve Instrument Insurance Policy on behalf of the holders of the 2019 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 therefor in accordance with the terms of the 2019 Reserve Fund Insurance Policy.

No payment shall be made under the 2019 Reserve Instrument Insurance Policy in excess of $2,872,750* (the "2019 Reserve Instrument Insurance Policy Limit"). Pursuant to the terms of the 2019 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 2019 Reserve Instrument Insurance Policy, provided that, to the extent of the reimbursement of such payment to BAM, the amount available under the 2019 Reserve Instrument Insurance Policy shall be reinstated in an amount not to exceed the 2019 Reserve Instrument Insurance Policy Limit.

Special Provisions Relating to the 2019 Reserve Instrument Policy. Upon a failure to pay policy costs when due or any other breach of the provisions contained in the Resolution relating to the 2019 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 Resolution 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.

The Board of Regents shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of BAM, of the Resolution applicable to it.

Covenant To Request Legislative Appropriation For The 2019 Bonds

In accordance with the Higher Education Act, the Resolution provides that the Chairman of the Board of Regents shall, not later than December 1, in each year, certify to the Governor and the Director of Finance of the State the amount, if any, required to (i) restore the 2019 Debt Service Reserve Account (in-

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* Preliminary; subject to change.

cluding payment of any amounts due under the 2019 Reserve Instrument) to the 2019 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 2019 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 2019 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 2019 Bonds.

Covenant To Request Legislative Appropriation For 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 2019 Bonds. The Legislature is not required to make any appropriation with respect to the Outstanding Parity Bonds.***

The Outstanding Parity Bonds Debt Service Reserve Funds. Under the Resolution, 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 2016 Bonds*. The 2016 Bonds are secured by a reserve instrument issued by AGM in the 2019 Debt Service Reserve Account in the amount of $1,010,037.50 (the maximum annual debt service amount) relating to the 2016 Bonds.
>
> *The 2015 Bonds*. The 2015 Bonds are secured by a reserve instrument issued by AGM in the 2015 Debt Service Reserve Account in the amount of $1,679,062.50 (the maximum annual debt service amount) relating to the 2015 Bonds.
>
> *The 2007 Bonds*. The 2007 Bonds are secured by a reserve instrument issued by National Public Finance Group Corp. (formerly MBIA Insurance Corp. of Illinois) New York, New York ("National") in the 2007 Debt Service Reserve Account in the amount of $3,163,250 (the maximum annual debt service amount) relating to the 2007 Bonds.

No Historical Request For Legislative Appropriation On Higher Education Bonds Or Debt Service Reserve Accounts

As of the date of this OFFICIAL STATEMENT and since the enactment in 1997 of the provisions allowing requests for legislative appropriations as contained within the Higher Education Act, the Board of Regents 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 Regents for and on behalf of the Board of Regent's colleges and universities.

The Board of Regents requests that each institution of higher education of the State with bonds outstanding report to the Board of Regents, 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.

Additional Bonds

No additional indebtedness, bonds or notes payable on a priority to the Bonds and Contracts authorized by the Resolution out of the Revenues shall be created or incurred. In addition, no additional indebtedness, bonds or notes payable on a parity with the Bonds out of the Revenues shall be created or incurred, unless the following requirements have been met:

(i) a written certificate of the University to the effect that, upon the authentication and delivery of the Bonds of such Series, the Board of Regents and the University will not be in default in the performance of any of the covenants, conditions, agreements, terms or provisions of the Resolution or of any of the Bonds or Contracts or any Reserve Instrument Agreements or Security Instrument Agreements; and

(ii) a written certificate of the University that the Project under the Supplemental Resolution authorizing the parity Bonds or Contracts is to be made a part of the Student Housing System for all purposes of the Resolution, including the addition of the income, revenues and fees thereof, to the Revenues derived from the remainder of the Student Housing System for purposes of the Resolution; and

(iii) an Accountant's Certificate setting forth (a) for any Year within the 24 calendar months next preceding the authentication and delivery of such Series of Bonds, the Net Revenues for such period and (b) the Aggregate Debt Service during the Year so selected with respect to all Series of Bonds and all Contracts and Repayment Obligations that were then Outstanding; and showing that such Net Revenues were at least equal to 1.10 times the Aggregate Debt Service for such period; and

(iv) a certificate of the Chief Financial Officer setting forth the Estimated Net Revenues either: (a) if the Supplemental Resolution authorizing the Series of Bonds or Contracts being issued or executed contains a requirement relating to the funding of interest during construction referred to in the Resolution for each of the three Fiscal Years succeeding the then Estimated Completion Date of the Project, or (b) if the conditions specified in clause (a) shall not be the case, for the then current Fiscal Year and each succeeding Fiscal Year to and including the third Fiscal Year succeeding the then Estimated Completion Date of the Project; and

(v) a written certificate of the University showing the Average Aggregate Debt Service with respect to all Series of Bonds and all Contracts to be Outstanding calculated for each of the Fiscal Years set forth in the certificate of the Chief Financial Officer delivered pursuant to paragraph (iv) above and showing that the Estimated Net Revenues are not less than 1.10 times the Average Aggregate Debt Service calculated for each of such Fiscal Years with respect to all Series of Bonds and all Contracts to be Outstanding and the Repayment Obligations that are anticipated to be Outstanding immediately after the authentication and delivery of such Series of Construction Bonds being issued.

The Resolution also provides that the University may issue Refunding Bonds to refund all or part of a Series of Bonds or other obligations of the University. Generally, a series of Refunding Bonds may be issued under the Resolution upon delivery to the Trustee of either (i) a Written Certificate of the University signed by the Chief Financial Officer to the effect that the Aggregate Debt Service for each Fiscal Year, to and including the Fiscal Year next preceding the latest maturity of the Bonds or other obligations to be refunded or of the Refunding Bonds (whichever is later), on the Refunding Bonds is no greater than (A) the Aggregate Debt Service on the Bonds or obligations to be refunded plus (B) $50,000; or (ii) the documents described in subparagraphs (iii) through (v) above (provided that for purposes of (iv) above the certificate of the Chief Financial Officer shall set forth Estimated Net Revenues for the current Fiscal Year and the next following two Fiscal Years). See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–PROVISIONS FROM MASTER RESOLUTION–Special Provisions For The Issuance Of Refunding Bonds" (page A–11).

In addition the University may enter into Contracts secured on a parity with the Bonds issued under the Resolution to pay for construction, operation and maintenance of facilities constituting a project, and expenses preliminary and incidental thereto. See "APPENDIX A—SUMMARY OF CERTAIN PROVI-

SIONS OF THE RESOLUTION–PROVISIONS FROM MASTER RESOLUTION–Provisions Relating to Contracts" (page A–12).

DESCRIPTION OF REVENUE SOURCES

Student Housing System

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

Unit Name	Date Placed in Service	Last Major Renovation (3)	Number/Type
Single housing (1):			
New residence building (2)	2022	–	402 student beds
Central Suites	2018	–	378 student beds
Blue Square	2016	–	261 student beds
Darwin Apartments	2015	–	53 student beds
Living Learning Community	2007	–	512 student beds
Snow Hall	1995	–	228 student beds
Mountain View Tower (2)	1966	2009	319 student beds
Wasatch Hall	1962	2015	77 student beds
Jones Hall	1962	2014	77 student beds
Morgan Hall	1962	2013	77 student beds
Davis Hall	1962	2012	77 student beds
Rich Hall	1962	2012	76 student beds
Aggie Village	1962	2010	0 student beds
San Juan Hall	1962	–	78 student beds
Summit Hall	1962	–	77 student beds
Bullen Hall	1959	2008	139 student beds
Richards Hall	1958	2008	230 student beds
Merrill Hall	1958	2008	209 student beds
Greaves Hall	1956	2008	69 student beds
Moen Hall	1956	2008	70 student beds
Reeder Hall	1956	2008	70 student beds
Family housing:			
Old Main West	2008	–	three apartments
Townhouses	1995	–	76 apartments
West Stadium Villa	1965	2009	24 apartments
Aggie Village	1962	2010	467 apartments

(1) All units are routinely refurbished with carpet, paint or other minor repairs on an ongoing basis.
(2) This building is being constructed with certain proceeds from the 2019 Bonds. Mountain View Tower to be replaced (beginning in August 2019) with the new construction of the new residence hall. See "THE 2019 PROJECT" below.
(3) Major renovations include refinishing floor coverings, walls and cabinetry.

(Source: The University.)

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The following table sets forth the revenues and expenses for Student Housing for the years shown:

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenue	$14,747,240	$14,278,568	$13,189,815	$10,212,918	$9,904,621
Cost of goods sold	(0)	(0)	(0)	(0)	(294)
Gross income	14,747,240	14,278,568	13,189,815	10,212,918	9,904,327
Expenses	(8,835,876)	(8,684,868)	(7,960,490)	(6,547,134)	(6,177,199)
Net operating revenue	$ 5,911,364	$ 5,593,700	$ 5,229,325	$ 3,665,784	$3,727,128
% change from prior period	5.7%	7.0%	42.7%	(1.6)%	(1.9)%

(Source: The University.)

From Fall 2014 to Fall 2018, the percentage of occupancy within the Student Housing System increased from 93% to 98%.

The University's traditional style residence halls have presented a significant challenge as competition has drawn students to newer apartment style units. The University recognizes the need to make changes with respect to these units and is analyzing various alternatives in an effort to increase the occupancy level. In addition the demand for various types of housing is constantly measured against availability. To meet the varying demands, the University has converted existing units between family and single housing, established private units, and created study rooms. These adjustments to meet demand and in some cases make units more marketable, cause fluctuations in the capacity as measured from fall to fall. The fluctuations are reflected in the Fall Occupancy Report and are discussed below.

University Housing Services Fall Occupancy Report

	Fall 2018			Fall 2017			Fall 2016			Fall 2015			Fall 2014		
	Capacity	Occupancy	%	Capacity	Occupancy	%	Capacity	Occupancy	%	Capacity	Occupancy	%	Capacity	Occupancy	%
Family housing:															
Apartments and townhouses	570	561	98	546	533	98	534	513	96	522	511	98	522	515	99
Single housing:															
Apartment style	1,638	1,611	98	1,690	1,634	97	1,763	1,672	95	1,470	1,413	96	904	870	96
Traditional style	1,439	1,391	97	1,379	1,303	94	1,520	1,308	86	1,530	1,379	90	1,522	1,356	89
Total single housing	3,077	3,002	98	3,069	2,937	96	3,283	2,980	91	3,000	2,792	93	2,426	2,226	92
Total all University housing	3,647	3,563	98	3,615	3,470	96	3,817	3,493	92	3,522	3,303	94	2,948	2,741	93

(Source: The University's Housing Services.)

Dining Service Operations. The Dining Service Operations that constitute part of the Student Housing System are as follows:

"The Junction" is a casual dining facility located in the Central Campus.

"The HUB" is a fast food court located in the Taggart Student Center. The operations included in this food court are "the Bakery," "Caffe Ibis," "Scotsman's Corner," "Subway," "Taco Time" and "The Blue Wok." All franchises are owned and operated by the University.

"Aggie Marketplace" is a large, casual dining facility located in the Taggart Student Center. The central kitchen for this operation also provides catering for the entire University.

"Quick Stop" is a convenience store serving the campus community and is located in the Taggart Student Center.

The following table sets forth the revenues and expenses for Dining Services Operations for the years shown:

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenue	$9,074,445	$8,871,589	$8,809,696	$8,499,471	$8,812,706
Cost of goods sold	(3,050,350)	(3,165,639)	(3,032,881)	(2,834,423)	(2,963,687)
Gross income	6,024,095	5,705,950	5,776,815	5,665,048	5,249,019
Expenses	(5,113,557)	(5,134,735)	(4,965,060)	(4,675,240)	(4,645,923)
Net operating revenue	$ 910,538	$ 571,215	$ 811,755	$ 989,808	$ 603,096
% change from prior period	59.4%	(29.6)%	(18.0)%	64.1%	(2.9)%

(Source: The University.)

"Taggart Student Center" is a facility supporting various student activities and houses pledged operations including The HUB, Aggie Marketplace, Quick Stop and the Campus Store.

The following table sets forth the revenues and expenses for the Taggart Student Center for the years shown:

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenue	$2,237,122	$2,337,019	$2,315,981	$2,343,777	$2,260,488
Cost of goods sold	(0)	(0)	(0)	(0)	(1,600)
Gross income	2,237,122	2,337,019	2,315,981	2,343,777	2,258,888
Expenses	(2,001,179)	(2,032,273)	(1,952,175)	(1,941,601)	(1,913,315)
Net operating revenue	$ 235,943	$ 304,746	$ 363,806	$ 402,176	$ 345,573
% change from prior period	(22.6)%	(16.2)%	(9.5)%	16.4%	(3.5)%

(Source: The University.)

Campus Store. The Campus Store provides students with the opportunity to buy textbooks, various school supplies and clothing identified with the University's logo and other items.

The following table sets forth the revenues and expenses for the Campus Store for the years shown:

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenue	$8,435,035	$8,522,476	$9,247,361	$9,356,080	$9,625,767
Cost of goods sold	(6,082,523)	(5,871,957)	(6,484,188)	(6,843,607)	(7,277,041)
Gross income	2,352,512	2,650,519	2,763,173	2,512,473	2,348,726
Expenses	(2,204,941)	(2,224,329)	(2,289,906)	(2,201,304)	(2,238,920)
Net operating revenue	$ 147,571	$ 426,190	$ 473,267	$ 311,169	$ 109,806
% change from prior period	(65.4)%	(9.9)%	52.1%	183.4%	2,005.2%

(Source: The University.)

Parking Services. "Big Blue Terrace" provides parking for vehicles, and serves the needs of faculty, staff and hourly users. It has a capacity of 320 vehicles. "Aggie Terrace" is a parking terrace that was built as part of the Living Learning Community, has a capacity of 612 vehicles, and serves the needs of resident students, commuter students, faculty, staff and hourly users. The flat surface "for fee" parking provides approximately 7,100 parking stalls for students, faculty and staff, and visitors at the University's main campus.

A portion of the proceeds of the 2019 Bonds will be used for the construction of a new parking structure, see 'THE 2019 PROJECT" below.

The following table sets forth the revenues and expenses for the Parking Services for the years shown:

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenue	$2,417,648	$2,199,378	$1,993,732	$1,865,252	$1,769,508
Expenses	(957,074)	(1,077,819)	(858,720)	(770,159)	(754,716)
Net operating revenue	$1,460,574	$1,110,559	$1,138,012	$1,095,093	$1,014,792
% change from prior period	31.5%	(2.4)%	3.9%	7.9%	10.0%

(Source: The University.)

Other Revenue Sources

Student Building Fees. The "Student Building Fee" for the Housing System provides $30.00 per semester from each full–time graduate and undergraduate student (pro–rated for less than full–time). The University has other student building fees which are not pledged under the Resolution. See "UTAH STATE UNIVERSITY—Tuition And Fees" and "—Estimated Enrollment Projections" below. For a discussion of historical and projected revenues associated with Student Building Fees see "HISTORICAL DEBT SERVICE COVERAGE" and "PROJECTED REVENUES AND DEBT SERVICE COVERAGE" below.

Land Grant Income. Land Grant Income is derived by the University from Land Grants described in the constitution of the State of Utah and in the Act of July 16, 1894, Ch. 138, 28 Stat. 109, adopted by the Congress of the United States. For a discussion of historical and projected revenues associated with Land Grant Income see "HISTORICAL DEBT SERVICE COVERAGE" and "PROJECTED REVENUES AND DEBT SERVICE COVERAGE" below.

Interest Income. Interest Income is derived from certain reserve accounts held by the Trustee. For a discussion of historical and projected revenues associated with Interest Income see "HISTORICAL DEBT SERVICE COVERAGE" and "PROJECTED REVENUES AND DEBT SERVICE COVERAGE" below.

Management Discussion Of Revenues

Generally. Revenues for the Bonds are classified under two categories: (i) revenues from operation of the Student Housing System; including Student Housing, Dining Service Operations, Taggart Student Center, Campus Store and the Parking Facilities; and (ii) other pledged revenues, including the Student Building Fee, Land Grant Income and Interest Income (as defined below) on reserves. The Student Housing System and other pledged revenues are detailed in "Student Housing System" above.

During the last five years the annual rate of increase of gross revenues from operations of the Student Housing System has been averaging 2.7%. Efforts are continually being made by managers of the various operations to provide quality services while at the same time containing the costs of delivery.

Other pledged revenues have been relatively steady except for Land Grant Income which has ranged from $137,453 to $483,909 during the past five years.

Student Housing. The University faces a competitive local student housing market. University students are not required to live on campus and there is currently an active market for off–campus housing. Most notably, the traditional style residence hall, single–student housing units have presented a significant challenge to the University as the competition has drawn students to newer apartment style units.

In response to this competition, the University has continued its marketing efforts for its housing facilities. These marketing efforts emphasize the advantages of the University's housing facilities, which include on–campus location, easier access to University information and services, reduced transportation costs, and a Residence Life Program to support student success.

The University continues to make efforts to make its housing facilities more attractive to students. These efforts include the on–going renovation and updating of the housing facilities, the new 2018 Central Suites housing facility that replaced the Valley View Tower, the acquisition of a housing project in August 2016 ("Blue Square") and the construction of a new student building portion of the 2019 Project. The University strives to keep rates competitive through cost containment practices without sacrificing service and quality.

Dining Service Operations. The Dining Services Operations utilize marketing strategies to increase sales and to enhance profitability.

The Taggart Student Center. The Taggart Student Center derives its revenues from rents charged to tenants and occasional users of the facilities. Revenues in the Taggart Student Center have remained fairly constant in past years and it is anticipated this trend will continue. The Taggart Student Center operations are responsive to the needs of the students.

Campus Store. The Campus Store is housed in the Taggart Student Center. Rents paid by the Campus Store flow into the pledged revenue through the Taggart Student Center. The Campus Store provides net revenue annually that are available for debt service.

Parking Services. Parking Facilities are comprised of the Big Blue Terrace, the Aggie Terrace, construction of a new parking structure portion of the 2019 Project and approximately 7,100 "for fee" flat surface stalls on the University's main campus. The "for fee" flat surface parking has been developed over the many years the University has been operated and is managed centrally by the University's Parking Services operation.

Student Building Fee. A Student Building Fee has been approved at $30.00 per semester for a full–time student. The total funds available from this fee are dictated by enrollment. Revenues from Student Building fees have increased 18% since 2014 mainly due to full–time enrollment increases. See "UTAH STATE UNIVERSITY—Student Enrollment" below.

Land Grant Revenue. Land Grant Revenue, during the past five years, has provided between $137,453 and $483,909 per year to the Housing System. The State has made some adjustments in its holdings in an attempt to increase and stabilize the revenue. The average revenue for the past five years has been $338,741.

Interest Income. Interest Income on Reserves is primarily generated by the $500,000 repair and replacement reserve held by the Trustee.

HISTORICAL DEBT SERVICE COVERAGE

The following table is a summary of historical Revenues and debt service coverage. The "actual" information has been derived from the University's financial statements for Fiscal Years 2014 through 2018 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 2018, the University received approximately 85% of its net pledged revenue available for debt service from the Student Housing System, approximately 13% of the net pledged revenue available for debt service from Student Building Fees and approximately 2% of the net pledged revenue available for debt service from Land Grant Income. Interest income also contributed a small amount to debt service.

In Fiscal Year 2018, approximately 52% of the total expenditures for operations were for salaries, wages and staff benefits, approximately 48% for current operating expense and other deductions (administrative costs, custodial services, rentals, telephone services, operating supplies, data processing, utilities, and minor repairs and maintenance, etc.).

	Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
Revenue from Student Housing System operations	$31,773,090	$32,277,498	$35,559,586	$36,198,031	$36,911,491
Cost of goods sold	(10,242,622)	(9,678,030)	(9,517,071)	(9,037,596)	(9,132,874)
Gross income	21,530,468	22,599,468	26,042,515	27,160,435	27,778,617
Operating expenses and other deductions:					
Salaries, wages and staff benefits	8,328,202	8,533,042	9,400,328	9,736,304	10,004,947
Other current operating expenses	7,401,871	7,602,396	8,626,022	9,417,721	9,107,680
Total operating expenses and other deductions	15,730,073	16,135,438	18,026,350	19,154,025	19,112,627
Net revenue from Student Housing System operations	5,800,395	6,464,030	8,016,165	8,006,410	8,665,990
Other pledged revenue:					
Student Building Fees	1,105,338	1,233,456	1,318,192	1,316,202	1,304,493
Land Grant Income	454,314	420,650	483,909	137,453	197,378
Interest on reserves and other revenue	12,131	12,285	20,487	17,280	14,971
Total other pledged revenues	1,571,783	1,666,391	1,822,588	1,470,935	1,516,842
Total Net Revenues	$ 7,372,178	$ 8,130,421	$ 9,838,753	$ 9,477,345	$10,182,832
Debt service (Building Fee/Housing Bonds) (1):					
2016 Bonds	$ 0	$ 0	$ 0	$ 1,170,033	$ 1,005,475
2015 Bonds	0	0	221,101 (3)	0 (4)	1,291,469 (5)
2009 Bonds	1,729,875	1,721,250 (2)	–	–	–
2007 Bonds	1,952,013	1,952,013	3,140,013	3,138,638	3,121,538
Total debt service	$ 3,681,888	$ 3,673,263	$ 3,361,114	$ 4,308,671	$ 5,418,482
Debt service coverage (Net Revenues)	**2.00X**	**2.21X**	**2.93X**	**2.20X**	**1.88X**
Rate Covenant Requirement	**1.10X**	**1.10X**	**1.10X**	**1.10X**	**1.10X**

(1) Debt service is reported on an accrual basis for each Fiscal Year.
(2) Final principal and interest payment on this bond.
(3) A portion of debt service was paid from capitalized interest from the 2015 Housing Bond proceeds in the amount of $461,857.
(4) Debt service was paid from capitalized interest from the 2015 Housing Bond proceeds in the amount of $884,406.
(5) A portion of debt service was paid from capitalized interest from the 2015 Housing Bond proceeds in the amount of $337,012.

(Source: The University.)

PROJECTED REVENUES AND DEBT SERVICE COVERAGE

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

Revenue and expense projections for Fiscal Years 2019 through 2021 and 2023 include an annual increase of 3%, and a 6% increase for Fiscal Year 2022 after the housing portion of the 2019 Project is completed in August 2021.

Student Building Fees are also projected to increase annually at the rate of 0.5% through Fiscal Year 2020.

Land Grant Income revenues are projected to increase annually at the rate of 3% through Fiscal Year 2020.

Interest on reserves is expected to remain steady at approximately $20,000 per year.

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 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 Administration, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of the Administration'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.

	Fiscal Year Ended June 30 (1)				
	Projected				
	2019	2020	2021	2022	2023
Revenue from Student Housing System operations	$38,018,836	$39,159,401	$40,334,183	$43,964,259	$45,283,187
Cost of goods sold	(9,395,551)	(9,442,529)	(9,489,741)	(9,537,190)	(9,584,876)
Gross income	28,623,285	29,716,872	30,844,441	34,427,069	35,698,311
Operating expenses and other deductions:					
Salaries, wages and staff benefits	10,305,095	10,614,248	10,932,676	11,260,656	11,598,476
Other current operating expenses	9,380,910	9,662,338	9,952,208	10,549,340	10,865,821
Total operating expenses and other deductions	19,686,006	20,276,586	20,884,884	21,809,996	22,464,296
Net revenue from Student Housing System operations	8,937,279	9,440,286	9,959,558	12,617,073	13,234,015
Other pledged revenue:					
Student Building Fees	1,330,000	1,336,650	1,343,333	1,350,050	1,356,800
Land Grant Income	200,000	206,000	212,180	218,545	225,102
Interest on reserves and other revenue	20,500	20,000	20,000	20,000	20,000
Total other pledged revenues	1,550,500	1,562,650	1,575,513	1,588,595	1,601,902
Total Net Revenues	$10,487,779	$11,002,936	$11,535,071	$14,205,668	$14,835,917
Debt service (Building Fee/Housing Bonds) (2)					
2019 Bonds*	$ 0	$ 1,113,554	$ 1,830,500	$ 2,030,500	$ 2,870,500
(Capitalized interest on the 2019 Bonds)	0	(1,113,554)	(1,642,750)	(1,455,000)	(727,500)
2016 Bonds	1,006,788	1,007,788	1,007,788	1,006,788	1,009,788
2015 Bonds	1,675,706	1,676,256	1,677,656	1,677,656	1,677,156
2007 Bonds	3,143,613	3,145,363	3,143,613	3,138,363	3,150,675
Total debt service	$ 5,826,107	$ 5,829,407	$ 6,016,807	$ 6,398,307	$ 7,980,619
Debt service coverage (Net Revenues)	**1.80X**	**1.89X**	**1.92X**	**2.22X**	**1.86X**
Rate Covenant Requirement	**1.10X**	**1.10X**	**1.10X**	**1.10X**	**1.10X**

* Preliminary; subject to change.

(1) Information has been provided by the University. For a discussion of the assumptions used for this table see the preceding paragraphs. Also see "DESCRIPTION OF REVENUE SOURCES" above.

(2) Debt service is reported on an accrual basis for each Fiscal Year.

(Source: The University.)

THE 2019 PROJECT

The Mountain View Residence Hall replacement project includes the construction of a new student housing facility within the main campus of the University in Logan City, Utah, demolition of an aging 372 beds high–rise residence hall and the construction of a concrete and brick parking structure (collectively, the "2019 Project").

The student housing facility will provide a six story, approximately 132,000 square foot building, with 402 beds in modern suite style units to meet current housing demands. Construction is to begin in August 2019 with completion scheduled for August 2021, with a total construction cost that is not expected to exceed $41.6 million and will be financed with a portion of the proceeds of the 2019 Bonds. The new facility is the second phase for housing replacement in the Campus Core North District and will occupy a prime site within the campus with convenient access to parking, recreation, and dining services.

The parking structure is a four story, 165,664 square foot, facility capable of housing 403 vehicles. Construction is to begin in August 2019 with completion scheduled for August 2021, with a total construction cost that is not expected to exceed $9.9 million and will be financed with a portion of the proceeds of the 2019 Bonds.

See "SECURITY FOR THE 2019 BONDS" above.

STATE BOARD OF REGENTS OF THE STATE OF UTAH

The Board of Regents was formed in 1969 as a governing body for the Utah System of Higher Education. Pursuant to legislation effective May 9, 2017, the Board of Regents is to consist of 17 residents of the State appointed by the Governor of the State (the "Governor"), (i) eight of whom are appointed at large, (ii) eight of whom are selected from three nominees presented to the Governor by each State higher education institution's board of trustees who are current or former members of such board of trustees, and (iii) the remaining one member who is selected from three nominees presented by student body presidents of the State institutions of higher education. Members of the Board of Regents appointed prior to May 8, 2017 may continue to serve notwithstanding the newly enabled selection requirements.

The Board of Regents 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 eight public colleges and universities governed by the Board of Regents, assisted by local boards of trustees. The Utah System of Higher Education includes two Doctorate-granting Universities, three Master's Colleges and Universities, one Baccalaureate College and University, and two Comprehensive Community or Associate's Colleges.

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

Board of Regents

Board Member/Vocation/Location		Current Term Expires
Harris H. Simmons	Chair, Businessperson, Salt Lake City	June 2021
Nina Barnes	Vice Chair, Businessperson, Cedar City	June 2021
Jesselie Anderson (1)	Member, Businessperson, Salt Lake City	June 2019

Board Member/Vocation/Location		Current Term Expires
Lisa–Michele Church	Member, Businessperson, Salt Lake City	June 2023
Wilford Clyde	Member, Businessperson, Springville City	June 2023
Sanchaita Datta (1)	Member, Businessperson, Salt Lake City	June 2019
Alan Hall	Member, Businessperson, Ogden City	June 2023
Marlin K. Jensen	Member, Businessperson, Salt Lake City	June 2021
Ronald W. Jibson	Member, Businessperson, Salt Lake City	June 2023
Patricia Jones	Member, Businessperson, Salt Lake City	June 2021
Steven J. Lund	Member, Businessperson, Provo City	June 2021
Sheva Mozafari	Student Member	June 2020
Cristina Ortega	Member, Attorney, Salt Lake City	June 2023
Robert W. Prince	Member, Orthodontist, St. George City	June 2023
Mark Stoddard	Member, Businessperson, Nephi City	June 2023
vacant	Member, Community Leader, Logan City	June 2023
Thomas Wright	Member, Businessperson, Salt Lake City	June 2021

(1) Members serve until reappointed or replaced.

(Source: The Board of Regents.)

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

UTAH STATE UNIVERSITY

General

The University was established as part of the public educational system of the State by the Legislature in 1888. The University is a land grant institution authorized under the Morrill Act of 1862. It was first named the Agricultural College of Utah and was later renamed Utah State Agricultural College. In 1965, the Legislature changed the name of the University to "Utah State University of Agriculture and Applied Science". Additionally, the University can legally be known and do business as "Utah State University".

The University's main campus is in Logan City, Utah, approximately 85 miles north of Salt Lake City, Utah and includes more than 100 buildings located on 400 acres (with an additional 7,000 acres used for agricultural and other forms of research located in various parts of the State).

The University is well known for its statewide reach. The office of Regional Campuses and Distance Education allows the University to provide courses and degrees in formats that make higher education accessible to students throughout the State and around the world. With distance classes that date back before 1900, the University's distance education program has grown to offer over 70 degrees and programs, including a distance–delivered doctoral degree (PhD). The University has three regional campuses (Vernal City (Uintah County), Utah; Tooele City (Tooele County), Utah; and Brigham City (Box Elder County), Utah); and nearly 40 education centers located throughout the State. On July 1, 2010 the College of Eastern Utah (currently USU Eastern), located in Price, Utah merged with the University as the State's only comprehensive regional college. Additionally, a campus of USU Eastern is located in Blanding City (San Juan County), Utah. USU Eastern has expanded and enhanced the educational opportunities for people residing in this region of the State. Additionally, the University is the State's only land–grant institution, providing "Extension" units in all of the State's 29 counties.

The University also offers a virtual campus through USU Online ("USU Online"), which offers instruction over the internet. In Fall 2018, approximately 4,900 students were taking on–line only courses through USU Online.

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

The University's combined student head count enrollment for Academic Year 2018–2019 (2018 Fall semester (third week)) was 27,932 students (educating approximately 15.2% of the students in the Board of Regent's Utah Systems 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 2018 Fall semester (third week) student head count enrollments (including satellite campuses) as listed below:

Name	Location	Student Head Count Enrollment	% of Total Student Enrollment
Utah Valley University	Orem, Utah	39,931	21.7%
University of Utah	Salt Lake City, Utah	33,023	18.0
Salt Lake Community College	Salt Lake City, Utah	29,156	15.9
Weber State University	Ogden, Utah	28,247	15.4
Utah State University	*Logan/Price, Utah*	*27,932*	*15.2*
Southern Utah University	Cedar City, Utah	10,196	5.5
Dixie State University	City of St. George, Utah	9,950	5.4
Snow College	Ephraim, Utah	5,514	3.0
Total		183,949	100.0%

(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 30,250) in the City of Provo, Utah; Westminster College (approximate head count of 3,100) in Salt Lake City, Utah; and L.D.S. Business College (approximate head count of 2,200) in Salt Lake City, Utah.

University's Board Of Trustees

The 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 Regents, 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 Chief of Staff and Secretary. The current members of the Board of Trustees are as follows:

University Board of Trustees

Board Member	Current Term Expires
Jody K. Burnett, Chair	June 2021
Kent K. Alder, Vice Chair	June 2021
Sami I. Ahmed, Student Body President	June 2020
Laurel Cannon Alder, Alumni President	June 2021
John Y. Ferry	June 2021
Gina Gagon	June 2023
David H. Huntsman	June 2023
Crystal C. Maggelet	June 2021
Wayne L. Niederhauser	June 2023
Jacey Skinner.	June 2023
Sydney M. Peterson (Secretary)	—

(Source: The University.)

University Executive Officers

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

Office	Person	Years of of Service
President	Noelle E. Cockett	28
Executive Vice President and Provost	Francis D. Galey	2
Vice President Government Relations	Neil N. Abercrombie	8
Vice President for Business and Finance	David T. Cowley	23
Vice President and Director of Athletics	John H. Hartwell	4
Vice President Legal Affairs	Mica Mckinney	4
Vice President for Student Affairs	James D. Morales	10
Vice President for Marketing and Communications	William Plate	1
Interim Vice President for Research	Lisa Berreau	21
Vice President for Academic and Instructional Services	Robert Wagner	12
Vice President for Extension and Dean of the College of Agriculture and Applied Sciences	Kenneth L. White	28
Interim Vice President Statewide Campuses	Laurens H. Smith	16
Vice President for Advancement	Matthew T. White	2
President, USU Research Foundation	H. Scott Hinton	17
Associate Vice President for Business and Finance	Dwight Davis	13
Controller	Dan Christensen	13
Manager of Financial Reporting	Glen R. Schmidt	13

(Source: The University.)

Other executive offices include: Chief Audit Executive; Chief Information Officer; Dean, Emma Eccles Jones College of Education and Human Services; Dean, Caine College of the Arts; Dean, College of Engineering; Dean, College of Humanities and Social Sciences; Dean, S.J. & Jessie E. Quinney College of Natural Resources; Dean, College of Science; Dean, Jon M. Huntsman School of Business; Dean, Libraries; Director, Analysis , Assessment & Accreditation; Dean, School of Graduate Studies; President, Faculty Senate; and Secretary to the Board of Trustees.

Accreditation

The University is a Carnegie (Research I) Doctoral University and is fully accredited by the Commission on Colleges of the Northwest Association of Schools and Colleges. In addition, many of the professional schools and departments have the approval of appropriate accrediting organizations in such areas as architecture, business and business administration, chemistry, engineering, forestry, psychology, speech pathology and audiology, social work, teacher education, and vocational education.

Faculty And Staff

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

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	Fall Semester				
	2018	2017	2016	2015	2014
Staff	2,337	2,303	2,284	2,231	2,121
Part–time	1,675	1,611	1,619	1,551	1,569
Faculty:					
Full–time	1,244	1,192	1,158	1,109	1,086
Part–time	201	210	211	175	222
Total faculty	1,445	1,402	1,369	1,284	1,308
Teaching assistants	552	545	522	507	505
Executive	58	55	58	62	64
Total employees	6,067	5,914	5,852	5,635	5,567
% change from prior year	2.6%	1.1%	3.9%	1.2%	0.5%

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

Currently, approximately 52% of the University's full–time faculty is tenured.

Student Enrollment

The University's annualized full–time equivalent enrollment for Academic Year 2017–2018 (budget related and self–support) was 23,513 students while the headcount enrollment for 2018 Fall Semester (end of term/budget related and self–support) enrollment was 29,367. 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)				
	2017–18	2016–17	2015–16	2014–15	2013–14
Resident enrollment	18,989	18,915	18,886	18,283	18,668
Nonresident enrollment	4,525	4,669	4,663	4,321	3,397
Annualized FTE total (budget related and self–support)	23,513	23,584	23,549	22,604	22,065
% change from prior year	(0.3)%	0.1%	4.2%	2.4%	0.0%
	Fall Semester (headcount end of term)				
	2018	2017	2016	2015	2014
Total headcount (budget related and self–support)	29,367	29,026	28,986	29,319	28,707
% change from prior year	1.2%	0.1%	(1.1)%	2.1%	0.0%
Resident enrollment	24,139	23,815	23,508	23,696	23,471
Nonresident enrollment	5,228	5,211	5,478	5,623	5,236
Undergraduate enrollment	26,300	25,960	25,634	25,835	25,208
Graduate enrollment	3,067	3,066	3,352	3,484	3,499
Full–time enrollment	19,032	18,820	18,436	18,419	17,193
Part–time enrollment	10,335	10,206	10,550	10,900	11,514

(Source: From reports of the Utah System of Higher Education compiled by Zions Public Finance, Inc.)

Estimated Enrollment Projections

No projections of future enrollments can be assured or guaranteed. Possible changes in student aid programs and in the general economy, as well as potential actions by the Board of Regents or the Legislature, could affect future enrollment.

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

Projected Annualized FTE Enrollments

	Academic Year				
	2017–18	2018–19	2019–20	2020–21	2021–22
Total enrollment	23,820	24,058	24,299	24,663	25,156
% change from prior year	1.0%	1.0%	1.0%	1.5%	2.0%

(Source: Utah System of Higher Education. May 2018. Compiled by the Municipal Advisor.)

Admissions

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

The table below sets forth the total number of new degree seeking student applications received and accepted, and the number of students enrolled for the fall semester indicated for the University Logan campus.

Fall Semester	Applications Received	Applicants Accepted	Percent Accepted	Applicants Enrolled	Percent Enrolled
2018	15,099	13,446	89%	4,429	33%
2017	15,555	13,857	89	4,242	31
2016	15,401	13,899	90	4,466	32
2015	16,158	15,620	97	4,751	30
2014	12,835	12,557	98	4,071	32

(Source: The University.)

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 are not pledged for the repayment of the 2019 Bonds.* Students taking certain courses offered by the College of the Arts, the College of Business, the College of Engineering, the College of Education and the College of Natural Resources are assessed tuition at a different rate and may have additional fees associated with such courses. However, for purposes of this OFFICIAL STATEMENT, those tuitions and additional fees are not shown.

The schedule set forth below shows resident and non–resident tuition and fees per credit hour for Academic Year 2019.

Tuition And Fees

The schedule set forth below shows resident and non–resident tuition and fees per credit hour for Academic Year 2019.

Tuition and Fees Schedule 2018—2019
Per Semester (effective Fall 2018 Semester)

	Tuition					**Fees**						**Total**				
	Undergraduate (1)			Graduate (1)		Student Building Fee (2)						Undergraduate (1)			Graduate (1)	
Cr. Hrs.	Resident Students	Non-Resident Students U.S.A.	Non-Resident Students International	Resident Students	Non-Resident Students	**Pledged for Debt Service Under Student Building Fee Indenture**	**Pledged for Debt Service Under Student Fee/Housing Resolution**	**Taggart Student Center**	Total Student Building Fee	Other Fees	Total Fees	Resident Students	Non-Resident Students U.S.A.	Non-Resident Students International	Resident Students	Non-Resident Students
1	$566.42	$1,823.84	$1,929.68	$668.34	$2,339.26	$111.31	$19.78	$5.43	$136.52	$220.23	$356.75	$923.17	$2,180.59	$2,286.43	$1,025.09	$2,696.01
2	803.22	2,586.36	2,736.40	947.78	3,317.28	116.54	20.71	5.68	142.93	230.57	373.50	1,176.72	2,959.86	3,109.90	1,321.28	3,690.78
3	1,040.02	3,348.88	3,543.12	1,227.22	4,295.30	121.77	21.64	5.93	149.34	240.91	390.25	1,430.27	3,739.13	3,933.37	1,617.47	4,685.55
4	1,276.82	4,111.40	4,349.84	1,506.66	5,273.32	126.99	22.57	6.19	155.75	251.25	407.00	1,683.82	4,518.40	4,756.84	1,913.66	5,680.32
5	1,513.62	4,873.92	5,156.56	1,786.10	6,251.34	132.21	23.50	6.45	162.16	261.59	423.75	1,937.37	5,297.67	5,580.31	2,209.85	6,675.09
6	1,750.42	5,636.44	5,963.28	2,065.54	7,229.36	137.44	24.43	6.70	168.57	271.93	440.50	2,190.92	6,076.94	6,403.78	2,506.04	7,669.86
7	1,987.22	6,398.96	6,770.00	2,344.98	8,207.38	142.67	25.35	6.96	174.98	282.27	457.25	2,444.47	6,856.21	7,227.25	2,802.23	8,664.63
8	2,224.02	7,161.48	7,576.72	2,624.42	9,185.40	147.90	26.28	7.21	181.39	292.61	474.00	2,698.02	7,635.48	8,050.72	3,098.42	9,659.40
9	2,460.82	7,924.00	8,383.44	2,903.86	10,163.42	153.12	27.21	7.47	187.80	302.95	490.75	2,951.57	8,414.75	8,874.19	3,394.61	10,654.17
10	2,697.62	8,686.52	9,190.16	3,183.30	11,141.44	158.35	28.14	7.72	194.21	313.29	507.50	3,205.12	9,194.02	9,697.66	3,690.80	11,648.94
11	2,934.42	9,449.04	9,996.88	3,462.74	12,119.46	163.58	29.07	7.97	200.62	323.63	524.25	3,458.67	9,973.29	10,521.13	3,986.99	12,643.71
12	3,171.22	10,211.56	10,803.60	3,742.18	13,097.48	168.80	30.00	8.23	207.03	333.97	541.00	3,712.22	10,752.56	11,344.60	4,283.18	13,638.48
13	3,171.22	10,211.56	10,803.60	3,742.18	13,097.48	168.80	30.00	8.23	207.03	333.97	541.00	3,712.22	10,752.56	11,344.60	4,283.18	13,638.48
14	3,171.22	10,211.56	10,803.60	3,742.18	13,097.48	168.80	30.00	8.23	207.03	333.97	541.00	3,712.22	10,752.56	11,344.60	4,283.18	13,638.48
15	3,171.22	10,211.56	10,803.60	3,742.18	13,097.48	168.80	30.00	8.23	207.03	333.97	541.00	3,712.22	10,752.56	11,344.60	4,283.18	13,638.48
16	3,171.22	10,211.56	10,803.60	3,742.18	13,097.48	168.80	30.00	8.23	207.03	333.97	541.00	3,712.22	10,752.56	11,344.60	4,283.18	13,638.48
17	3,171.22	10,211.56	10,803.60	3,742.18	13,097.48	168.80	30.00	8.23	207.03	333.97	541.00	3,712.22	10,752.56	11,344.60	4,283.18	13,638.48
18	3,171.22	10,211.56	10,803.60	3,742.18	13,097.48	168.80	30.00	8.23	207.03	333.97	541.00	3,712.22	10,752.56	11,344.60	4,283.18	13,638.48
19	3,408.02	10,974.08	11,610.32	4,021.62	14,075.50	174.03	30.93	8.48	213.44	344.31	557.75	3,965.77	11,531.83	12,168.07	4,579.37	14,633.25
20	3,644.82	11,736.60	12,417.04	4,301.06	15,053.52	179.26	31.86	8.73	219.85	354.65	574.50	4,219.32	12,311.10	12,991.54	4,875.56	15,628.02
21	3,881.62	12,499.12	13,223.76	4,580.50	16,031.54	184.48	32.79	8.99	226.26	364.99	591.25	4,472.87	13,090.37	13,815.01	5,171.75	16,622.79
22	4,118.42	13,261.64	14,030.48	4,859.94	17,009.56	189.71	33.71	9.25	232.67	375.33	608.00	4,726.42	13,869.64	14,638.48	5,467.94	17,617.56
23	4,355.22	14,024.16	14,837.20	5,139.38	17,987.58	194.94	34.64	9.50	239.08	385.67	624.75	4,979.97	14,648.91	15,461.95	5,764.13	18,612.33
24	4,592.02	14,786.68	15,643.92	5,418.82	18,965.60	200.16	35.57	9.76	245.49	396.01	641.50	5,233.52	15,428.18	16,285.42	6,060.32	19,607.10
25	4,828.82	15,549.20	16,450.64	5,698.26	19,943.62	205.39	36.50	10.01	251.90	406.35	658.25	5,487.07	16,207.45	17,108.89	6,356.51	20,601.87

(1) Students taking certain courses offered by the Colleges of Agriculture, Arts, Business, Engineering, Education, and Natural Resources are assessed at a higher rate.
(2) Approximately 81.5% of the Student Building Fee is pledged to the Building Bonds, approximately 14.5% is pledged to the Housing Bonds and approximately 4% is earmarked for Taggart Student Center maintenance.

(Source: The University.)

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

	Two Academic Semesters				
	2018–19	2017–18	2016–17	2015–16	2014–15
Undergraduate, resident	$ 7,424	$ 7,175	$ 6,866	$ 6,664	$ 6,383
Undergraduate, nonresident	21,505	20,727	19,772	19,134	18,490
Graduate, resident	7,382	7,131	6,822	6,620	6,346
Graduate, nonresident	23,298	22,450	21,412	20,716	20,032

(Source: The University.)

Estimated Student Costs. The following student budget is being used by the University's Financial Aid Office and represents estimated average resident and nonresident undergraduate student costs (exclusive of tuition and fees as shown above) at the University for the past five Academic Years:

	Estimated Student Costs				
Category	2017–18	2016–17	2015–16	2014–15	2013–14
Room and board	$ 8,324	$ 8,020	$ 7,880	$ 7,780	$ 6,720
Miscellaneous	2,152	2,088	2,050	2,020	2,300
Transportation	1,844	1,752	1,720	1,700	1,570
Books and supplies	850	824	810	800	1,260
Total	$13,170	$12,684	$12,460	$12,300	$11,850

(Source: The University.)

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Tuition and fee revenues (1)	$232,145,251	$223,008,084	$211,943,654	$190,990,025	$174,516,416
% increase from prior year	4.2%	4.8%	11.0%	9.4%	5.0%

(1) Includes scholarship allowances.

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

Student Financial Aid

Approximately 63% 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				
	2018	2017	2016	2015	2014
Scholarships and Grants (1):					
University Funds	$ 80,848,701	$ 78,384,743	$ 69,568,734	$ 58,438,040	$ 52,268,752
Pell Grants	41,703,559	35,731,280	37,407,946	38,009,508	37,054,870
Federal /State SEOG	981,505	777,355	920,956	921,088	922,388
HESSP (UCOPE)	424,275	177,220	109,500	80,675	23,600
Utah Career Teaching	401,561	404,371	381,502	420,849	491,879
TEACH	150,143	176,219	194,385	280,549	284,105
UHEAA	17,361	23,360	17,419	25,946	35,936
Subtotal	$124,527,105	115,674,548	108,600,442	98,176,655	91,081,530
Loans:					
Federal GSL/direct loans	55,803,430	57,662,024	59,198,348	61,847,720	59,403,038
Private loans	5,769,159	4,293,437	4,412,169	3,795,810	3,250,959
Federal/Perkins	1,083,945	2,074,945	2,001,043	1,394,947	1,944,007
Subtotal	62,656,534	64,030,406	65,611,560	67,038,477	64,598,004
Student Employment:					
Federal Work Study	718,605	800,655	697,307	592,927	611,459
University/Departments	393,624	213,029	318,425	488,755	243,309
State Work Study	151,906	182,729	144,236	149,983	149,995
HESSP (UCOPE) Work Study	–	138,724	233,499	240,564	344,966
Subtotal	1,264,135	1,335,137	1,393,467	1,472,229	1,349,729
Total assistance	$188,447,774	$181,040,091	$175,605,469	$166,687,361	$157,029,263

(1) Scholarships includes all on/off campus awards (including waivers and athletics).

(Source: The University.)

Scope Of Education Programs

The programs offered at the University are segregated into eight academic colleges, 43 departments, a School of Graduate Studies, numerous research centers and institutes, the Extension Service, Regional Campuses and Distance Education, and the Agricultural and Engineering Experiment Stations. The University's academic colleges are:

> College of Agriculture and Applied Sciences; Jon M. Huntsman School of Business; Emma Eccles Jones College of Education and Human Services; College of Engineering; College of Humanities and Social Sciences; Caine College of the Arts; S.J. & Jessie E. Quinney College of Natural Resources; and College of Science.

The University's diversified curriculum offers 155 Bachelor's degrees, 22 Associate's degrees, 22 Certificates, 96 Master's degrees and 40 Doctoral degrees.

As a land grant institution, the University supports basic and applied research, which is conducted in every college at the University and in the following centers:

> Utah Agricultural Experiment Station; Engineering Experiment Station; Utah Water Research Laboratory; Ecology Center; Center for Atmospheric and Space Sciences; Space Dynamic Laboratories; Utah State University Research Foundation; Center for Persons with Disabilities; Institute for Outdoor Recreation and Tourism; Utah Center for Productivity and Quality; Institute for Political Economy; Center for Environmental Toxicology; National Center for Design of Molecular Function; Biotechnology Center; International Irrigation Center; Remote Sensing Geographical Information Systems Laboratory; Center for Self–Organizing and Intelligent Systems; Utah Science, Technology,

and Research Initiative (USTAR); United States Department of Agriculture ("USDA") Agricultural Research Service; and USDA Forestry Sciences Laboratory.

Funding for research and training, gifts, grants and contracts, is received from federal, state, local and private sources. For Fiscal Year 201, the University received approximately $307.8 million in research and student financial aid funding from all external sources.

The University's Cooperative Extension Service is sponsored jointly by federal, State, and county governments. Its programs provide leadership throughout the State for solving peoples' problems in varied facets of life. In the State, these programs focus on (i) agriculture, (ii) marketing, (iii) international extension, (iv) safety and disaster, (v) 4–H youth programs, (vi) human nutrition, (vii) family living, (viii) health, (ix) community development, and (x) natural resources and environment.

The University is a National Collegiate Athletic Association Division 1 University and a member of the Mountain West Conference. The University sponsors 16 varsity sports, nine for women and seven for men. In addition to intercollegiate athletics, the University sponsors an extensive and active intramural sports program and recreational opportunities for students, faculty and the community.

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 Regents and transmitted to the Governor for his or her consideration and inclusion in the Executive Budget.

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

The University adopts an operating budget each fiscal year for each University department. These departmental budgets are reviewed by the President and senior administrative officers. Those budgets funded with State appropriations are then submitted to the Board of Trustees and the Board of Regents. The State appropriation includes various components for operations, maintenance, instruction, research, public service and other special functions. For more information, see "State Appropriation To The University" in this section below. The Board of Regents considers the amount of appropriation, when determined, along with the University's budget requirements and other revenue sources in establishing student tuition and 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 Regents, the Governor, and the Legislature. The request identifies the projects, purpose, priority and the amount and source of funds. The Legislature may approve or decline, 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. In Fiscal Year 2019 the Legislature appropriated $119,068,800 for state–wide capital improvement projects and the State's Building Board allocated $12,821,000 to the University. For Fiscal Year 2020 the Legislature appropriated $138,339,100 for state–wide capital improvement projects, with the State Building Board allocating $13,467,000 to the University.

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 Bonds.

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

Fiscal Year Ended June 30	General Operating	% Change From Prior Period	Restricted	% Change From Prior Period	Total Appropriations	% Change From Prior Period
2018	$137,461,200	2.9%	$65,796,455	3.0%	$203,257,655	2.9%
2017	133,552,800	7.3	63,884,733	0.5	197,437,533	5.0
2016	124,493,600	3.2	63,570,002	3.3	188,063,602	3.2
2015	120,628,000	2.9	61,565,753	12.0	182,193,753	5.8
2014	117,278,500	7.3	54,958,848	2.1	172,237,348	5.6

(Source: The University.)

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

The following table sets forth State appropriations to the University for new facilities, renovations, and major repairs for 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.

Fiscal Year	State Appropriations for Building	% Change From Prior Period
2018	$21,028,230	43.9%
2017	14,608,885	(72.4)
2016 (1)..	52,990,082	563.5
2015	7,985,988	9.8
2014	7,272,764	16.3

(1) Most of this appropriation is for the Business Building addition on the Logan campus and the USU Eastern Central Instructional Building renovation.

(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 vary from year to year depending on the nature of the special projects and programs. Annual fund–raising amounts are not pledged to the payment of Bonds and the University does not rely on such amounts in its annual operating budgets.

The following table summarizes the annual private gifts, capital grants and gifts and additions to permanent endowments received by the University for the following Fiscal Years:

Fiscal Year	Receipts	% Change From Prior Period
2018	$30,776,239	(16.5)%
2017	36,847,683	(4.3)
2016	38,510,175	(0.8)
2015	38,803,989	(9.3)
2014	42,765,227	28.1

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

Investment Of University Funds

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

The University is currently complying with all 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 UTAH STATE UNIVERSITY FOR FISCAL YEAR 2018–Notes to Financial Statements–Note B. Cash and Cash Equivalents and Short–Term Investments" (audit page 28) "–Note C. Investments" (audit page 28) and "–Note D. Deposits and Investments" (audit page 29).

Insurance Coverage

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

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.

See "APPENDIX B—FINANCIAL REPORT OF UTAH STATE UNIVERSITY FOR FISCAL YEAR 2018–Notes to Financial Statements–Note M. Risk Management" (audit page 44).

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

Employee Workforce; Retirement System. The University employs (as of Fall 2018) 4,191 full–time equivalent employees and 1,876 part–time equivalent employees for a total employment of 6,067 employees. The University participates in two retirement plans covering substantially all 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 UTAH STATE UNIVERSITY FOR FISCAL YEAR 2018–Notes to Financial Statements–Note K. Pension Plans and Retirement Benefits" (audit page 40).

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 offers early retirement benefits to qualified employees that are approved by the Board of Trustees where there accrues a benefit to the University for such early termination. Under this policy, the early retirement benefit liability is limited to the net present value of the cost of providing this benefit to those who have been allowed to early retire.

Benefits include a monthly stipend equal to the agreed upon percent of the retiree's salary at the time of active employment along with medical and dental insurance. The projected future cost of these stipends and the medical and dental insurance benefits have been calculated based on the known amount to be paid out in the next Fiscal Year plus projected annual increases for stipends and for medical and dental premiums. These increases are based on historical data. The program is funded on a pay–as-you–go basis from current funds. Payments for the stipends and insurance benefits for Fiscal Year 2018 totaled $1,773,049 and $1,178,243, respectively.

At the end of Fiscal Year 2018, the liability for those on early retirement was equal to $15,910,619. This amount reflects the net present value of the retirement payments and the associated liability of providing health insurance to those on early retirement and is recognized in the financial statements as the liability for early retirement. For a detailed discussion of termination benefits see "APPENDIX B—FINANCIAL REPORT OF UTAH STATE UNIVERSITY FOR FISCAL YEAR 2018–Notes to Financial Statements–Note L. Termination Benefits" (audit page 44). *The University currently does not expect* *its current or future policies regarding early retirement benefits to have a material negative financial impact on the University.*

DEBT STRUCTURE OF UTAH STATE UNIVERSITY

Outstanding Debt Of The University

The University has the following debt outstanding.

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
Research (1)				
2018B (2) (3)	Building	$32,210,000	December 1, 2049	$ 32,210,000
2018A (4)	Building acquisition	6,231,000	December 1, 2027	5,690,000
2016 (2) (5)	Building	10,135,000	December 1, 2046	9,700,000
2015B (2)	Refunding	13,145,000	December 1, 2030	13,145,000
2015 (2) (5) (3)	Building	19,500,000	December 1, 2046	18,765,000
Totals (6)				79,510,000
Student Fee/Housing (7)				
2019 (a) (2) (8)	Building/parking	55,250,000*	April 1, 2052*	55,250,000*
2016 (2) (3)	Building acquisition	19,540,000	April 1, 2046	18,280,000
2015 (2) (3)	Building	24,455,000	April 1, 2038	22,850,000
2007 (2) (9)	Refunding	39,155,000	April 1, 2035	34,045,000
Totals (10)				130,425,000*
Student Fee Building (11)				
2017 (2) (3)	Refunding	38,825,000	December 1, 2044	38,675,000
2015 (2) (3)	Building	23,900,000	June 1, 2046	22,570,000
2013B (2) (12)	Building	43,310,000	December 1, 2022 (15)	3,540,000
2013 (2)	Refunding	8,405,000	April 1, 2026	5,280,000
Totals (13)				70,065,000
Total all outstanding debt (14)				$280,000,000*

(a) For purposes of this OFFICIAL STATEMENT the 2019 Bonds will be considered to be issued and outstanding.
(1) The Research Bonds are issued on a parity basis with each other.
(2) Rated "AA" by S&P.
(3) These bonds are insured by Assured Guaranty Municipal Corp. ("AGM").
(4) *Direct placement, not rated, no rating applied for. The 2018A Research Bonds are not issued under the State's "moral obligation" pledge to restore the debt service reserve account or the appropriation of moneys to meet a projected shortfall of principal and interest payments on the 2018A Research Bonds.*
(5) Federally taxable bond.
(6) For accounting purposes, the total unamortized bond premium is $3,116,619 (as of June 30, 2018) and together with current debt outstanding of $79,510,000*, results in total outstanding net debt of $82,626,619*.
(7) These Student Fee/Housing Bonds are issued on a parity basis with each other.
(8) These bonds are insured by BAM.
(9) These bonds are insured by National Public Finance Guarantee Corp.
(10) For accounting purposes, the total unamortized bond premium is $1,517,741 (as of June 30, 2018) and together with current debt outstanding of $130,425,000*, results in total outstanding net debt of $131,942,741*.
(11) These Student Fee Building Bonds are issued on a parity basis with each other.
(12) Principal portions of this bond were refunded by the 2017 Student Fee Building Bonds.
(13) For accounting purposes, the total unamortized bond premium was $1,606,140 (as of June 30, 2018) and together with the current debt outstanding of $70,065,000, results in total outstanding net debt of $71,671,140.
(14) For accounting purposes, the total unamortized bond premium is $6,240,500 (as of June 30, 2018) and together with current debt outstanding of $280,000,000*, results in total outstanding net debt of $286,240,500*.
(15) Final maturity date after a portion of these bonds has been refunded by the 2017 Student Fee Building Bonds.
* Preliminary; subject to change.

(Source: Municipal Advisor.)

For the University's Fiscal Year 2018 debt information see "APPENDIX B—FINANCIAL REPORT OF UTAH STATE UNIVERSITY FOR FISCAL YEAR 2018—Notes to Financial Statements–Note H. Bonds, Notes, Contracts and Other Non–Current Liabilities–Figure H.1." (audit pages 35 and 36) and "–Note I. Pledged Bond Revenue" (audit page 38).

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

Fiscal Year Ending June 30	Research Bonds (a) Series 2018B $32,210,000 Principal	Series 2018B Interest	Series 2018A $6,231,000 Principal	Series 2018A Interest	Series 2016 $10,135,000 Principal	Series 2016 Interest	Series 2015B $13,145,000 Principal	Series 2015B Interest	Series 2015 $19,500,000 Principal	Series 2015 Interest	Series 2010 (d) $11,070,000 Principal	Series 2010 (d) Interest	Series 2009 (d) $22,000,000 Principal	Series 2009 (d) Interest	Totals Total Principal	Total Interest	Total Debt Service
2018…………	$ 0	$ 0	$ 0	$ 52,263	$ 215,000	$ 351,560	$ 0	$ 585,100	$ 365,000	$ 754,698 (14)	$ 2,300,000	$ 46,000	$ 900,000	$ 56,000	$ 3,780,000	$ 1,845,620	$ 5,625,620
2019…………	0	0 (b)	541,000 (6)	181,795	220,000	349,111	0	585,100	370,000	818,465	–	–	950,000	19,000	2,081,000	1,953,471	4,034,471
2020…………	0	629,125 (c)	558,000 (6)	165,036	220,000	346,157	875,000	563,225	380,000	811,728	–	–	0	0 (15)	2,033,000	2,515,271	4,548,271
2021…………	535,000	1,244,875	575,000 (6)	147,757	225,000	342,668	920,000	518,350	385,000	803,427	–	–	0	0 (15)	2,640,000	3,057,078	5,697,078
2022…………	575,000	1,217,125	593,000 (6)	129,945	230,000	338,687	965,000	471,225	395,000	793,898	–	–	0	0 (15)	2,758,000	2,950,880	5,708,880
2023…………	600,000	1,187,750	611,000 (6)	111,584	235,000	334,158	1,005,000	421,975	405,000	783,131	–	–	0	0 (15)	2,856,000	2,838,598	5,694,598
2024…………	625,000	1,157,125	630,000 (6)	92,659	240,000	328,941	1,080,000	369,850	420,000	771,045	–	–	0	0 (15)	2,995,000	2,719,620	5,714,620
2025…………	650,000	1,125,250	650,000 (6)	73,139	245,000	323,056	1,105,000	315,225	435,000	757,523	–	–	0	0 (15)	3,085,000	2,594,192	5,679,192
2026…………	700,000	1,091,500	670,000 (6)	53,009	250,000	316,601	1,160,000	258,600	450,000	742,464	–	–	0	0 (15)	3,230,000	2,462,174	5,692,174
2027…………	725,000	1,055,875	691,000 (6)	32,254	255,000	309,638	1,235,000	198,725	465,000 (10)	724,798	–	–	0	0 (15)	3,371,000	2,321,290	5,692,290
2028…………	775,000	1,018,375	712,000 (6)	10,858	265,000 (7)	301,414	1,280,000	142,250	485,000 (10)	704,891	–	–	0	0 (15)	3,517,000	2,177,787	5,694,787
2029…………	800,000	979,000	–	–	275,000 (7)	292,012	1,335,000	96,625	505,000 (10)	684,145	–	–	0	0 (15)	2,915,000	2,051,782	4,966,782
2030…………	850,000	937,750	–	–	285,000 (7)	282,263	1,080,000	60,400	530,000 (10)	662,457	–	–	0	0 (15)	2,745,000	1,942,869	4,687,869
2031…………	900,000	894,000	–	–	295,000 (7)	272,165	1,105,000	22,100	550,000 (10)	639,825	–	–	0	0 (15)	2,850,000	1,828,090	4,678,090
2032…………	925,000 (1)	857,625	–	–	305,000 (7)	261,719	–	–	575,000 (11)	615,147	–	–	–	–	1,805,000	1,734,491	3,539,491
2033…………	950,000 (1)	829,500	–	–	315,000 (8)	250,189	–	–	600,000 (11)	588,269	–	–	–	–	1,865,000	1,667,958	3,532,958
2034…………	1,000,000	799,625	–	–	330,000 (8)	237,454	–	–	630,000 (11)	560,133	–	–	–	–	1,960,000	1,597,211	3,557,211
2035…………	1,025,000	767,984	–	–	345,000 (8)	224,126	–	–	660,000 (11)	530,624	–	–	–	–	2,030,000	1,522,734	3,552,734
2036…………	1,050,000	734,906	–	–	355,000 (8)	210,304	–	–	690,000 (11)	499,743	–	–	–	–	2,095,000	1,444,953	3,539,953
2037…………	1,075,000	700,375	–	–	370,000 (8)	195,989	–	–	725,000 (12)	466,831	–	–	–	–	2,170,000	1,363,195	3,533,195
2038…………	1,125,000 (2)	663,922	–	–	385,000 (9)	180,889	–	–	760,000 (12)	431,748	–	–	–	–	2,270,000	1,276,558	3,546,558
2039…………	1,150,000 (2)	625,531	–	–	400,000 (9)	164,997	–	–	795,000 (12)	395,011	–	–	–	–	2,345,000	1,185,539	3,530,539
2040…………	1,200,000 (2)	585,875	–	–	420,000 (9)	148,396	–	–	835,000 (12)	356,502	–	–	–	–	2,455,000	1,090,773	3,545,773
2041…………	1,250,000 (3)	540,625	–	–	435,000 (9)	131,086	–	–	875,000 (13)	315,994	–	–	–	–	2,560,000	987,705	3,547,705
2042…………	1,300,000 (3)	489,625	–	–	455,000 (9)	113,068	–	–	915,000 (13)	273,481	–	–	–	–	2,670,000	876,175	3,546,175
2043…………	1,350,000 (3)	436,625	–	–	475,000 (9)	94,240	–	–	960,000 (13)	228,950	–	–	–	–	2,785,000	759,815	3,544,815
2044…………	1,400,000 (4)	381,625	–	–	490,000 (9)	74,704	–	–	1,010,000 (13)	182,163	–	–	–	–	2,900,000	638,492	3,538,492
2045…………	1,475,000 (4)	324,125	–	–	510,000 (9)	54,459	–	–	1,055,000 (13)	133,119	–	–	–	–	3,040,000	511,703	3,551,703
2046…………	1,525,000 (4)	264,125	–	–	535,000 (9)	33,303	–	–	1,110,000 (13)	81,700	–	–	–	–	3,170,000	379,128	3,549,128
2047…………	1,575,000 (5)	206,063	–	–	555,000 (9)	11,236	–	–	1,165,000 (13)	27,669	–	–	–	–	3,295,000	244,967	3,539,967
2048…………	1,650,000 (5)	149,625	–	–	–	–	–	–	–	–	–	–	–	–	1,650,000	149,625	1,799,625
2049…………	1,700,000 (5)	91,000	–	–	–	–	–	–	–	–	–	–	–	–	1,700,000	91,000	1,791,000
2050…………	1,750,000 (5)	30,625	–	–	–	–	–	–	–	–	–	–	–	–	1,750,000	30,625	1,780,625
Totals…………	$ 32,210,000	$ 22,017,156	$ 6,231,000	$ 1,050,299	$ 10,135,000	$ 6,874,591	$ 13,145,000	$ 4,608,750	$ 19,500,000	$ 16,139,573	$ 2,300,000	$ 46,000	$ 1,850,000	$ 75,000	$ 85,371,000	$ 50,811,369	$ 136,182,369

(a) These Research Bonds are issued on a parity with each other.
(b) The actual interest due is $1,188,347.22. Payment to be made from capitalized interest from bond proceeds of the 2018B Research Bonds.
(c) Actual interest due is $1,258,250. Payment in the amount of $629,125 to be made with capitalized interest from bond proceeds of the 2018B Research Bonds.
(d) This bond issue is included in this table because final principal and interest payments occurred in Fiscal Years 2018 and 2019.
(1) Mandatory sinking fund principal payments from a $1,875,000, 3.00% term bond due December 1, 2032.
(2) Mandatory sinking fund principal payments from a $3,475,000, 3.375% term bond due December 1, 2039.
(3) Mandatory sinking fund principal payments from a $3,900,000, 4.00% term bond due December 1, 2042.
(4) Mandatory sinking fund principal payments from a $4,400,000, 4.00% term bond due December 1, 2045.
(5) Mandatory sinking fund principal payments from a $6,675,000, 3.50% term bond due December 1, 2049.
(6) Mandatory sinking fund principal payments from a $6,231,000, 3.05% term bond due December 1, 2027.
(7) Mandatory sinking fund principal payments from a $1,425,000, 3.482% term bond due December 1, 2031.
(8) Mandatory sinking fund principal payments from a $1,715,000, 3.949% term bond due December 1, 2036.
(9) Mandatory sinking fund principal payments from a $4,660,000, 4.049% term bond due December 1, 2046.
(10) Mandatory sinking fund principal payments from a $2,535,000, 4.191% term bond due December 1, 2030.
(11) Mandatory sinking fund principal payments from a $3,155,000, 4.575% term bond due December 1, 2035.
(12) Mandatory sinking fund principal payments from a $3,115,000, 4.725% term bond due December 1, 2039.
(13) Mandatory sinking fund principal payments from a $7,090,000, 4.750% term bond due December 1, 2046.
(14) Actual interest due is $823,500.61. Payment of $68,803 to be made with capitalized interest from bond proceeds of the 2015 Research Bonds.
(15) Principal and interest have been refunded by the 2015B Research Bonds.

(Source: Municipal Advisor)

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

Fiscal Year Ending June 30	Student Fee/Housing Bonds (a) Series 2019 $55,250,000* Principal*	Interest*	Series 2016 $19,540,000 Principal	Interest	Series 2015 $24,455,000 Principal	Interest	Series 2007 $39,155,000 Principal	Interest	Totals* Total Principal	Total Interest	Total Debt Service
2018	$ 0	$ 0	$ 365,000	$ 645,038	$ 790,000	$ 515,904 (f)	$ 1,295,000	$ 1,842,513	$ 2,450,000	$ 3,003,454	$ 5,453,454
2019	0	0	380,000	626,788	815,000	860,706	1,365,000	1,778,613	2,560,000	3,266,106	5,826,106
2020	0	0 (b)	400,000	607,788	840,000	836,256	1,435,000	1,710,363	2,675,000	3,154,406	5,829,406
2021	0	187,750 (c)	420,000	587,788	875,000	802,656	1,505,000	1,638,613	2,800,000	3,216,806	6,016,806
2022	200,000	375,500 (d)	440,000	566,788	910,000	767,656	1,575,000 (6)	1,563,363	3,125,000	3,273,306	6,398,306
2023	1,050,000	1,093,000 (e)	465,000	544,788	955,000	722,156	1,670,000 (6)	1,480,675	4,140,000	3,840,619	7,980,619
2024	1,075,000	1,768,000	485,000	521,538	985,000	693,506	1,745,000	1,393,000	4,290,000	4,376,044	8,666,044
2025	1,150,000	1,714,250	510,000	497,288	1,030,000	644,256	1,835,000	1,305,750	4,525,000	4,161,544	8,686,544
2026	1,200,000	1,656,750	535,000	471,788	1,060,000	618,506	1,930,000	1,214,000	4,725,000	3,961,044	8,686,044
2027	1,250,000	1,596,750	555,000	450,388	1,110,000	565,506	2,025,000 (7)	1,117,500	4,940,000	3,730,144	8,670,144
2028	1,325,000	1,534,250	580,000	428,188	1,165,000	510,006	2,120,000 (7)	1,016,250	5,190,000	3,488,694	8,678,694
2029	1,400,000	1,468,000	595,000	410,788	1,200,000	475,056	2,240,000 (8)	910,250	5,435,000	3,264,094	8,699,094
2030	1,450,000	1,398,000	615,000	392,938	1,240,000	439,056	2,365,000 (8)	798,250	5,670,000	3,028,244	8,698,244
2031	1,475,000	1,354,500	635,000	374,488	1,275,000	401,856	2,460,000 (9)	680,000	5,845,000	2,810,844	8,655,844
2032	1,550,000	1,310,250	650,000	355,438	1,315,000	362,013	2,580,000 (9)	557,000	6,095,000	2,584,700	8,679,700
2033	1,575,000	1,263,750	670,000	339,188	1,355,000	319,275	2,725,000 (9)	428,000	6,325,000	2,350,213	8,675,213
2034	1,650,000	1,216,500	690,000	319,088	1,405,000	273,544	2,845,000 (9)	291,750	6,590,000	2,100,881	8,690,881
2035	1,675,000	1,167,000	710,000	298,388	1,450,000	224,369	2,990,000 (9)	149,500	6,825,000	1,839,256	8,664,256
2036	1,725,000	1,116,750	730,000 (1)	279,750	1,505,000	173,619	–	–	3,960,000	1,570,119	5,530,119
2037	1,800,000	1,065,000	750,000 (1)	257,850	1,560,000	119,063	–	–	4,110,000	1,441,913	5,551,913
2038	1,825,000	1,011,000	770,000 (2)	235,350	1,615,000	60,563	–	–	4,210,000	1,306,913	5,516,913
2039	1,900,000	956,250	795,000 (2)	212,250	–	–	–	–	2,695,000	1,168,500	3,863,500
2040	1,950,000	899,250	820,000 (3)	188,400	–	–	–	–	2,770,000	1,087,650	3,857,650
2041	2,025,000	840,750	845,000 (3)	163,800	–	–	–	–	2,870,000	1,004,550	3,874,550
2042	2,075,000	780,000	870,000 (4)	138,450	–	–	–	–	2,945,000	918,450	3,863,450
2043	2,150,000	717,750	895,000 (4)	112,350	–	–	–	–	3,045,000	830,100	3,875,100
2044	2,200,000	653,250	920,000 (5)	85,500	–	–	–	–	3,120,000	738,750	3,858,750
2045	2,275,000	587,250	950,000 (5)	57,900	–	–	–	–	3,225,000	645,150	3,870,150
2046	2,325,000	519,000	980,000 (5)	29,400	–	–	–	–	3,305,000	548,400	3,853,400
2047	2,400,000	449,250	–	–	–	–	–	–	2,400,000	449,250	2,849,250
2048	2,475,000	377,250	–	–	–	–	–	–	2,475,000	377,250	2,852,250
2049	2,550,000	303,000	–	–	–	–	–	–	2,550,000	303,000	2,853,000
2050	2,625,000	226,500	–	–	–	–	–	–	2,625,000	226,500	2,851,500
2051	2,725,000	147,750	–	–	–	–	–	–	2,725,000	147,750	2,872,750
2052	2,200,000	66,000	–	–	–	–	–	–	2,200,000	66,000	2,266,000
Totals	$ 55,250,000	$ 29,820,250	$ 19,025,000	$ 10,199,475	$ 24,455,000	$ 10,385,529	$ 36,705,000	$ 19,875,388	$ 135,435,000	$ 70,280,641	$ 205,715,641

* Preliminary; subject to change. (For the 2019 Bonds, interest has been estimated at an average interest rate of 3.10% per annum.

(a) These Student Fee/Housing Bonds are issued on a parity with each other.

(b) The actual interest due is $1,113,554*. Payment to be made from capitalized interest from bond proceeds of the 2019 Bonds.

(c) The actual interest due is $1,830,500*. Payment in the amount of $1,642,750* to be made with capitalized interest from bond proceeds of the 2019 Bonds.

(d) The actual interest due is $1,830,500*. Payment in the amount of $1,455,000* to be made with capitalized interest from bond proceeds of the 2019 Bonds.

(e) The actual interest due is $1,820,500*. Payment in the amount of $727,500* to be made with capitalized interest from bond proceeds of the 2019 Bonds.

(f) The actual interest due is $884,406.26. Payment in the amount of $368,502.61 to be made with capitalized interest from bond proceeds of the 2015 Housing Bonds.

(1) Mandatory sinking fund principal amounts from a $1,480,000, 3.00% term bond due April 1, 2037.
(2) Mandatory sinking fund principal amounts from a $1,565,000, 3.00% term bond due April 1, 2039.
(3) Mandatory sinking fund principal amounts from a $1,665,000, 3.00% term bond due April 1, 2041.
(4) Mandatory sinking fund principal amounts from a $1,765,000, 3.00% term bond due April 1, 2043.
(5) Mandatory sinking fund principal amounts from a $2,850,000, 3.00% term bond due April 1, 2046.
(6) Mandatory sinking fund principal amounts from a $3,245,000, 5.25% term bond due April 1, 2023.
(7) Mandatory sinking fund principal amounts from a $4,145,000, 5.00% term bond due April 1, 2028.
(8) Mandatory sinking fund principal amounts from a $4,605,000, 5.00% term bond due April 1, 2030.
(9) Mandatory sinking fund principal amounts from a $13,600,000, 5.00% term bond due April 1, 2035.

(Source: Municipal Advisor.)

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

Fiscal Year Ending June 30	Student Fee Building Bonds (a) Series 2017 $38,825,000 Principal	Interest	Series 2015 $23,900,000 Principal	Interest	Series 2013B $43,310,000 Principal	Interest	Series 2013 $8,405,000 Principal	Interest	Totals Total Principal	Total Interest	Total Debt Service
2018………	$ 0	$ 560,323	$ 440,000	$ 921,481	$ 775,000	$ 1,059,075	$ 625,000	$ 199,638	$ 1,840,000	$ 2,740,516	$ 4,580,516
2019………	150,000	1,316,906	460,000	903,881	800,000	157,600	650,000	180,888	2,060,000	2,559,275	4,619,275
2020………	150,000	1,313,906	475,000	885,481	830,000	125,000	675,000	154,888	2,130,000	2,479,275	4,609,275
2021………	150,000	1,310,906	500,000	861,731	870,000	91,000	700,000	127,888	2,220,000	2,391,525	4,611,525
2022………	150,000	1,307,906	525,000	836,731	900,000	55,600	735,000	99,888	2,310,000	2,300,125	4,610,125
2023………	150,000	1,304,906	550,000	810,481	940,000	18,800	765,000	70,488	2,405,000	2,204,675	4,609,675
2024………	1,125,000	1,275,281	580,000	782,981	0	0 (5)	780,000	55,188	2,485,000	2,113,450	4,598,450
2025………	1,200,000	1,217,156	610,000	753,981	0	0 (5)	805,000	38,613	2,615,000	2,009,750	4,624,750
2026………	1,250,000	1,155,906	640,000	723,481	0	0 (5)	820,000	20,500	2,710,000	1,899,888	4,609,888
2027………	1,325,000	1,091,531	660,000	704,281	0	0 (5)	–	–	1,985,000	1,795,813	3,780,813
2028………	1,400,000	1,023,406	680,000	684,481	0	0 (5)	–	–	2,080,000	1,707,888	3,787,888
2029………	1,450,000	966,656	700,000	663,231	0	0 (5)	–	–	2,150,000	1,629,888	3,779,888
2030………	1,500,000	922,406	720,000	640,481	0	0 (5)	–	–	2,220,000	1,562,888	3,782,888
2031………	1,550,000	876,656	745,000	616,181	0	0 (5)	–	–	2,295,000	1,492,838	3,787,838
2032………	1,575,000 (1)	829,781	770,000	591,038	0	0 (5)	–	–	2,345,000	1,420,819	3,765,819
2033………	1,625,000 (1)	781,781	800,000	564,088	0	0 (5)	–	–	2,425,000	1,345,869	3,770,869
2034………	1,675,000	732,281	825,000	536,088	0	0 (5)	–	–	2,500,000	1,268,369	3,768,369
2035………	1,750,000	680,906	855,000	506,181	0	0 (5)	–	–	2,605,000	1,187,088	3,792,088
2036………	1,800,000	627,656	885,000	475,188	0	0 (5)	–	–	2,685,000	1,102,844	3,787,844
2037………	1,850,000	572,906	920,000 (3)	442,000	0	0 (5)	–	–	2,770,000	1,014,906	3,784,906
2038………	1,900,000	515,469	960,000 (3)	405,200	0	0 (5)	–	–	2,860,000	920,669	3,780,669
2039………	1,950,000	455,313	995,000 (3)	366,800	0	0 (5)	–	–	2,945,000	822,113	3,767,113
2040………	2,025,000	393,203	1,035,000 (3)	327,000	0	0 (5)	–	–	3,060,000	720,203	3,780,203
2041………	2,075,000	327,844	1,075,000 (3)	285,600	0	0 (5)	–	–	3,150,000	613,444	3,763,444
2042………	2,150,000	259,188	1,120,000 (4)	242,600	0	0 (5)	–	–	3,270,000	501,788	3,771,788
2043………	2,225,000	188,094	1,165,000 (4)	197,800	0	0 (5)	–	–	3,390,000	385,894	3,775,894
2044………	2,300,000 (2)	114,563	1,210,000 (4)	151,200	0	0 (5)	–	–	3,510,000	265,763	3,775,763
2045………	2,375,000 (2)	38,594	1,260,000 (4)	102,800	0	0 (5)	–	–	3,635,000	141,394	3,776,394
2046………	–	–	1,310,000 (4)	52,400	–	–	–	–	1,310,000	52,400	1,362,400
Totals……..	$ 38,825,000	$ 22,161,432	$ 23,470,000	$ 16,034,869	$ 5,115,000	$ 1,507,075	$ 6,555,000	$ 947,975	$ 73,965,000	$ 40,651,351	$ 114,616,351

(a) These Student Fee Building Bonds are issued on a parity with each other.
(1) Mandatory sinking fund principal amounts from a $3,200,000, 3.00% term bond due December 1, 2032.
(2) Mandatory sinking fund principal amounts from a $4,675,000, 3.25% term bond due December 1, 2044.
(3) Mandatory sinking fund principal amounts from a $4,985,000, 4.00% term bond due June 1, 2041.
(4) Mandatory sinking fund principal amounts from a $6,065,000, 4.00% term bond due June 1, 2046.
(5) Principal and interest was refunded by the 2017 Student Fee Building Bonds.

(Source: Municipal Advisor.)

Other Financial Considerations

As of Fiscal Year 2018, the University had approximately $11.6 million in principal outstanding in notes and capital leases and approximately $29,700 in principal outstanding in equipment contracts payable. Amounts due on bonds, notes and contracts payable in future Fiscal Years 2018 through 2050 (absent the issuance of the 2019 Bonds) may be found in "APPENDIX B—FINANCIAL REPORT OF UTAH STATE UNIVERSITY FOR FISCAL YEAR 2018—Notes to Financial Statements–Note H. Bonds, Notes, Contracts and Other Non–Current Liabilities–Figure H.3." (audit page 37).

Proposed Revenue Debt Of The Board Of Regents And The University

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

Student Fee/Housing Revenue Bonds. The University has authorized but unissued student fee housing revenue bonds in the amount of $1.8 million available for parking purposes. In the future the University may issue may issue Additional Bonds for housing/parking projects as needed under the Resolution. See "SECURITY FOR THE 2019 BONDS—Additional Bonds" above.

Research Revenue Bonds. The University has approximately $52.7 million of unissued research revenue bonds authorized by the Legislature. The University may issue approximately $15 million of research revenue bonds in Fiscal Year 2020 and an additional $37.7 million of research revenue bond in Fiscal Year 2021.

No Defaulted Obligations

The University has never failed to pay principal of and interest on its financial obligations when due. Also see "SECURITY FOR THE 2019 BONDS—No Historical Request For Legislative Appropriation On Higher Education Bonds Or Debt Service Reserve Accounts" above.

FINANCIAL INFORMATION REGARDING UTAH STATE UNIVERSITY

Management's Discussion And Analysis

Economic Outlook. The State continues to be among the top states for growth. The State gained 45,100 jobs between March 2018 and March 2019, an increase of 3% (ranking the State 2nd nationally in job growth. Unemployment rates in the State was 3% in March 2019 while the national unemployment rate was 3.8% (with the State ranking 11th lowest in the nation in unemployment rates). Due in part to expanding State revenues due to growth, the University has received new ongoing and one–time appropriations during the previous legislative sessions, and the forecast for sustained economic growth improves the opportunity for increased legislative funding support for the University going forward.

Enrollment across all the University's campuses and delivery methods remained essentially flat or with some slight increases. For the Fall 2018 semester, increases in online, broadcast, and international sites were combined with small increases across most all the University's campuses. Headcount on the main campus continues to be at just under 18,000 students with overall University headcount enrollment near 29,350. The University expects modest but steady student enrollment growth moving forward.

The University's financial strengths include a diverse source of revenues, including those from the State, student tuition and fees, sponsored research programs, private support, and self–supporting enterprises. These diversified sources of revenue continue to provide financial stability and reduce the impact of potentially difficult future economic times.

Management believes that the University's financial position will continue to enable the University to move forward and accomplish its mission of being one of the nation's premier student–centered, land–grant, and space–grant universities.

Management's Discussion and Analysis of the University's Financial Statements for Fiscal Year 2018. The administration of the University prepared a narrative discussion, overview, and analysis of the financial activities of the University for Fiscal Year 2018. For the complete discussion see "APPENDIX B—FINANCIAL REPORT OF UTAH STATE UNIVERSITY FOR FISCAL YEAR 2018–Management's Discussion and Analysis" (audit page 6). *The Management's Discussion and Analysis for Fiscal Year 2019 is not available. Under State law the University must complete its annual financial report for Fiscal Year 2019 by December 31, 2019.*

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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Utah State University

Statement of Net Position

(This summary has not been audited)

	As of June 30				
	2018	2017	2016	2015	2014
Assets and deferred outflows of resources					
Assets					
Current assets					
Short–term investments	$ 56,002,183	$ 75,861,084	$ 66,658,839	$ 44,041,040	$ 25,505,138
Accounts receivable–net of allowances	53,914,958	46,760,029	44,204,039	42,726,562	43,377,513
Cash and cash equivalents	41,382,130	42,509,138	61,650,546	81,995,711	57,195,235
Accounts receivable from primary government	6,262,470	9,661,498	10,314,196	13,178,082	9,131,120
Prepaid expenses	5,655,856	4,484,268	3,288,613	4,125,275	2,195,104
Inventories	3,697,951	4,076,461	4,051,841	4,197,562	4,871,672
Notes receivable–net of allowances	2,471,057	2,072,945	1,143,771	1,361,874	1,321,185
Credits receivable	182,488	300,666	100,992	572,406	428,481
Total current assets	169,569,093	185,726,089	191,412,837	192,198,512	144,025,448
Noncurrent assets					
Property, plant and equipment–net	911,459,445	857,392,014	810,654,913	709,458,580	681,471,707
Investments	329,033,666	301,768,087	245,466,452	256,876,214	268,105,619
Restricted					
Investments	190,567,485	176,600,456	156,256,963	158,295,245	155,908,344
Cash and cash equivalents	40,709,486	31,766,707	67,383,825	3,134,141	1,707,051
Accounts receivable	11,593,675	20,344,399	18,294,689	25,913,130	28,248,178
Split–interest agreements	1,928,082	–	–	–	–
Short–term investments	1,397,678	3,344,975	2,791,447	2,410,879	1,421,228
Real estate held for resale	385,031	395,551	420,766	445,520	1,917,520
Notes receivable	52,220	55,402	58,621	61,533	64,543
Accounts receivable	15,761,706	17,179,082	19,789,569	13,824,199	17,943,000
Notes receivable	9,364,315	10,355,000	10,682,445	10,337,642	11,192,329
Other noncurrent assets	103,340	120,673	182,578	131,726	221,468
Net pension asset	370	60	3,204	46,288	–
Total noncurrent assets	1,512,356,499	1,419,322,406	1,331,985,472	1,180,935,097	1,168,200,987
Total assets	1,681,925,592	1,605,048,495	1,523,398,309	1,373,133,609	1,312,226,435
Deferred outflows of resources					
Resources related to pensions	20,677,761	20,519,667	18,891,633	5,826,112	–
Unamortized refunding losses on bonds	7,481,148	3,011,896	3,369,686	2,036,600	2,286,574
Total deferred outflows of resources	28,158,909	23,531,563	22,261,319	7,862,712	2,286,574
Total assets and deferred outflows of resources	$ 1,710,084,501	$ 1,628,580,058	$ 1,545,659,628	$ 1,380,996,321	$ 1,314,513,009
Liabilities, deferred inflows of resources and net position					
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities to others	$ 60,577,442	$ 55,750,390	$ 53,262,367	$ 48,413,887	$ 45,017,876
Unearned revenue and deposits	25,282,113	20,835,671	21,749,364	23,246,052	17,795,545
Liability for compensated absences	13,914,114	13,240,783	12,454,124	11,837,156	11,598,822
Bonds, notes, and contracts payable	9,079,809	10,898,187	8,785,321	8,673,131	8,413,390
Accounts payable and accrued liabilities to primary government	6,796,754	8,388,440	15,447,526	16,858,029	6,091,383
Liability for early retirement	5,845,181	5,135,508	5,378,092	4,444,441	5,272,590
Other current liabilities	483,255	458,141	212,830	183,334	180,676
Funds held for others	108,830	76,605	75,868	57,245	1,021,010
Notes payable to primary government	49,472	149,351	139,474	146,557	405,307
Total current liabilities	122,136,970	114,933,076	117,504,966	113,859,832	95,796,599
Noncurrent liabilities					
Bonds, notes, and contracts payable	242,607,683	210,121,802	190,220,367	130,800,695	139,561,435
Net pension liability	35,354,433	49,248,898	48,304,628	37,273,380	–
Liability for early retirement	10,065,438	8,434,243	7,828,047	7,076,988	8,515,026
Liability for compensated absences	5,801,928	5,433,502	5,389,043	5,662,414	5,347,141
Other noncurrent liabilities	1,367,011	1,378,401	1,242,607	1,156,880	1,340,215
Unearned revenue and deposits	698,072	769,062	–	–	–
Notes payable to primary government	197,581	–	149,351	288,825	435,382
Deposit due to primary government	–	465,000	465,000	465,000	465,000
Total noncurrent liabilities	296,092,146	275,850,908	253,599,043	182,724,182	155,664,199
Total liabilities	418,229,116	390,783,984	371,104,009	296,584,014	251,460,798
Deferred inflows of resources					
Resources related to pensions	19,539,272	6,653,065	4,746,402	3,548,725	–
Split–interest agreements	1,928,082	–	–	–	–
Deferred gift revenue	1,006,987	1,703,325	–	–	–
Total deferred inflows of resources	22,474,341	8,356,390	4,746,402	3,548,725	–
Net position					
Invested in capital assets	707,397,179	670,334,903	682,638,200	585,148,796	562,997,550
Restricted					
Expendable					
Research, instruction and public service	203,834,650	189,272,618	168,461,019	177,173,317	172,228,884
Capital projects	22,080,583	43,171,221	31,955,815	57,549,252	61,168,626
Nonexpendable					
Scholarships and fellowships (1)	90,665,839	87,426,844	82,639,798	110,991,067	105,102,003
Instruction	22,668,392	22,391,364	22,200,052	–	–
Other	15,430,996	14,196,439	11,700,163	–	–
Loans	12,879,491	12,956,157	13,048,266	13,163,145	13,119,699
Unrestricted	194,423,914	189,690,138	157,165,904	136,838,005	148,435,449
Total net position	1,269,381,044	1,229,439,684	1,169,809,217	1,080,863,582	1,063,052,211
Total liabilities, deferred inflows of resources and net position	$ 1,710,084,501	$ 1,628,580,058	$ 1,545,659,628	$ 1,380,996,321	$ 1,314,513,009

(1) Includes "Instruction" and "Other" in Fiscal Years 2015 and 2014.

(Source: Compiled from the audited financial statements of the University by Zions Public Finance, Inc.)

Utah State University

Statement of Revenues, Expenses, and Changes in Net Position

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Operating revenues					
Federal contracts and grants	$ 192,980,831	$ 169,095,228	$ 152,432,980	$ 145,282,788	$ 136,412,545
Tuition and fees	145,663,113	142,666,323	128,022,348	120,604,507	109,763,378
Auxiliary enterprises–net of scholarship allowances	51,957,537	50,171,033	49,044,250	46,676,670	44,683,682
Sales and service of education departments	16,564,204	13,425,182	11,921,710	12,516,265	11,692,912
Other operating revenues	14,325,741	20,408,490	18,053,053	15,619,485	16,506,551
Private contracts and grants	13,041,353	15,232,981	15,151,201	14,470,872	16,818,494
State contracts and grants	9,616,088	9,343,135	8,699,685	10,045,701	9,651,278
Conferences and institutes (noncredit)	9,393,781	8,086,966	8,684,006	7,332,858	7,406,687
Federal appropriations	5,000,800	4,563,242	5,010,324	5,132,187	4,357,530
Service departments	1,332,214	1,557,209	1,937,361	2,215,933	2,126,930
Local contracts and grants	1,162,836	1,380,272	2,342,218	2,805,012	2,712,988
Total operating revenues	461,038,498	435,930,061	401,299,136	382,702,278	362,132,975
Operating expenses					
Salaries and wages	327,128,027	308,442,700	292,692,198	278,044,304	269,666,808
Other operating expenses	190,616,131	180,427,652	178,855,343	158,263,562	151,205,039
Employee benefits	124,651,572	110,300,288	99,525,982	95,656,845	100,054,411
Depreciation	48,888,124	45,590,704	43,260,346	41,709,640	41,527,931
Scholarships and fellowships	33,417,025	35,416,632	29,283,293	32,920,131	30,027,362
Actuarial calculated pension expenses	9,019,501	11,642,905	9,937,079	7,098,347	–
Total operating expenses	733,720,380	691,820,881	653,554,241	613,692,829	592,481,551
Operating loss	(272,681,882)	(255,890,820)	(252,255,105)	(230,990,551)	(230,348,576)
Nonoperating revenues (expenses)					
State appropriations	203,257,655	197,437,533	188,063,602	182,193,753	172,237,348
Financial aid grants	44,328,330	38,175,758	39,835,220	40,726,907	39,474,953
Investment income	21,129,366	29,422,923	18,225,629	14,848,005	30,547,478
Private gifts	19,165,660	14,845,508	20,605,485	14,398,439	19,941,174
State grants	9,654,279	7,538,545	10,427,507	8,250,501	9,784,182
State land grant revenues	197,378	137,453	483,909	420,650	454,314
Interest on capital asset related debt	(6,539,164)	(7,468,881)	(5,343,156)	(4,076,093)	(4,214,355)
Other	(11,209,071)	(1,178,612)	(1,992,228)	(3,141,103)	963,733
Net nonoperating revenues	279,984,433	278,910,227	270,305,968	253,621,059	269,188,827
Income before other revenues (expenses)	7,302,551	23,019,407	18,050,863	22,630,508	38,840,251
Other revenues					
Capital appropriations	21,028,230	14,608,885	52,990,082	7,985,988	7,272,764
Capital grants and gifts	7,168,369	14,331,728	13,258,982	19,285,840	18,571,938
Additions to permanent endowments	4,442,210	7,670,447	4,645,708	5,119,710	4,252,115
Total other revenues	32,638,809	36,611,060	70,894,772	32,391,538	30,096,817
Increase in net position	39,941,360	59,630,467	88,945,635	55,022,046	68,937,068
Net position–beginning of year as previously reported	1,229,439,684	1,169,809,217	1,080,863,582	1,063,052,211	1,013,388,321
Prior period adjustment	–	–	–	(37,210,675) (1)	(19,273,178) (2)
Net position–beginning of year (as restated)	1,229,439,684	1,169,809,217	1,080,863,582	1,025,841,536	994,115,143
Net position–end of year	$1,269,381,044	$1,229,439,684	$1,169,809,217	$1,080,863,582	$1,063,052,211

(1) Net adjustment for the Governmental Accounting Standard Board ("GASB") Statement 68 requirement to record the University's share of the unfunded liability associated with participation in a defined benefit pension plan of $38,160,754 and the reclassification of some Agency funds as University funds of $950,079. (Source: The University.)

(2) Includes a write–off of capital assets, recorded in prior years, that were less than the increased capitalization thresholds of $16,315,956; a write–off of funds held by others for prior years of $1,902,675; and a GASB Statement 65 write–off of debt issuance costs previously recorded as deferred outflows of resources of $1,054,547. (Source: The University.)

(Source: Compiled from the audited financial statements of the University by Zions Public Finance, Inc.)

Additional Financial Information Regarding The University

See "APPENDIX B—FINANCIAL REPORT OF UTAH STATE UNIVERSITY FOR FISCAL YEAR 2018" below for additional financial information regarding the University.

LEGAL MATTERS

Absence Of Litigation Concerning The 2019 Bonds

There is no litigation pending or threatened against the Board of Regents or the University questioning or in any matter relating to or affecting the validity of the 2019 Bonds.

On the date of the execution and delivery of the 2019 Bonds, certificates will be delivered by the Board of Regents and the University to the effect that, to the best knowledge of the Board of Regents and the University, respectively, there is no action, suit, proceeding or litigation pending or threatened against the Board of Regents and the University, which in any way materially questions or affects the validity or enforceability of the 2019 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the Board of Regents or the University, respectively.

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

Miscellaneous Legal Matters

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

See "APPENDIX B—FINANCIAL REPORT OF UTAH STATE UNIVERSITY FOR FISCAL YEAR 2018—Notes to Financial Statements–Note M. Risk Management–Contingencies" (audit page 45).

Based on discussions with representatives of the Board of Regents and the University, the Attorney General is of the opinion that the miscellaneous legal proceedings against the Board of Regents and the University, individually or in the aggregate, are not likely to have a materially adverse impact on the Board of Regents' and the University's ability to make its payments of the principal of and interest on the 2019 Bonds as those payments come due.

General

The authorization and issuance of the 2019 Bonds are subject to the approval of the 2019 Bonds by Gilmore & Bell, P.C., Bond Counsel to the Board of Regents in connection with the issuance of the 2019 Bonds. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the Board of Regents and the University by Gilmore & Bell, P.C., Disclosure Counsel to the Board of Regents. Certain legal matters will be passed on for the Board of Regents and the University by the Attorney General of the State. The approving opinion of Bond Counsel will be delivered with the 2019 Bonds. See "APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL".

The various legal opinions to be delivered concurrently with the delivery of the 2019 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

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the 2019 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the 2019 Bonds as a capital asset, tax–exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the 2019 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the 2019 Bonds.

Opinion Of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Board of Regents, under the law currently existing as of the issue date of the 2019 Bonds:

Federal Tax Exemption. The interest on the 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the 2019 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bond Counsel's opinions are provided as of the date of the original issue of the 2019 Bonds, subject to the condition that the Board of Regents and the University comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the 2019 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board of Regents and the University have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2019 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2019 Bonds.

State of Utah Tax Exemption. The interest on the 2019 Bonds is exempt from State of Utah individual income taxes.

Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the 2019 Bonds but has reviewed the discussion under this heading "TAX MATTERS".

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a 2019 Bond over its issue price. The issue price of a 2019 Bond is generally the first price at which a substantial amount of the 2019 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax–exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a 2019 Bond during any accrual period generally equals (1) the issue price of that 2019 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that 2019 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that 2019 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that 2019 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a 2019 Bond over its stated redemption price at maturity. The issue price of a 2019 Bond is generally the first price at which a substantial amount of the 2019 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax–exempt bonds amortizes over the term of the 2019 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the 2019 Bond and the amount of tax–exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the 2019 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a 2019 Bond, an owner of the 2019 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the 2019 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the 2019 Bond. To the extent a 2019 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long–term capital gain or loss if the 2019 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the 2019 Bonds, and to the proceeds paid on the sale of the 2019 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the 2019 Bonds should be aware that ownership of the 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2019 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of 2019 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the 2019 Bonds, including the possible application of state, local, foreign and other tax laws.

MISCELLANEOUS

Bond Ratings

As of the date of this OFFICIAL STATEMENT, the 2019 Bonds are expected to be rated "AA" (stable outlook) by S&P, with the understanding that upon delivery of the 2019 Bonds, a policy guaranteeing the payment when due of the principal of and interest on the 2019 Bonds will be issued by BAM. See "BOND INSURANCE" above.

S&P has assigned its underlying municipal bond rating of "AA" to the 2019 Bonds. An explanation of the rating may be obtained from S&P. The Board of Regents has not directly applied to Fitch Ratings, Inc. or Moody's for a rating on the 2019 Bonds.

Such rating does not constitute a recommendation by the rating agency to buy, sell or hold the 2019 Bonds. Such rating reflects only the views of S&P and any desired explanation of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the rating given the 2019 Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change or withdrawal of such rating may have an adverse effect on the market price of the 2019 Bonds.

Trustee

The obligations and duties of the Trustee are described in the Resolution and the Trustee has undertaken only those obligations and duties that are expressly set out in the Resolution. The Trustee has not independently passed upon the validity of the 2019 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the exclusion from gross income for federal tax purposes of the interest on the 2019 Bonds. The Trustee may resign or be removed or replaced as provided in the Resolution. The University has appointed U.S. Bank as the Successor Trustee to the original Trustee under the Resolution. The Trustee is not required to take any action with respect to any Event of Default (as defined in the Resolution) or otherwise unless indemnified to its satisfaction. See "APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION–PROVISIONS FROM MASTER RESOLUTION–Events of Default" (page A–25) and "–Rights and Remedies of Bondowners and Contracting Parties" (page A–27).

Municipal Advisor

The Board of Regents and the University have entered into an agreement with the Municipal Advisor where under the Municipal Advisor provides financial recommendations and guidance to the Board of Regents and the University with respect to preparation for sale of the 2019 Bonds, timing of sale, bond market conditions, costs of issuance and other factors related to the sale of the 2019 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the Board of Regents and the University, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

Independent Auditors

The financial statements of the University as of June 30, 2018 and for the year then ended, included in "APPENDIX B—FINANCIAL REPORT OF UTAH STATE UNIVERSITY FOR FISCAL YEAR 2018" to this OFFICIAL STATEMENT, have been audited by the office of the Utah State Auditor, as stated in its report thereon (audit page 4). The Board of Regents or the University has neither requested nor has been obligated to obtain the consent of the State Auditor to include its report in this OFFICIAL STATEMENT and therefore the State Auditor has not performed any procedures with respect to such financial statements subsequent to the date of its report.

Additional Information

All quotations contained herein from and summaries and explanations of the State Constitution, statutes, programs, laws of the State, court decisions and the Resolution, do not purport to be complete, and reference is made to said State Constitution, statutes, programs, laws, court decisions and the Resolution 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 PRELIMINARY OFFICIAL STATEMENT is in a form deemed final for purposes of paragraph (b)(1) of Rule 15c2–12 of the Securities and Exchange Commission.

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

State Board of Regents of the State of Utah

Utah State University

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APPENDIX A
SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following summary is a brief outline of certain provisions and definitions contained in the Resolution and are not to be considered as a full statement thereof. Reference is made to the Resolution for full details of all the terms of the 2019 Bonds and the security provisions appertaining thereto.

DEFINITIONS

Unless the context otherwise requires the terms defined below, for all purposes of the Resolution and of any certificate, opinion or other document mentioned in the Resolution, have the meanings specified in the Resolution.

"Accountant's Certificate" means a certificate signed by an independent public accountant.

"Accrued Aggregate Debt Service" means, as of any date of calculation, the sum of the amounts of Accrued Debt Service with respect to all Series of Bonds, all Contracts and all Security Instrument Repayment Obligations.

"Accrued Debt Service" means, as of any date of calculation, the amount of Debt Service that has accrued with respect to any Series of Bonds, any Contract and any related Security Instrument Repayment Obligation, calculating the Debt Service that has accrued with respect to each Series of Bonds (other than Pledged Bonds), each Contract and each related Security Instrument Repayment Obligation as an amount equal to the sum of (a) the interest on the Bonds of such Series, such Contract and such related Security Instrument Repayment Obligation that has accrued and is unpaid and that will have accrued up to and including the day next preceding an interest payment date for such Bonds, Contract and Security Instrument Repayment Obligation, and (b) the Principal Installment for the Bonds of such Series, such Contract and such related Security Instrument Repayment Obligation that is due and payable on the next succeeding Principal Installment payment date.

"Act" means, collectively, Chapter 21 of Title 53B of the Utah Code, the Utah Refunding Bond Act, Chapter 27 of Title 11 of the Utah Code, the Utah Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code, Chapter 31 of Title 11 of the Utah Code, the Utah Public Finance Act, and such other provisions of State law as may be applicable to the issuance of revenue bonds of the Board on behalf of the University and all laws amendatory thereof or supplemental thereto.

"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 all Series of Bonds Outstanding, all Contracts Outstanding and all Repayment Obligations Outstanding for such period.

"Authorized Officer" means the Chairman of the Board, the President of the University, the Chief Financial Officer or his designee and any other person authorized by resolution of the Board to perform the act or sign the document in question.

"Average Aggregate Debt Service" means, as of any date of calculation, the quotient obtained by dividing (a) the sum of (i) the Aggregate Debt Service on all Series of Bonds Outstanding, (ii) the Aggregate Debt Service on all Contracts Outstanding plus (iii) the Aggregate Debt Service on all Repayment Obligations Outstanding, in each case as computed for each Fiscal Year during which any such Bonds, Contracts or Repayment Obligations are Outstanding by (b) the number of such Fiscal Years.

"Average Debt Service" means, with respect to any Series of Bonds, any Contract and any related Security Instrument Repayment Obligation, the quotient obtained by dividing (a) the sum of the amounts of Debt Service on such Series of Bonds, Contract or Repayment Obligation for each Fiscal Year during which such Series of Bonds, Contract or Repayment Obligation is Outstanding, by (b) the number of such Fiscal Years.

"Board" means the State Board of Regents of the State of Utah, or such Board's legal successor, as the governing authority or body of the University.

"Bondowner," "Owner of Bonds," "Owner," "Bondholder," "Holder of Bonds" or "Holder" or any similar term, means any person who shall be the registered owner of any Bond or Bonds.

"Bond Payments" means any amount payable from time to time as Principal Installments, Redemption Price or Purchase Price of and interest on Bonds.

"Bonds" means the bonds, notes or other obligations (other than Repayment Obligations and Contracts) authorized by and at any time Outstanding pursuant to the Resolution.

"Business Day" means a day of the year that is not a Saturday, Sunday or legal holiday in the State or other day on which the Trustee, any Security Instrument Issuer or any Reserve Instrument Issuer is authorized or permitted to close.

"Chief Financial Officer" means the person designated from time to time by the President of the University to perform the function of Chief Financial Officer of the University for the purposes of the Resolution. Initially, the title of such official designated to perform such duties and functions is that of Vice President for Administrative Affairs.

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time. Each reference in the Resolution to a section of the Code shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section that are applicable to the Bonds or the use of the proceeds thereof.

"Completion Date" means the date of substantial completion of the construction of a Project as that date shall be certified as described in paragraph (j) under section "Construction Fund" below.

"Construction Bonds" means all Bonds, whether issued in one or more Series, authenticated and delivered for the purpose of paying or providing for the payment of all or a portion of the Cost of Construction of a Project and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor.

"Construction Fund" means the Fund established with the Trustee pursuant to the Resolution, to be known as the "Utah State University Housing System Construction Fund."

"Contract" means any loan, agreement, lease or other contract (other than Bonds, Reserve Instrument Agreements and Security Instrument Agreements) entered into by the Board or the University pursuant to the Act by Supplemental Resolution the payment on which is secured by the Revenues on a parity with any Bonds Outstanding under the Resolution.

"Contracting Party" means any party contracting with the Board or the University in a Contract.

"Cost of Construction" means the costs of the University properly attributable to the financing, acquisition, design, construction, improvement, remodeling, addition to, extension, equipping and furnishing of the Student Housing System, as identified for a particular Project, and all expenses preliminary and incidental thereto incurred by the University in connection therewith and in the issuance of the Bonds, including all engineering, fiscal and legal expenses and costs of issuance, printing and advertising, for which funds may be disbursed from the Construction Fund and the establishment of necessary reserves and payment of interest during construction, including, but not limited to:

(a) payment of the costs of acquiring, purchasing, constructing, improving, remodeling, adding to, extending, equipping and furnishing a Project, including the acquisition of all necessary land;

(b) payment of the initial or acceptance fee of the Trustee;

(c) 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 Cost of Construction, but only to the extent that any such reimbursement shall not adversely affect the excludability of interest on the Bonds (if applicable) from gross income of the owners thereof for federal income tax purposes;

(d) costs to obtain any insurance policy or policies or surety bonds with respect to a Project during the acquisition, design, construction, remodeling, addition to, extension, equipping and furnishing of such Project;

(e) amounts payable to contractors and costs incident to the award of contracts on a Project;

(f) cost of labor, facilities and services furnished for the Project by the University and its employees;

(g) engineering, architectural, legal, planning, underwriting, accounting and other professional and advisory fees;

(h) payment of audit fees and all expenses for maintenance of construction records required to be kept with respect to a Project;

(i) payment of the costs of any necessary litigation and the obtaining of all necessary permits, licenses and rulings;

(j) payment of the costs of issuance of the Bonds, including, but not limited to, legal, accounting, fiscal agent and underwriting fees and expenses, payments and fees due under any agreement pursuant to which any

Series of Bonds is sold, bond insurance premiums, bond discount, printing and engraving costs and fees of rating agencies, incurred in connection with the authorization, sale and issuance of the Bonds and preparation of the Resolution and any Supplemental Resolution pursuant to which the Bonds will be issued and fees, charges or other amounts coming due under any Security Instrument or Reserve Instrument;

(k) the amount, if any, to be deposited into the Construction Fund representing interest on the Bonds estimated to fall due during the period of construction of a Project and for not more than 12 months thereafter;

(l) the amount, if any, to be deposited into the Debt Service Reserve Account pursuant to the Supplemental Resolution authorizing a particular Series of Bonds or Contract;

(m) the amount, if any, to be deposited into the Renewal and Replacement Reserve Fund pursuant to the Supplemental Resolution authorizing a particular Series of Bonds or Contract; and

(n) payment of any other costs and expenses relating to a Project, including, but not limited to, Security Instrument Costs. Reserve Instrument Costs and fees and expenses of the Trustee during the acquisition, purchase. construction. improvement, remodeling, addition to, extension, equipping and furnishing of a Project. "Cross–over Dare" 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 refunded by Cross–over Refunding Bonds.

"Cross–over Refunding Bonds" means Bonds issued for the purpose of refunding Bonds if the proceeds of such Cross–over Refunding Bonds are irrevocably deposited in escrow in satisfaction of the requirements of Section 11–27–3 of the 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.

"Debt Service" means, for any particular Fiscal Year and for any Series of Bonds, Contract and Repayment Obligation, an amount equal to the sum of (a) all interest (net of any interest subsidy with respect to Bonds paid or payable to or for the account of the University by any governmental body or agency other than the University) payable during such Fiscal Year on such Series of Bonds (other than Pledged Bonds), Contract or Repayment Obligation Outstanding, plus (b) the Principal Installment or Installments during such Fiscal Year on (i) such Bonds or Contract Outstanding, calculated on the assumption that Bonds and Contracts 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 Resolution, and (ii) any Repayment Obligations; provided, however, that for any Series of Variable Rate Bonds or related Repayment Obligations, 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 twenty–four month period (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, 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, at a rate certified by a qualified financial advisor selected by the University for this purpose, to be the rate of interest such Series of Variable Rate Bonds or related Repayment Obligations would bear if issued in the same amount, with the same maturity or maturities and with the same security, but bearing interest at a fixed rate; provided, however, that there shall be excluded from "Debt Service" (x) interest on Bonds (whether Cross–over Refunding Bonds or Cross–over Refunded Bonds) to the extent that Escrowed Interest is available to pay such interest, (y) principal of 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 of the 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 (z) pre–funded Debt Service deposited into a Project Amount.

"Debt Service Account" means the Account in the Principal and Interest Fund by that name established pursuant to the Resolution.

"Debt Service Reserve Account" means the Account in the Principal and Interest Fund by that name established pursuant to the Resolution.

"Debt Service Reserve Requirement" means, with respect to any Series of Bonds or any Contract for which a Series Subaccount has been established in the Debt Service Reserve Account corresponding to such Series of Bonds or Contract, as the case may be, the amount specified in the Supplemental Resolution establishing such Series Sub-account.

"Depositary" means any bank or trust company, including the Trustee, selected by the Chief Financial Officer and satisfactory to the Trustee as a depositary of moneys and securities held under the provisions of the Resolution.

"Escrowed Interest" means amounts irrevocably deposited in escrow in accordance with the requirements of Section 11–27–3 of the Utah Code and earnings on such amounts that are required to be applied to pay interest on Bonds.

"Estimated Completion Date" means the estimated date upon which a Project will have been substantially completed in accordance with the plans and specifications applicable thereto.

"Estimated Net Revenues" means, for any Fiscal Year, the estimated Revenues for such Fiscal Year less the estimated Operation and Maintenance Expenses for such Fiscal Year, based upon estimates prepared by the Chief Financial Officer. In computing Estimated Net Revenues for a given Fiscal Year, historical Revenues may be adjusted by the Chief Financial Officer to include not more than the Revenues estimated to be available in such Fiscal Year from: (a) any fee increase that has been or will be in effect prior to the delivery of a Series of Bonds or the execution of a Contract in connection with which an estimate is made; and (b) to the extent that the same are to be occupied and used during such Fiscal Year, any additions, improvements or extensions to the Student Housing System to be purchased, acquired or constructed in whole or in part during such Fiscal Year with the proceeds of a Series of Bonds, pursuant to a Contract or from other sources using the schedule of rates and charges for such facilities to be used upon completion of construction of such facilities. Such calculations shall exclude any Revenues derived from over–occupancy, if any, in relation to designed capacity of existing facilities of the Student Housing System and shall assume for all purposes a future utilization or occupancy rate equal to the average utilization or occupancy rate of the portion of the Student Housing System consisting of student housing over the most recent past three Fiscal Years. In such calculations the historical Operation and Maintenance Expenses shall also be adjusted by the Chief Financial Officer to reflect any anticipated increases or decreases in Operation and Maintenance Expenses, whether as a result of the purchase, acquisition or construction of a Project or otherwise.

"Fiduciary" or "Fiduciaries" means a Depositary, the Trustee, the Paying Agent or any or all of them, as may be appropriate.

"Financial Newspaper or Journal" means The Wall Street Journal or The Bond Buyer or any other newspaper or journal printed in the English language and customarily published on each Business Day devoted to financial news and selected by the Trustee, whose decision shall be final.

"Fiscal Year" means the annual accounting period of the University as from time to time in effect, initially a period commencing on July I of each calendar year and ending on the next succeeding June 30.

"Fund" means any of the funds established pursuant to the Resolution.

"Investment Securities" means any of the following securities, if and to the extent that the same are at the time legal for investment of the Board's or the University's funds:

(a) 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 principal of and Interest on which are unconditionally guaranteed by the United States of America;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export–Import Bank ("Eximbank"); Direct obligations or fully guaranteed certificates of beneficial ownership

2. Farmers Home Administration ("FmHA"); Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures ("FHA ")

5. General Services Administration; Participation certificates

6. Government National Mortgage Association ("GNMA" or "Ginnie Mae"); GNMA–guaranteed mortgage–backed bonds; GNMA– guaranteed pass–through obligations

7. U.S. Maritime Administration; Guaranteed Title XI financing

8. U.S. Department of Housing and Urban Development ("HUD"); Project Notes; Local Authority Bonds New Communities Debentures–U.S. government guaranteed debentures

U.S. Public Housing Notes and Bonds–U.S. government guaranteed public housing notes and bonds;

(c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non–full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System; Senior debt obligations
2. Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac'); Participation Certificates Senior debt obligations
3. Federal National Mortgage Association ("FNMA" or "Fannie Mae"); Mortgaged–backed securities and senior debt obligations
4. Student Loan Marketing Association ("SLMA" or "Sallie Mae"); Senior debt obligations
5. Resolution Funding Corp. ("REFCORP") obligations
6. Farm Credit System; Consolidated system wide bonds and notes;

(d) money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by S&P of "AAAm–G," "AAAm" or "AAm";

(e) certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the Bondholders must have a perfected first security interest in the collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits that are fully insured by the Federal Deposit Insurance Corporation;

(g) investment agreements, including guaranteed investment contracts, acceptable to the Security Instrument Issuer;

(h) commercial paper rated, at the time of purchase, "Prime–1" by Moody's and "A–1" or better by S&P;

(i) bonds or notes issued by any state or municipality that are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(j) federal funds or bankers acceptances with a maximum term of one year of any bank that has an unsecured, uninsured and unguaranteed obligation rating of "Prime–1" or "A3" or better by Moody's and "A–1" or "A" or better by S&P;

(k) repurchase agreements that satisfy the following criteria or are approved by the Security Instrument Issuer:

1. repurchase agreements must be entered into between the University and a dealer bank or securities firm

   a. Primary dealers on the Federal Reserve reporting dealer list that are rated A or better by S&P and Moody's or

   b. Banks rated "A" or above by S&P and Moody's.

2. the written repurchase agreement must include the following:

   a. Securities which are acceptable for transfer are:

      (1) Direct U.S. governments or

      (2) Federal agencies backed by the full faith and credit of the US, government (and FNMA and FHLMC)

   b. The term of the repurchase agreement may be up to 30 days

   c. The collateral must be delivered to the University, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

d. Valuation of Collateral

(1) The securities must be valued weekly, marked–to–market at current market price plus accrued interest

(2) The value of collateral must be equal to 104% of the amount of cash transferred by the University to the dealer bank or security firm under the repurchase agreement plus accrued interest, If the value of securities held as collateral slips below 104% of the value of the cash transferred by the University, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

(3) Legal opinion must be delivered to the University:

The repurchase agreement must meet guidelines under State law for legal investment of public funds;

(l) investments in the Utah State Treasurer's investment pool; and

(m) any other investment that may be approved from time to time by the Security Instrument Issuer.

"Land Grant Income" means the revenues and income derived from the Land Grants described in Section 7 of Article X of the Constitution of Utah and in the Act of July 16, 1894, ch. 138, 28 Stat. 109, adopted by the Congress of the United States of America.

"Net Revenues" means, for any period, the Revenues during such period less amounts used or applied to pay the Operation and Maintenance Expenses during such period.

"Operation and Maintenance Expenses" means all actual operation and maintenance expenses related to the Student Housing System incurred in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, including amounts reasonably required to be set aside in reserves for items of Operation and Maintenance Expenses, the payment of which is not then immediately required. Such Operation and Maintenance Expenses include, but are not limited to, amounts paid by the University for the following: (a) ordinary repairs, renewals and replacements of the Student Housing System; (b) salaries and wages and employees' health, hospitalization, pension and retirement expenses; (c) fees for services, materials and supplies (including the cost of food, beverages and merchandise) used or provided in connection with the Student Housing System; (d) rents. administrative and general expenses; (e) insurance expenses; (f) Security Instrument Costs and Reserve Instrument Costs; (g) Trustee. Paying Agent, legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting and technical services; (h) fees and charges of financial, banking or other institutions for letters of credit, standby credit facilities. reimbursement agreements and remarketing. indexing and tender agent agreements to secure or provide liquidity with respect to any Series of Bonds; (i) training of personnel; (j) taxes, payments in lieu of taxes and other governmental charges imposed by governmental entities other than the Board or the University; (k) utility costs; and (l) any other current expenses or obligations required to be paid under the provisions of the Resolution or by law, all to the extent properly allocable to the Student Housing System, and the fees and expenses of the Fiduciaries.

Such Operation and Maintenance Expenses do not include depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the University or the Board on behalf of the University, including Repayment Obligations and costs or charges made therefor, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the Student Housing System.

"Outstanding" means, as of any date of calculation, (a) with respect to Bonds, all Bonds that have been duly authenticated and delivered by the Trustee except: (i) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation; (ii) Bonds that have been paid or deemed to have been paid as described under section "Discharge of Indebtedness" below; (iii) Bonds in exchange for or in lieu of which other Bonds have been authenticated or delivered; and (iv) Bonds owned or held by or for the account of the Board or the University to the extent described under section "Disqualified Bonds" below; (b) with respect to Contracts, each Contract that has been duly executed and delivered by the University, except for any Contract that has been paid or deemed to have been paid as described under section "Discharge of Indebtedness;" and (c) with respect to Repayment Obligations, any such Repayment Obligation that has been incurred and is unpaid.

"Paying Agent" means any bank or trust company designated as paying agent for the Bonds of any Series, and such agent's successor or successors appointed in the manner provided in the Resolution. As to any Contract, "Paying Agent" means the person or firm designated by the Contracting Party as provided under the terms of the Contract to receive payments of installments due under the Contract.

"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.

"Principal and Interest Fund" means the Fund by that name established pursuant to the Resolution.

"Principal Installment" means, as of any date of calculation, (a) with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the definition of "Sinking Fund Installment") 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, that 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 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 premium, if any, (b) with respect to any Repayment Obligation, the principal amount of such Repayment Obligation due on a certain future date, and (c) with respect to any Contract, an installment payable under the Contract due on a certain future date.

"Project" means facilities for the housing and boarding of students in attendance at the University, including administrative offices for student related services and such facilities normally contained within similar buildings on college and university campuses. together with all related appurtenant facilities, furnishings and equipment, and all other improvements, extensions and additions to the Student Housing System if and to the extent that such facilities shall be designated by the Board as a Project in a Supplemental Resolution authorizing the issuance of the initial Series of Construction Bonds or the Contract for such Project.

"Project Account" means, with respect to each Project, the separate account for such Project in the Construction Fund.

"Refunding Bonds" means all Bonds, whether issued in one or more Series, authenticated and delivered as described under section "Special Provisions for the Issuance of the Refunding Bonds" below, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefore.

"Renewal and Replacement Reserve Fund" means the Fund by that name established pursuant to the Resolution.

"Renewal and Replacement Reserve Fund Requirement" means the amount required to be on deposit in the Renewal and Replacement Reserve Fund, which shall be an amount equal to not less than (a) Five Hundred Thousand Dollars ($500,000) or (b) such greater amount as may be required from time to time by a Supplemental Resolution.

"Repayment Obligations" means, collectively, all Outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations.

"Reserve Instrument" means a device or instrument (other than a Security Instrument) issued by a Reserve Instrument Issuer to satisfy all or any portion of the Debt Service Reserve Requirement with respect to one or more Series of Bonds or Contracts; provided, however, that if a condition to issuance of a Reserve Instrument is to require that only certain instruments qualify as Reserve Instruments for purposes of the Resolution then the term "Reserve Instrument" shall include only such instruments that qualify as Reserve Instruments so long as such requirement is in effect and shall be stated in the Supplemental Resolution relating to the Series of Bonds or Contracts for which the limitation is a condition to issuance of the related Reserve Instrument. Subject to the foregoing provision, the term "Reserve Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit, surety bonds, and other security instruments and other devices; provided that, if the Outstanding Bonds or Contract are rated by a rating agency, "Reserve Instrument" shall be deemed to refer only to a reserve instrument that is issued by a Reserve Instrument Issuer whose general unsecured, unenhanced debt obligations are rated by such rating agency in a category at least as favorable as the rating on such Bonds or Contract.

"Reserve Instrument Agreement" means any agreement entered into by the University and a Reserve Instrument Issuer pursuant to a Supplemental Resolution and providing for the issuance by such Reserve Instrument Issuer 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 Issuer 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, with respect to each Reserve Instrument and as of any date of calculation, the amount available to be paid to the Trustee as described in paragraph (b) under section "Principal and Interest Fund–Debt Service Reserve Account" under each Reserve Instrument.

"Reserve Instrument Issuer" means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company or other institution that issues a Reserve Instrument.

"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 Account, 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 Bonds at maturity or upon redemption or purchase thereof.

"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 University under such Reserve Instrument Agreement to repay the Reserve Instrument Issuer for payments previously or concurrently made by the Reserve Instrument Issuer pursuant to a Reserve Instrument. The Reserve Instrument Repayment Obligations shall be paid by the University from amounts on deposit in the appropriate Series Subaccount in the Debt Service Reserve Account in the Principal and Interest Fund. There shall not be included in the calculation of the amount of Reserve Instrument Repayment Obligations any Reserve Instrument Costs. Each Reserve Instrument Agreement and the Supplemental Resolution authorizing the execution and delivery of such Reserve Instrument Agreement shall specify the amounts payable under it that, when Outstanding, shall constitute Reserve Instrument Repayment Obligations.

"Revenue Fund" means the Fund established with the University pursuant to the Resolution, to be known as the "Utah State University Student Fee and Housing System Revenue Fund."

"Revenues" means (a) rentals, charges, fees, income and other revenues to be derived from the ownership and operation of the Student Housing System; (b) all Student Building Fees levied for the Student Housing System; (c) all Land Grant Income; (d) all net income derived from the operation of concessions, vending and the University's central meat services, Lundstrom Depot and the rental houses owned by the University that are known as the University Homes; and (e) all earnings on all funds and accounts held by the Trustee under the Resolution (excluding the Construction Fund, any escrow account established for the purpose of refunding any Bonds or Contracts and any rebate fund created with respect to any Bonds or Contracts). Revenues shall not include: (i) proceeds received on insurance resulting from casualty damage to assets of the Student Housing System; (ii) the proceeds of sale of Bonds or Contracts issued or executed for Student Housing System purposes; (iii) moneys received under any Security Instrument or any Reserve Instrument; (iv) appropriations by the Legislature and (v) any revenues of the University not specifically identified in this definition.

"Security Instrument" means a device or instrument (other than a Reserve Instrument) issued by a Security Instrument Issuer to pay, or to provide security or liquidity for the payment of, Bond Payments. 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.

"Security Instrument Agreement" means any agreement entered into by the University and a Security Instrument Issuer pursuant to a Supplemental Resolution and providing for the issuance by such Security Instrument Issuer of a Security Instrument.

"Security Instrument Costs" means 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. Each Security Instrument Agreement shall specify the fees, premiums, expenses and costs constituting Security Instrument Costs.

"Security Instrument Issuer" means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company. surety company or other institution that issues a Security Instrument.

"Security Instrument Repayment Obligations" means, as of any date of calculation and with respect to any Security Instrument Agreement, those outstanding amounts payable by the University under such Security Instrument Agreement to repay the Security Instrument Issuer for payments previously or concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. The Security Instrument Repayment Obligations shall be paid by the University from amounts on deposit in the appropriate Series Subaccount in the Debt Service Account in the

Principal and Interest Fund. There shall not be included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs. Each Security Instrument Agreement and the Supplemental Resolution authorizing the execution and delivery of such Security Instrument Agreement shall specify the amounts payable under it that, when Outstanding, shall constitute Security Instrument Repayment Obligations.

"Series" means all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor.

"Series Subaccount" means the separate Subaccount created for each Series of Bonds in the Debt Service Account or in the Debt Service Reserve Account, as appropriate.

"Sinking Fund Installment" means an amount so designated that is established pursuant to a Supplemental Resolution authorizing a particular Series of Bonds or Contract. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited 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.

"Student Building Fees" means the student building fees that the University has heretofore imposed and will hereafter impose on, and collect from, each regular on–campus student in attendance at the University for the use and availability of certain of the facilities and buildings of the Student Housing 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 Resolution.

"Student Housing System" means (a) the Living Learning Community comprised of six building; (b) the Mountain View Tower (which may be removed from the Student Housing System upon its replacement as part of the 2019 Project), Central Suites (replaced the Valley View Tower as part of the 2015 Project), and Richards Hall; (c) the Blue Square comprised of three apartment buildings; (d) the seven apartment buildings known as the Student Living Center comprised of the Jones Hall, Morgan Hall, Rich Hall, San Juan Hall, Summit Hall, Snow Hall and Wasatch Hall; (e) the apartment style facilities comprised of Merrill Hall, Bullen Hall, Moen Hall, Greaves Hall, and Reeder Hall; (f) the three Darwin Avenue Apartment buildings and the Old Main Hill West apartment building; (g) the apartment housing comprised of the 39 buildings known as Aggie Village, the six buildings known as West Stadium Villa, and the 10 buildings known as the Townhouses; (h) all parking services, including the Big Blue Terrace, the Aggie Terrace, and the other parking areas; (i) the Taggart Student Center, including, but not limited to, the dining services operations therein known as Quick Stop, The HUB, Aggie Marketplace, and the Campus Store; (j) the dining operation facilities known as The Junction; and (k) all other facilities financed as projects under the Resolution (but excluding facilities replaced as part of the projects financed under the Resolution) together, in each instance, with all appurtenances and properties, real, personal and mixed, of every nature used or useful in connection with any of the above–described buildings and facilities while any of the Bonds authorized under the Resolution remain outstanding.

"Supplemental Resolution" means any resolution in full force and effect that has been duly adopted by the Board under the Act, but only if and to the extent that such Supplemental Resolution is adopted in accordance with the provisions of the Resolution.

"Utah Code" means the 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 that is not susceptible of a precise determination.

"Year" means any period of 12 consecutive months.

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PROVISIONS FROM MASTER RESOLUTION

General Provisions for the Issuance of Bonds

Whenever the Board shall determine to issue any Series of Bonds pursuant to the Master Resolution, the Board shall adopt a Supplemental Resolution specifying certain information required by the Master Resolution.

Special Provisions for the Issuance of Construction Bonds

(a) One or more Series of Construction Bonds payable on a parity with all Outstanding Bonds may be authenticated and delivered upon original issuance from time to time in such principal amount for each such Series as may be determined by the Board for the purpose of paying or providing for the payment of all or a portion of the Cost of Construction of a Project. Each such Series shall be in such principal amount that, when taken together with funds previously used or to be provided for such Project, will provide the University with funds not in excess of the estimated Cost of Construction of such Project, as set forth in the certificate of the Chief Financial Officer furnished as described in subparagraph (c)(i) below.

(b) Each Supplemental Resolution authorizing the issuance of a Series of Construction Bonds: (i) shall specify the Project for which the proceeds of such Series of Construction Bonds will be applied; (ii) shall provide a schedule of Principal Installments for such Series of Construction Bonds; and (iii) may require the University to deposit a specified amount of money from the proceeds of the sale of such Series of Construction Bonds into a Project Account in the Construction Fund to pay when due all or a portion of the interest on such Series of Construction Bonds accrued and to accrue to the Estimated Completion Date set forth in the certificate of the Chief Financial Officer delivered with respect to such Series of Construction Bonds as described in subparagraph (c) (i) below, plus not to exceed 12 months.

(c) Each Series of Construction Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to other documents required by the Resolution) of the following documents, all dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(i) a certificate of the Chief Financial Officer setting forth the then Estimated Completion Date and the then estimated Cost of Construction of the Project being financed by such Series of Construction Bonds;

(ii) a written certificate of the University to the effect that, upon the authentication and delivery of the Bonds of such Series, the Board and the University will not be in default in the performance of any of the covenants, conditions, agreements. terms or provisions of the Resolution or of any of the Bonds, Contracts, Reserve Instrument Agreements or Security Instrument Agreements; and

(iii) a written certificate of the University that the Project under the Supplemental Resolution is to be made a part of the Student Housing System for all purposes of the Resolution, including the addition of the income, revenues and fees thereof to the Revenues derived from the remainder of the Student Housing System for purposes of the Resolution.

(d) Each Series of Construction Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to other documents required by the Resolution) of the following documents, all dated as of the date of such delivery (unless the Trustee shall accept any of such documents bearing a prior date):

(i) an Accountant's Certificate setting forth (A) for any Year within the 24 calendar months next preceding the authentication and delivery of such Series of Bonds, the Net Revenues for such period, and (B) the Aggregate Debt Service during the Year so selected with respect to all Series of Bonds, Contracts and Repayment Obligations that were then Outstanding; and showing that such Net Revenues were at least equal to 110 times such Aggregate Debt Service for such period;

(ii) a certificate of the Chief Financial Officer setting forth the Estimated Net Revenues either: (A) if the Supplemental Resolution authorizing the Series of Bonds being issued contains the requirement (relating to the funding of interest during construction) referred to in clause (iii) of paragraph (b) above, for each of the three Fiscal Years succeeding the then Estimated Completion Date of the Project, or (B) if the conditions specified in clause (A) shall not be the case, for the then current Fiscal Year and each succeeding Fiscal Year to and including the third Fiscal Year succeeding the then Estimated Completion Date of the Project; and

(iii) a written certificate of the University showing the Average Aggregate Debt Service with respect to all Series of Bonds and all Contracts to be Outstanding calculated for each of the Fiscal Years set forth in the certificate of the Chief Financial Officer delivered pursuant to clause (ii) of this paragraph (d) and showing that the Estimated Net Revenues are not less than 1.10 times the Average Aggregate Debt Service calculated for each of such Fiscal Years with respect to all Series of Bonds and all Contracts to be Outstanding and the Repayment

Obligations that are anticipated to be Outstanding immediately after the authentication and delivery of such Series of Construction Bonds being issued.

(e) The proceeds, including accrued interest, of the Construction Bonds of each Series shall be applied simultaneously with the delivery of such Bonds, as follows:

(i) There shall be deposited into the Debt Service Account in the Principal and Interest Fund the amount of such proceeds representing accrued interest, if any;

(ii) There shall be deposited into the Construction Fund and the Debt Service Reserve Account in the Principal and Interest Fund, the amounts, if any, required by the Supplemental Resolution authorizing the issuance of such Series of Construction Bonds;

(iii) There shall be deposited in such other funds or accounts as may be required by the Supplemental Resolution such amounts, if any, as may be provided in the Supplemental Resolution authorizing the issuance of such Series of Construction Bonds; and

(iv) The balance of the proceeds of such Series of Construction Bonds shall be deposited in the appropriate Project Account in the Construction Fund.

Special Provisions for the Issuance of Refunding Bonds

(a) One or more Series of Refunding Bonds may be issued in such principal amount that, when taken together with funds otherwise provided by the Board or the University and available therefor, will provide the Board with funds sufficient for the purpose of refunding all or a part of the Outstanding Bonds of one or more Series or any other obligations of the University, including in each case the payment of all expenses in connection with such refunding and the funding of any debt service reserves.

(b) Each Supplemental Resolution authorizing the issuance of a Series of Refunding Bonds shall specify the Bonds or borrowing to be refunded.

(c) Each Series of Refunding Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to other documents required by the Resolution) of the following documents, moneys or securities, all of such documents dated as of the date of such delivery:

(i) either (A) a written certificate of the University signed by the Chief Financial Officer setting forth the Aggregate Debt Service for each Fiscal Year to and including the Fiscal Year next preceding the date of the latest maturity of any Bonds of any Series or other obligations to be refunded or the Series of Bonds or other obligations to be authenticated, whichever is later, (I) with respect to the Bonds of each Series of Bonds or other obligations to be refunded and (II) with respect to the Series of Bonds or other obligations to be authenticated and delivered, and (1) stating that the Aggregate Debt Service for each such Fiscal Year set forth pursuant to clause (A)(II) is no greater than the sum of $50,000 plus the Aggregate Debt Service for each such Fiscal Year set forth pursuant to clause (A)(I) and (2) containing such additional statements as may be reasonably necessary to show compliance with the requirements of the Resolution or (B) the documents specified in paragraph (d) under section "Special Provisions for the Issuance of Construction Bonds" above as though the Series of Refunding Bonds to be authenticated and delivered were Construction Bonds (provided that for such purposes, the certificate of the Chief Financial Officer shall set forth Estimated Net Revenues for the current Fiscal Year and the next following two Fiscal Years);

(ii) irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds or other obligations to be refunded on the redemption date or dates specified in such instructions;

(iii) if any Bonds or other obligations to be refunded are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instructions to the Trustee, satisfactory to it, to mail the Notice of Defeasance described below under section "Discharge of Indebtedness" to the Owners of the Bonds or other obligations being refunded; and

(iv) either (A) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds or other obligations to be refunded, together with accrued interest on such Bonds or other obligations to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents (or a trustee or paying agent for any other obligation to be refunded, if any) in a separate account irrevocably in trust for and assigned to the respective Owners of the Bonds or other obligations to be refunded, or (B) Investment Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications and any moneys, as described below under section "Discharge of Indebtedness," which Investment Securities and moneys shall be held in trust and used only as described under such section.

(v) If the Refunding Bonds to be issued are Cross–over Refunding Bonds, the Supplemental Resolution providing for the issuance of the Refunding Bonds shall also provide:

(A) That until the Cross–over Date neither principal of nor interest on the Cross–over Refunding Bonds shall be payable from or secured by a pledge of the Revenues, but shall be payable solely from the escrow provided for In compliance with Section 11–27–3 of the Utah Code; and

(B) There shall be filed with the Trustee an Accountant's Certificate demonstrating the sufficiency of the moneys and investments in the escrow provided for in compliance with Section 11–27–3 of the Utah Code to pay principal of and interest on the Cross–over Refunding Bonds to the Cross–over Date (which Cross–over Date may, at the option of the Board be extended as provided in the Supplemental Resolution providing for the issuance of the Cross–over Refunding Bonds, but only upon filing a revised Accountant's Certificate that demonstrates that the moneys and investments then in the escrow will be sufficient to pay principal of and interest on the Cross–over Refunding Bonds to the extended Cross–over Date).

(d) A Series of Refunding Bonds may be combined with a Series of Construction Bonds.

Provisions Relating to Contracts

(a) One or more Contracts may be entered into by the Board or the University pursuant to the provisions of the Act to pay for construction, operation and maintenance of facilities constituting a Project, and expenses preliminary and incidental thereto.

(b) Prior to the execution of a Contract, the Board and the University shall comply with the provisions described above under section "General Provisions for the Issuance of Bonds" and paragraph (b) under section "Special Provisions for the Issuance of Construction Bonds," to the extent applicable to a Contract, and paragraphs (b), (c) and (d) under section "Special Provisions for the Issuance of Construction Bonds" as if a Series of Bonds were being issued for the purpose of acquiring a Project within the meaning of the Resolution; notwithstanding the foregoing requirements, the Board and the University shall not be required to deposit moneys, or to commence a schedule of deposits, into any Subaccount in the Debt Service Reserve Account in the Principal and Interest Fund or into the Renewal and Replacement Reserve Fund with respect to any Contract executed by the Board or the University, unless so required by the provisions of the Supplemental Resolution authorizing the execution of such Contract. The Contract shall provide for all terms and conditions of payment of installments of principal and interest due under the Contract, which terms and conditions shall not be inconsistent with the provisions of the Resolution.

The Pledge Effected by the Resolution

(a) The Bonds, the Repayment Obligations and the Contracts are not an indebtedness of the State, the University or the Board but are special obligations payable only from and secured by the Revenues and funds pledged therefor. The following are pledged under the Resolution for the payment of Bond Payments, Repayment Obligations and principal and interest components of payments on the Contracts in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution: (i) the proceeds of sale of Bonds, (ii) the Revenues and (iii) all Funds established by the Resolution, including the investments, if any, of such proceeds, Revenues and other amounts in such Funds, subject to any required rebate of all or a portion of the earnings on such amounts and investments thereof to the United States of America pursuant to the requirements of Section 148 (1) of the Code.

(b) Any interest or benefit of a Reserve Instrument Issuer under or to be derived from the pledge described in paragraph (a) above shall be and is made under the Resolution subordinate to the interests and benefits of the Bondowners, Security Instrument Issuers and Contracting Parties thereunder or derived therefrom.

Establishment of Funds

(a) The following Funds are created and ordered established:

(i) Construction Fund, to be held by the Trustee;

(ii) Revenue Fund, to be held by the University, consisting of such Accounts or Subaccounts therein as the University shall deem appropriate and which shall be kept separate and apart from any other funds and accounts of the University;

(iii) Principal and Interest Fund, to be held by the Trustee, consisting of (A) a Debt Service Account in which the Trustee shall establish a separate Series Subaccount for each Series of Bonds, related Security Instrument Repayment Obligations and each Contract and (B) a Debt Service Reserve Account in which the Trustee shall establish a separate Series Subaccount for each Series of Bonds (and any related Reserve Instrument

Repayment Obligations) and for each Contract for which a Debt Service Reserve Requirement has been established; and

(iv) Renewal and Replacement Reserve Fund, to be held by the Trustee.

(b) The Trustee may establish one or more separate and segregated Subaccounts within the Debt Service Account or the Debt Service Reserve Account from time to time as shall be requested by the University.

Construction Fund

(a) There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Resolution or any Supplemental Resolution.

(b The Trustee shall establish within the Construction Fund a separate Project Account for each Project and may establish one or more Subaccounts in each Project Account as shall be requested by the University.

(c) The proceeds of insurance maintained in connection with a Project during the period of construction of such Project against physical loss of or damage to properties of the Student Housing System, or of contractors' performance bonds with respect thereto, pertaining to the period of construction thereof, shall be paid into the appropriate Project Account in the Construction Fund.

(d) Amounts in each Project Account in the Construction Fund established for a Project shall be applied to pay the Cost of Construction of the Project and, to the extent of amounts deposited into the Construction Fund pursuant to the Supplemental Resolution authorizing the particular Series of Bonds, shall be transferred from the Project Account and deposited into the Debt Service Account, to pay interest on the Bonds as the same comes due during construction of the Project and during a period ending not more than 12 months after the Project is completed.

(e) Before any payment is made from any Project Account by the Trustee (except for transfers into the Debt Service Account to pay interest on the Bonds as contemplated in paragraph (d) above), there shall be filed with the Trustee a written request and written certificate of the University (i) showing with respect to each payment to be made, the name of the person to whom payment is due and the amount to be paid, (ii) certifying that the obligation to be paid was incurred and is a proper charge against the Project Account in the Construction Fund and (iii) satisfying any other condition with respect to payment of money from such Project Account as may be specified in a Supplemental Resolution.

(f) Each written request and written certificate of the University filed as described above shall be sufficient evidence to the Trustee that: (i) obligations in the stated amounts have been incurred by the University and each item thereof is a proper charge against the Construction Fund as a Cost of Construction; (ii) there has not been filed with or served upon the University notice of, and the University has obtained waivers with respect to, any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any person named in such written request that has not been released or will not be released simultaneously with the payment of such obligation; and (iii) the University is, and after such payment will continue to be, in compliance with any requirements undertaken pursuant to any Security Instrument Agreement and Reserve Instrument Agreement entered into by the University with respect to the Revenues.

(g) Upon receipt of each such written request, the Trustee shall pay the amounts set forth therein as directed by the terms thereof.

(h) Amounts in the Construction Fund shall be invested and reinvested by the Trustee at the direction of the Chief Financial Officer to the fullest extent practicable in Investment Securities maturing in such amounts and at such times as may be necessary to provide funds when needed to pay the Cost of Construction of each Project or such other purpose to which such moneys are applicable. The Trustee may, and to the extent required for payments from the Construction Fund shall, sell any such Investment Securities at any time, and the proceeds of such sale and of all payments at maturity and upon redemption of such investments shall be held in the applicable Project Account in the Construction Fund.

(i) All net income earned on any moneys or investments in a Project Account established in the Construction Fund for a Project shall be held in such Project Account for the purposes thereof.

(j) The Completion Date of a Project shall be evidenced by a certificate of the Chief Financial Officer, which shall be filed with the Trustee as soon as practicable upon completion of the Project, stating (i) that such Project has been completed substantially in accordance with the plans and specifications applicable thereto, as from time to time amended, (ii) the date of such Completion Date and (iii) the amounts, if any, required in the opinion of the signer or signers for the payment of any remaining part of the Costs of Construction of such Project. Upon the filing of such certificate, the balance in the Project Account in the Construction Fund in excess of the amount, if any, stated in such certificate, and if, subsequent to the filing of such certificate, a supplemental certificate of the Chief Financial Officer is filed with the Trustee stating that the balance of the money remaining in the Construction Fund is no longer needed to pay Costs of Construction of such Project, any remaining balance in the Project Account in the Construction Fund shall, subject to any further limitations with respect to the application of the proceeds of a Series of Bonds that may be specified in the Supplemental Resolution authorizing such Series of Bonds, (1) be used to purchase Bonds as provided in the Resolution, (2) be deposited into the appropriate Series Subaccount in the Debt Service Account in the Principal and Interest Fund to be used to pay principal and interest on such Series of Bonds as the same become due and payable, (3) be deposited into the appropriate Series Subaccount in the Debt Service Reserve Account in the Principal and Interest Fund to the extent that the amount then on deposit therein is less than the applicable Debt Service Reserve Requirement or (4) be used for any combination of purposes described in the foregoing clauses.

Revenues and Revenue Fund; Payment of Operation and Maintenance Expenses

(a) All Revenues shall be promptly deposited by the University to the credit of the Revenue Fund, and to the appropriate Accounts and Subaccounts therein as the University shall establish.

(b) The Operation and Maintenance Expenses shall be paid by the University from time to time as they become due and payable from moneys in the Revenue Fund.

Flow of Funds

(a) After the deposit of Revenues in the Revenue Fund and subject to payment of the Operation and Maintenance Expenses from amounts in the Revenue Fund pursuant to paragraph (b) under section "Revenues and Revenue Fund; Payment of Operation and Maintenance Expenses" above in any case no later than the 15th day of the month next preceding each date on which any Principal Installment or interest on any Series of Bonds or Contract becomes due and payable, the Chief Financial Officer shall withdraw from the Revenue Fund, to the extent available, and deposit the following amounts of moneys or Investment Securities that mature or are redeemable at the option of the owner or holder thereof prior to the date when it is anticipated that the proceeds from such Investment Securities are to be required:

(i) First, into the Principal and Interest Fund:

(A) first, for credit to the Debt Service Account, the amount, if any, required so that the balance in each of the separate Series Subaccounts therein shall equal the Accrued Debt Service with respect to the Series of Bonds or Contract for which such Series Subaccount was established, excluding any Pledged Bonds but including any related Security Instrument Repayment Obligations; provided, that moneys shall be transferred from the appropriate Project Account in the Construction Fund and deposited into the appropriate Series Subaccount in the Debt Service Account whenever and to the extent that there are moneys in the appropriate Project Account in the Construction Fund for that purpose, in an amount sufficient to cause the balance in such Series Subaccount to equal the Accrued Debt Service; *provided, however*, if the moneys available in the Revenue Fund for transfer shall be insufficient to equal the Accrued Aggregate Debt Service on all such Outstanding Bonds (excluding any Pledged Bonds), Contracts and Security Instrument Repayment Obligations, the University shall deposit from the moneys so available in the Revenue Fund into each such Series Subaccount such amount on a pro rata basis that reflects the portion of the principal amount of each Series of Bonds, Contracts and Security Instrument Repayment Obligations then Outstanding to the aggregate principal amount of all such Series of Bonds, Contracts and Security Instrument Repayment Obligations then Outstanding; and

(B) second, for credit to the Debt Service Reserve Account:

(I) if any Reserve Instrument satisfying all or a portion of the Debt Service Reserve Requirement with respect to a Series of Bonds or a Contract has been terminated or is to expire pursuant to its terms, an amount, in not to exceed 10 approximately equal semiannual installments commencing on the 15th day of the month next preceding each interest payment date of such Series of Bonds or each payment date on such Contract next succeeding the date of such termination or receipt by the University of notice of such expiration, necessary to cause the balance in the appropriate Series Subaccount in the Debt Service Reserve Account to equal the Debt Service Reserve Requirement with respect to such Series of Bonds; and

(II) if (1) moneys shall ever have been paid out of any Series Subaccount in the Debt Service Reserve Account for the purpose specified in clause (i) of paragraph (b) under section "Principal and Interest Fund–Debt Service Reserve Account" below, or (2) a draw on a Reserve Instrument shall have been made for the purpose specified in clause (ii) of paragraph (b) under section "Principal and Interest Fund–Debt Service Reserve Account," or (3) if for any other reason the fair market value of the moneys and Investment Securities in any Series Subaccount in the Debt Service Reserve Account shall have become less than the applicable Debt Service Reserve Requirement or the amount previously deposited therein pursuant to clause (I) above, then such amount of the money remaining in the Revenue Fund, or all of the money so remaining if less than the amount necessary, shall be deposited into such Series Subaccount until (x) there shall be on deposit in such Series Subaccount in the Debt Service Reserve Account the amount required to be paid to the Reserve Instrument Issuer pursuant to any Reserve Instrument Agreement in order to cause the Reserve Instrument Coverage to be reinstated in an amount to equal the Reserve Instrument Limit, and such amount shall be promptly paid to the Reserve Instrument Issuer, and (y) such additional amounts as necessary until the amount, if any, required to be deposited into such Series Subaccount in the Debt Service Reserve Account, after taking into account both the moneys on deposit therein and the Reserve Instrument Coverage applicable to such Bonds or Contracts, equals the Debt Service Reserve Requirement required to be on deposit in such Series Subaccount;

provided, however, if the moneys in the Revenue Fund are insufficient to make the required deposits into all Series Subaccounts in the Debt Service Reserve Account, the University shall deposit from the moneys so available into all such Series Subaccounts on a pro rata basis that reflects the proportion of the principal amount of each Series of Bonds and each Contract then Outstanding to the aggregate principal amount of all such Series of Bonds and Contracts; provided further, however, that so long as there shall be held in the Principal and Interest Fund, excluding any Reserve Instrument Coverage, an amount sufficient to pay in full all Outstanding Bonds, related Repayment Obligations and Contracts in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no deposits shall be required to be made into the Principal and Interest Fund; and

(ii) Second, into the Renewal and Replacement Reserve Fund:

(A) if, after the issuance of a Series of Bonds, an amount equal to the Renewal and Replacement Reserve Fund Requirement is not on deposit in the Renewal and Replacement Reserve Fund because sufficient moneys were not required by a Supplemental Resolution to be deposited into the Renewal and Replacement Reserve Fund, an amount sufficient to accumulate in the Renewal and Replacement Reserve Fund the Renewal and Replacement Reserve Fund Requirement in not to exceed 10 approximately equal semiannual installments;

(B) if the Renewal and Replacement Reserve Fund Requirement shall ever be increased, the amount specified in a Supplemental Resolution sufficient to cause the balance in the Renewal and Replacement Reserve Fund to equal the increased Renewal and Replacement Reserve Fund Requirement after 10 approximately equal semiannual deposits into the Renewal and Replacement Reserve Fund; and

(C) if moneys shall ever have been paid out of the Renewal and Replacement Reserve Fund and shall not have been replaced from any source, the amount of money necessary, in not to exceed 10 approximately equal semiannual installments, to cause the amount so paid out of the Renewal and Replacement Reserve Fund to be replaced, or to cause to be on deposit in the Renewal and Replacement Reserve Fund an amount equal to the Renewal and Replacement Reserve Fund Requirement, whichever is less.

(b) Amounts remaining in the Revenue Fund during a Fiscal Year after payment of the amounts described in paragraph (a) above for such Fiscal Year and the deposit of certain other amounts therein pursuant to the Resolution may be applied by the University, free and clear of the lien of the Resolution, to any one or more of the following, to the extent permitted by law: (i) the purchase or redemption of any Bonds and payment of expenses in connection with the purchase or redemption of any Bonds; (ii) payments of principal or redemption price of and interest on any bonds, including junior lien revenue bonds; (iii) payments into any Project Account or Accounts established in the Construction Fund for application to the purposes of such Accounts; (iv) payment of the costs of capital improvements to the Student Housing System; and (v) any other lawful purpose of the University.

(c) Upon any purchase or redemption, pursuant to paragraph (b) above, of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established, the principal amount of such Bonds shall be credited toward such Sinking Fund Installments in such order as the University shall elect by providing the Trustee with a written request of the University making such election.

Principal and Interest Fund–Debt Service Account

(a) Each Supplemental Resolution providing for the issuance of a Series of Bonds or the execution of a Contract shall establish a separate Series Subaccount in the Debt Service Account for each such Series of Bonds issued or each such Contract executed, which Series Subaccount may be subdivided as provided in such Supplemental Resolution, Subject to the provisions of the Supplemental Resolution authorizing the issuance of any Series of Bonds, any payments made by a Security Instrument Issuer with respect to a Series of Bonds shall be deposited into the Series Subaccount relating to such Series of Bonds.

(b) The Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account to the respective Paying Agents: (i) on or before each interest payment date for the respective Bonds and Contracts, the amount required for the interest payable on such Bonds or Contracts on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (iii) on or before any redemption date for such Bonds, the amount required for the payment of interest on and Redemption Price of the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Account the accrued interest included in the purchase price of Bonds purchased for retirement.

(c) Whenever there is a Security Instrument Repayment Obligation due and payable to any Security Instrument Issuer pursuant to the terms and provisions of a related Security Instrument Agreement, the Trustee shall pay out of the appropriate Series Subaccount in the Debt Service Account to such Security Instrument Issuer an amount equal to such Security Instrument Repayment Obligation. If payment is so made to a Security Instrument Issuer a corresponding payment on any Pledged Bonds held for the benefit of the Security Instrument Issuer shall not be paid, and the Trustee shall correct its records accordingly.

(d) Amounts accumulated in the Debt Service Account 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 University in a written request of the University, on or prior to the 60^{th} day preceding the due date of such Sinking Fund Installment, be applied by the Trustee to (i) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Price, if applicable of such Bonds, if then redeemable by their terms, or (iii) any combination of purposes described in clauses (i) and (ii). All purchases of any Bonds pursuant to this paragraph (d) 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 University shall direct the Trustee in a written certificate of the University filed with 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 Debt Service Account until such Sinking Fund Installment due date, for the purpose of calculating the amount of such Account. As soon as practicable after the 60^{th} day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, on such due date 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 due 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 Debt Service Account 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 may be paid by the University as an Operation and Maintenance Expense.

Principal and Interest Fund–Debt Service Reserve Account

(a) Each Supplemental Resolution providing for the issuance of a Series of Bonds or the execution of a Contract by the University for which a Debt Service Reserve Requirement is established shall establish a separate Series Subaccount in the Debt Service Reserve Account for each such Series of Bonds or Contract.

(b) If on the 15^{th} day of the month next preceding each maturity date or payment date of the Bonds or Contracts or interest payment date of the Bonds or Contracts, the amount in any Series Subaccount in the Debt Service Account shall be less than the Accrued Debt Service on such Bonds or Contracts, the Trustee shall on such date: (i) transfer any money or investments from the appropriate Series Subaccount in the Debt Service Reserve Account to the corresponding Series Subaccount in the Debt Service Account to the extent necessary to eliminate any deficiency in such Series Subaccount in the Debt Service Account; and (ii) to the extent that moneys and investments in such Series Subaccount in the Debt Service Reserve Account are not sufficient to eliminate the deficiencies in the corresponding Series Subaccount in the Debt Service Account, immediately draw or make a demand for payment on any Reserve Instrument with respect to such Series of Bonds or Contract, up to the maximum extent authorized by such Reserve Instrument, in the amount necessary to make up such deficiency, and, subject to the provisions of the Supplemental Resolution authorizing such Series of Bonds or Contract, immediately deposit such payment upon receipt thereof in the appropriate Series Subaccount in the Debt Service Account.

(c) Whenever there is an unpaid Reserve Instrument Repayment Obligation, unless otherwise instructed in writing by a Security Instrument Issuer, which may be subrogated to the rights and interests of the Reserve Instrument Issuer under the Reserve Instrument Agreement, the Trustee shall, from moneys on deposit in the appropriate Series Subaccount in the Debt Service Reserve Account, repay all or such portion of such Reserve Instrument Repayment Obligation that may be repaid with the moneys so on deposit, in accordance with the terms and conditions of the Reserve Instrument Agreement.

(d) Whenever the moneys on deposit in any Series Subaccount in the Debt Service Reserve Account, including Reserve Instrument Coverage, shall exceed the Debt Service Reserve Requirement with respect to the Outstanding Bonds of the Series, including related Repayment Obligations, or Outstanding Contract, such excess shall be transferred by the Trustee and deposited into the related Series Subaccount in the Debt Service Account and credited against future amounts to be deposited therein from the Revenue Fund.

(e) Whenever the amount in the Debt Service Reserve Account (exclusive of any Reserve Instrument Coverage), together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Bonds, Contracts and related Repayment Obligations in accordance with their terms (including principal and applicable Sinking Fund Installments and interest thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account shall be liquidated. Any provision of the Resolution to the contrary notwithstanding, so long as there shall be held in the Principal and Interest Fund (exclusive of any Reserve Instrument Coverage) an amount sufficient to pay in full all Outstanding Bonds, Contracts and related Repayment Obligations in accordance with their terms (including principal or applicable Sinking Fund Installments and interest thereon), no deposits shall be required to be made into the Debt Service Reserve Account.

(f) In calculating the amount on deposit in any Series Subaccount in the Debt Service Reserve Account, the amount of the Reserve Instrument Coverage will be treated as an amount on deposit in such Series Subaccount in the Debt Service Reserve Account. A Reserve Instrument may be deposited into any Series Subaccount in the Debt Service Reserve Account to satisfy all or a portion of the Debt Service Reserve Requirement with respect to the Series of Bonds or Contract for which such Series Subaccount was established, and, upon such deposit, any moneys or Investment Securities in such Series Subaccount in excess of such Debt Service Reserve Requirement shall be deposited into the Revenue Fund.

(g) The value of any investments held in any Series Subaccount in the Debt Service Reserve Account shall be determined on the fair market value method of valuation. The Trustee shall determine on or before June 1 and December 1 of each year the value of any investments then held in each Series Subaccount in the Debt Service Reserve Account based on the fair market value of such investments as of each respective June 1 and December 1, except in the event of a withdrawal from any such Series Subaccount whereupon investments held in such Series Subaccount shall be valued immediately after such withdrawal and monthly thereafter until the amount in such Series Subaccount equals the applicable Debt Service Reserve Requirement. If the total value of such investments is less than the applicable Debt Service Reserve Requirement, then the Trustee shall immediately notify the University of such deficiency and the University shall cause to be deposited from Revenues an amount necessary to restore such Series Subaccount to the applicable Debt Service Reserve Requirement. If amounts on deposit in any Series Subaccount in the Debt Service Reserve Account shall, at any time, be less than the applicable Debt Service Reserve Requirement as a result of a withdrawal from such Series Subaccount, the Trustee shall immediately notify the University and the University shall cause to be deposited from Revenues an amount necessary to restore such Series Subaccount to the applicable Debt Service Reserve Requirement.

Renewal and Replacement Reserve Fund

(a) The amounts in the Renewal and Replacement Reserve Fund shall, from time to time, be applied upon the filing of a written request of the University with the Trustee, to the payment of extraordinary Operation and Maintenance Expenses and contingencies, including the prevention or correction of any unusual loss or damage to the Student Housing System to the extent not covered by the proceeds of insurance or other moneys recoverable as a result thereof.

(b) If on the 15th day of the month next preceding each maturity date or payment date of the Bonds or Contracts or interest payment date of the Bonds or Contracts, the amount in any Series Subaccount in the Debt Service Account shall be less than the amount required to be in such Series Subaccount in the Debt Service Account, and the moneys transferred from the corresponding Series Subaccount in the Debt Service Reserve Account and the moneys available under any Reserve Instrument are not sufficient moneys to cure such deficiency, on such 15th day there shall be transferred from the Renewal and Replacement Reserve Fund and deposited into such Series Subaccount in the Debt Service Account the amount necessary (or all the moneys in the Renewal and Replacement Reserve Fund, if less than the amount necessary) to make up such deficiency: *provided, however*, if the moneys in the Renewal and Replacement Reserve Fund are insufficient to make up deficiencies in two or more Series Subaccounts in the Debt Service Account, the University shall deposit from the moneys so available in the Renewal and Replacement Reserve Fund into all such Series Subaccounts on a pro rata basis that reflects the proportion of the principal amount of each Series of Bonds and each Contract then Outstanding to the aggregate amount of all such Series of Bonds and Contracts then Outstanding.

(c) At the end of each Fiscal Year any balance of moneys or Investment Securities in the Renewal and Replacement Reserve Fund in excess of the Renewal and Replacement Reserve Fund Requirement and not required to meet any deficiency in any Series Subaccount in the Debt Service Account or Debt Service Reserve Account or needed for any of the purposes for which the Renewal and Replacement Reserve Fund was established, shall be transferred and deposited into the Revenue Fund.

Purchase of Bonds

The University may purchase any Bond, with the consent of the Owner thereof, from any available funds at public or private sale, as and when and at such prices as the University may in its discretion determine, but at a price excluding accrued interest not exceeding the principal amount thereof, or in the case of Bonds that by their terms are subject to redemption prior to maturity, at the then current or first applicable Redemption Price (excluding accrued interest), as the case may be. All Bonds so purchased shall at such times as shall be selected by the University be delivered to and canceled by the Trustee and shall thereafter be delivered to, or upon the order of, the Chief Financial Officer, 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 University shall, by a written request of the University delivered to the Trustee, elect the manner in which the principal amount of such Bonds shall be credited toward Sinking Fund Installments.

Rate Maintenance Covenant; Rules and Adequacy for Use of the Student Housing System

(a) The Board covenants that the University shall establish and maintain, so long as any of the Bonds, Contracts or Repayment Obligations remain Outstanding, such rules and such fees, rental rates and charges for the use of the Student Housing System as shall be necessary to (i) assure maximum occupancy and use of the same and the services afforded thereby, (ii) yield sufficient Revenues to pay the Operation and Maintenance Expenses and Debt Service, to maintain the minimum amounts required by the Resolution in the Debt Service Reserve Account and the Renewal and Replacement Reserve Fund and make all other payments and charges as are required under the Resolution. The Board further covenants that, so long as any of the Bonds, Contracts or Repayment Obligations remain Outstanding, there shall be charged against all users of services pertaining to and all users of the Student Housing System, including the Board and the University, the fees, rates and other charges so that the resulting Revenues shall be adequate to meet the requirements of the Resolution. Such charges, together with Student Building Fees and all other Revenues, shall yield at least the following amounts for each Fiscal Year:

(A) *Operation and Maintenance Expenses*. An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year;

(B) *Principal and Interest and Debt Service Reserve*. An amount equal to at least 110% of the sum of (I) the Aggregate Debt Service for the Fiscal Year and (II) any amount required to be deposited by the University into any Series Subaccount in the Debt Service Reserve Account for such Fiscal Year as described above under section "Flow of Funds;" and

(C) *Deficiencies*. Other amounts required to meet then existing deficiencies or requirements pertaining to any other Fund or Account created under the Resolution and relating to the Revenues and the application thereof or any securities or obligations payable therefrom.

The Board and the University agree that should the annual financial report made in accordance with the provisions of the Resolution disclose that during the period covered by such financial report the Net Revenues were not at least equal to the requirement of clauses (B) and (C) above, the University shall revise, and to the extent necessary the Board shall cause such revision of, the schedule of fees, rental rates and charges as is practicable and the Operation and Maintenance Expenses so as to produce the necessary Net Revenues as required in the Resolution.

(b) The rate maintenance covenant in paragraph (a) above is subject to compliance by the University with any legislation of the United States or the State (exclusive of any legislation the subject matter of which is the appropriation of any of the Revenues) or any regulation or other action taken by the federal government or any State agency or political subdivision of the State pursuant to such legislation (exclusive of any legislation the subject matter of which is the appropriation of any of the Revenues), in the exercise of the police power thereof for the public welfare, which legislation (exclusive of any legislation the subject matter of which is the appropriation of any of the Revenues), regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges due to the University for the use of or otherwise pertaining to all services rendered by the Student Housing System, including, without limitation, increases in the amounts of such charges. All of such Revenues, including any Revenues received from the University, shall be subject to distribution to the payment of the Operation and Maintenance Expenses and to the payment of Debt Service requirements of all Bonds, Contracts and Repayment Obligations and other obligations payable from the Revenues, including reasonable reserves therefor, as in the Resolution specifically provided.

(c) The Board also covenants that both it and the University will permit no waiver or waivers of collection of any fees, rates or charges pertaining to the Student Building Fees or the facilities of the Student Housing System that will, either singularly or in the aggregate, materially affect the University's ability to comply with its obligations under the Resolution. The University will promptly collect all charges due for Student Housing System use and service as the same become due and will at all times maintain and promptly and vigorously enforce its rights against any person who does not pay such charges when due. The Board covenants for the benefit of the Owners of the Bonds that neither the Board nor the University will unreasonably permit any free occupancy or use of any facilities of the Student Housing System.

(d) The Board and the University shall not surrender their rights to fix and maintain rates for services provided by the Student Housing System as provided in the Resolution.

(e) The Board and the University will at all times faithfully and punctually perform all duties with respect to the Student Housing System required by the Constitution and laws of the State and comply with all terms, covenants and provisions, express or implied, of all contracts and agreements entered into for Student Housing System use and services and all other contracts or agreements affecting or involving the Student Housing System or the business of the Board and the University with respect thereto.

First Lien Bonds; Equality of Liens

Subject to the payment of all necessary and reasonable Operation and Maintenance Expenses, each Series of Bonds, each Contract and each Security Instrument Repayment Obligation constitutes an irrevocable first lien (but not necessarily an exclusive first lien) upon the Revenues, except as expressly provided otherwise in the Resolution, and each is equitably and ratably secured by a first lien on the Revenues regardless of the time or times of the issuance thereof. It is intended that, except as expressly provided in the Resolution, there shall be no priority among the Bonds, Contracts and Security Instrument Repayment Obligations, regardless of the fact that they may be actually issued and delivered at different times.

Payment of Principal and Interest

The Board covenants that the University will promptly pay the principal or Redemption Price of and interest on every Bond, Contract and Repayment Obligation, in strict conformity with the Resolution and each Bond, Contract, Security Instrument Agreement and Reserve Instrument Agreement. The Bonds, Contracts and Repayment Obligations are not obligations, general, special or otherwise, of the State, do not constitute a debt, legal, moral or otherwise, of the State, and are not enforceable against the State, nor shall payment therefor be enforceable out of any funds of the Board or University other than the Revenues and Funds pledged thereto by the Resolution.

Performance of Covenants; Compliance with Resolution

The Board covenants that the University will faithfully perform at all times any and all covenants, undertakings. stipulations and provisions contained in the Resolution, and in any and every Bond and Contract executed, authenticated and delivered under the Resolution. The Board and the University will not issue, or permit to be issued, any Bonds or Contracts in any manner other than in accordance with the provisions of the Resolution and will not suffer or permit any default to occur under the Resolution. The Board and the University will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Resolution, and for the better assuring and confirming unto the Owners of the Bonds, the Security Instrument Issuers and the Reserve Instrument Issuers of the rights, benefits and security provided in the Resolution. The Board for itself, its successors and assigns, represents, covenants and agrees with the Owners of the Bonds, the Security Instrument Issuers and the Reserve Instrument Issuers, as a material inducement to the purchase of the Bonds and the issuance of the Security Instruments and the Reserve Instruments, that the Board and the University will faithfully perform all of the covenants, agreements and obligations contained in the Resolution, the Bonds and the Contracts.

Construction of Projects

The Board covenants that, once it and the University have determined to commence a Project and the University has issued Bonds or executed a Contract with respect to such Project, the acquisition and construction of the Project shall commence and continue with all practicable dispatch and that such Project shall be constructed in a sound and economic manner.

Equipping of Projects

The Board covenants that, as soon as practicable, upon the completion of construction or acquisition of each Project, the University will, from the proceeds of the Bonds or from other revenues and funds of the University lawfully available therefor, equip and furnish the Project with all equipment and furnishings necessary for the use, occupancy and operation thereof.

Rules Concerning the Student Housing System

The Board covenants that the University shall establish and enforce reasonable rules and regulations governing the use, collection and application of the Revenues and the operation of the Student Housing System, that all compensation, salaries, fees and wages paid by the University in connection with the operation, maintenance and repair of the Student Housing System will be just and reasonable, that the buildings and facilities of the Student Housing System will at all times be maintained and operated continuously and in an efficient and economical manner, that the same will at all times be maintained in good repair and in sound operating condition and that all necessary repairs, renewals and replacements thereto and thereof will be made so that the business carried on in connection with the Student Housing System may at all times be properly and advantageously conducted in a manner consistent with prudent management and the rights and security of the Owners of the Bonds, Contracting Parties, Security Instrument Issuers and Reserve Instrument Issuers may be fully protected and preserved.

Maintenance of Paying Agents

The University shall cause the Trustee to pay to the Paying Agents, to the extent of the moneys held by the Trustee for such payment, funds for the prompt payment of the principal and Redemption Price of and interest on the Bonds or Contracts to be paid by such Paying Agent.

Payment of Operation and Maintenance Expenses

Notwithstanding any other provisions of the Resolution, nothing in the Resolution shall be construed to prevent the University from paying all or any part of the Operation and Maintenance Expenses from any funds available to the University for such purpose, or from depositing any funds available to the University for such purpose in any Fund or Account under the Resolution.

Payment of Taxes

The Board covenants that the University shall pay all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon the Student Housing System or upon any part thereof or upon any Revenues when the same shall become due, that no lien or charge upon the Student Housing System or any part thereof or upon any Revenues, except for the lien and charge thereon created under the Resolution and securing the Bonds. Contracts and Repayment Obligations, will be created or permitted to be created ranking equally with or prior to the Bonds, Contracts and Repayments Obligations, and that all lawful claims and demands for labor, materials, supplies or other objects that, if unpaid, might by law become a lien upon the Student Housing System or any part thereof or upon the Revenues, 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 nothing in this paragraph contained shall 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

(a) The Board covenants that the University shall insure and keep insured the buildings and facilities of the Student Housing System at all times to the full insurable value thereof, by a combination of self–insurance by the State and a policy or policies of insurance issued by a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risks thereof, against physical loss or damage however caused with such exceptions as are ordinarily required by insurers carrying similar insurance until the Bonds, Contracts and Repayment Obligations secured under the Resolution and the interest thereon shall have been paid or provision for such payment shall have been made.

(b) The Board further covenants that (i) for each Project the University shall carry or cause to be carried insurance required to be carried by the State for construction contracts, and that any proceeds of such insurance shall be applied to the construction of the Project, and (ii) the University will procure and maintain, or cause to be procured and maintained, so long as any of the Bonds, Contracts or Repayment Obligations are Outstanding, (A) boiler insurance covering any boilers located in buildings constituting a part of the Student Housing System, in the minimum amount of $50,000, and (B) public liability insurance with amounts of not less than $100,000 for any one person and $300,000 for more than one person involving any one accident to protect the Board and the University from claims for bodily injury or death that may arise from operations of the Student Housing System, including any use or occupancy of the grounds, structures and vehicles of the Board or the University pertaining thereto.

(c) The Board further covenants that the University will carry with a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risks thereof, business interruption insurance on all housing and dining facilities that from time to time constitute part of the Student Housing System or part thereof. Such insurance shall be in an amount determined by the University to be sufficient to provide a normal income therefrom, covering loss of income from the housing and dining buildings and facilities of the Student Housing System by reason of necessary interruption, total or partial, in the use or occupancy thereof resulting from damage to or destruction of any part thereof, however caused, with such exceptions as are ordinarily required by insurers carrying similar insurance; *provided*, *however*, that such insurance shall cover a period of suspension of at least 12 months and that such insurance may exclude loss during the first seven days of any total or partial interruption of use or occupancy; and provided, further, that if at any time the University shall be unable to obtain such insurance to the extent required in the Resolution, either as to the amount of such insurance or as to the risks covered thereby, it will not constitute an event of default under the provisions of the Resolution if the University shall carry such insurance to the extent reasonably obtainable. All policies providing business interruption insurance of the housing facilities and dining facilities shall be made payable to the University. Any proceeds of business interruption insurance shall be deposited by the University in the Revenue Fund and applied as described above under section “Flow of Funds.”

(d) The University will secure and maintain adequate fidelity insurance or bonds on all officers and employees of the University handling or responsible for funds of or related to the Student Housing System.

(e) The insurance required as described in this section may be affected by a combination of self–insurance of the State and overall blanket umbrella policies of the State or the University, with reasonable deductibles, but all such policies evidencing such insurance coverage shall be made payable to the University.

(f) Nothing described under this section shall be construed in such manner as to result in making the Bonds, Contracts or Repayment Obligations an indebtedness of the Board or the University in violation of any constitutional or statutory limitation, and if it shall ever be held by any court of competent jurisdiction that any or all of the provisions described under this section are invalid or that the enforcement of such provisions would make any Bonds, Contracts or Repayment Obligations invalid or unenforceable, such provisions shall be considered to be null and void.

Reconstruction of Student Housing System; Application of Insurance Proceeds

If any useful portion of the Student Housing System shall be damaged or destroyed, the University shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless there is filed with the Trustee an Accountant’s Certificate to the effect that such reconstruction or replacement is not in the interests of the University, the Bondowners and the Contracting Parties. The proceeds of any insurance paid on account of such damage or destruction, other than business interruption 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 at the direction of the Chief Financial Officer in Investment Securities that 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 shall be applied in the same manner as described in paragraph (j) under section “Construction Fund.”

Sale or Other Disposition of Property

So long as any Bonds, Contracts or Repayment Obligations remain Outstanding, the University will not sell or otherwise dispose of any property essential to the proper operation of the Student Housing System or the maintenance of the Revenues, provided that this covenant shall not be construed to prevent the disposal by the University of property that in the University’s judgment has become inexpedient to use in connection with the Student Housing System when other property of equal value is substituted therefor; *provided* further that this covenant shall not apply to the sale or other disposition of any property constituting part of the Student Housing System if there shall first be filed with the Trustee a written certificate of the University, supported by an accompanying Accountant’s Certificate, that demonstrates that immediately subsequent to such sale or disposition, and after giving effect to the loss of Revenues (including any change in Operation and Maintenance Expenses), if any, resulting from such sale or other disposition for the remainder of the Fiscal Year in which such sale or other disposition is consummated and in the next succeeding Fiscal Year, the Estimated Net Revenues of the Student Housing System will be not less than 1.20 times the Aggregate Debt Service for each of such Fiscal Years. The University will not enter into any lease or agreement that impairs or impedes the operation of the Student Housing System or that impairs or impedes the rights of the Bondowners. Contracting Parties, Security Instrument Issuers and Reserve Instrument Issuers with respect to the Revenues. The Trustee shall have no responsibility with respect to any such leases or agreements entered into by the University.

The Board and the University will not create and will use their best efforts to prevent the creation of, any mortgage or lien upon the Student Housing System, any part thereof or any property essential to the proper operation of the Student Housing System or to the maintenance of the Revenues.

The Board and the University will not create, or permit the creation of, any pledge, lien, charge or encumbrance upon the Revenues except only as provided in or permitted by the Resolution.

No Reduction in Revenues

The Board covenants on behalf of the University that no additional dormitory, dining hall or other buildings and facilities will be constructed at the University or any other action taken if such construction or action will result in a reduction in the Revenues of the buildings and facilities of the Student Housing System, and that no contracts will be entered into or any action taken by which the rights of the Trustee, the Bondowners, the Contracting Parties, any Security Instrument Issuer or any Reserve Instrument issuer might be impaired or diminished while any Bonds, Contracts or Repayment Obligations are Outstanding under the Resolution.

Eminent Domain

If all or any part of the Student Housing System shall be taken by eminent domain proceedings or conveyance in lieu thereof, the net proceeds realized by the University therefrom shall be deposited with the Trustee in a special fund in trust and shall be applied and disbursed by the Trustee subject to the following conditions:

(a) If such funds are sufficient to provide for the payment of the entire amount of principal due or to become due upon all of the Bonds and Contracts, together with all of the interest due or to become due thereon and any redemption premiums thereon, so as to enable the Board to retire all of the Bonds and Contracts then Outstanding, either by call and redemption at the then current Redemption Prices or by payment at maturity or partly by redemption prior to maturity and partly by payment at maturity, the Trustee shall apply such moneys to such retirement and to the payment of such interest and other obligations. Pending the application of such proceeds for such purpose, such moneys shall be invested by the Trustee in the manner provided in the Resolution for investment of moneys in the Debt Service Reserve Account in the Principal and interest Fund. The balance of such moneys, if any, shall be transferred to the University.

(b) if such proceeds are insufficient to provide the moneys required for the purposes set forth in paragraph (a) above, the University shall file or cause to be filed with the Trustee a written request of the University requesting the Trustee to apply such proceeds for one of the following purposes:

(i) If such written request of the University requests the Trustee to apply such proceeds to the purchase, redemption or retirement of Bonds and Contracts, the Trustee shall apply such proceeds to the purchase, redemption or retirement of Bonds and Contracts then Outstanding. If more than one Series of Bonds and Contracts is then Outstanding, such proceeds shall be applied pro rata to the purchase. redemption or retirement of the Bonds of each Series of Bonds and Contracts in the proportion that the principal amount of Bonds of each such Series and Contracts then Outstanding bears to the aggregate principal amount of all Bonds and Contracts then Outstanding. Pending the application of such proceeds for such purpose, such moneys shall be invested by the Trustee in the manner provided in the Resolution for the investment of moneys in the Debt Service Reserve Account in the Principal and Interest Fund.

(ii) If such written request requests the Trustee to deliver such proceeds to the University to apply to the cost of additions, betterments, extensions or improvements to the Student Housing System, the University shall also file or cause to be filed with the Trustee a written certificate of the University, supported by an Accountant's Certificate and a certificate of the Chief Financial Officer, showing the loss in annual Revenues, if any, suffered, or to be suffered, by the University by reason of such eminent domain proce1ings, together with a general description of the additions, betterments, extensions or improvements to the Student Housing System then proposed to be acquired or constructed by the University from such proceeds. If. in the opinion of the University (evidenced by the written certificate of the University), which shall be final, the additional Revenues to be derived from such additions, betterments, extensions or improvements will sufficiently offset the loss of Revenues resulting from such eminent domain proceedings so that the ability of the University to meet its obligations under the Resolution will not be substantially impaired, the Trustee shall pay such proceeds to the University. The University shall hold such proceeds in a special account in trust and apply them to the acquisition or construction of the additions, betterments, extensions or improvements substantially in accordance with the certificate of the Chief Financial Officer that supported the written certificate of the University. Any balance of such proceeds not required by the University for the purposes aforesaid shall be deposited into the Revenue Fund.

(iii) If such written request requests the Trustee to deposit such proceeds into the Revenue Fund upon the ground that such eminent domain proceedings have had no effect, or at the most a relatively immaterial effect, upon the security of the Bonds or Contracts, the University shall also file or cause to be filed with the Trustee an Accountant's Certificate stating that such eminent domain proceedings have not substantially impaired or affected the operation of the Student Housing System or the ability of the University to meet all of its obligations under the Resolution with respect to the payment of the Bonds. Upon receipt of such written request and such Accountant's Certificate, the Trustee shall deposit such proceeds into the Revenue Fund.

Amendments Permitted

(a) The Resolution or any Supplemental Resolution and the rights and obligations of the Board, the University, the Owners of the Bonds and the Contracting Parties may be modified or amended at any time by a Supplemental Resolution and with the prior written consent, (i) of the Contracting Parties and Owners of at least 60% in principal amount of the Contracts and Bonds then Outstanding, and (ii) in case less than all of the several Series of Bonds then Outstanding or less than all of the Contracting Parties are affected by the modification or amendment, of the Owners of at least 60% in principal amount of the Bonds of each Series or the Contracting Parties so affected and then Outstanding, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Owners of 100% in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and then Outstanding; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or any Contracts remain Outstanding, the consent of the Contracting Parties or the Owners of Bonds of such Series shall not be required and the Bonds of such Series and Contracts shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds. No such modification or amendment shall (A) extend the fixed maturity of any Bond or Contract, or reduce the principal amount or Redemption Price thereof, or reduce the rate or extend the time of payment of interest thereon, without the consent of the Owners of each such Bond or Contracting Party so affected, or (B) reduce the aforesaid percentage of Bonds or Contracts required for the affirmative vote or written consent to an amendment or modification of the Resolution, without the consent of the Owners of all of the Bonds and the Contracting Parties under all Contracts then Outstanding, or (C) without its written consent thereto, modify any of the rights or obligations 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 paragraph (b) below, neither the Resolution nor any Supplemental Resolution 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 the related Reserve Instrument Issuer, as the case may be. Notwithstanding any provisions of the Resolution to the contrary, a Supplemental Resolution providing for the issuance by a Security Instrument Issuer of a Security Instrument in connection with a Series of Bonds issued under the Resolution may provide, among other provisions, that the Security Instrument Issuer shall at all times, so long as the Series of Bonds remain Outstanding and the Security Instrument Issuer is not in default under the Security Instrument Agreement, be deemed to be the exclusive owner of all of the Bonds of such Series for the purpose of consenting to the execution and delivery of a Supplemental Resolution described in this paragraph (a).

(b) The Resolution or any Supplemental Resolution and the rights and obligations of the Board, the University, the Owners of the Bonds, the Contracting Parties, the Security Instrument Issuers and the Reserve Instrument Issuers may also be modified or amended at any time by a Supplemental Resolution, without the consent of any Bondowner, Contracting Party, Security Instrument Issuer or Reserve Instrument Issuer, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Board and the University in the Resolution contained, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Board or the University in the Resolution;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing or correcting any defective provision contained in the Resolution or in regard to questions arising under the Resolution, as the University may deem necessary or desirable, and that shall not adversely affect the interests of the Owners of the Bonds, the Contracting Parties, the Security Instrument Issuers or the Reserve Instrument Issuers;

(iii) to provide for the issuance of a Series of Bonds or the execution of a Contract, and to provide the terms and conditions under which such Series of Bonds may be issued, or Contract executed;

(iv) to provide for the issuance of the Bonds pursuant to a book–entry system or as uncertificated registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code;

(v) to make any change that shall not materially adversely affect the rights or interests of the Owners of the Bonds, any Contracting Party, any Security Instrument Issuers or any Reserve Instrument Issuers, requested by a rating agency in order to obtain or maintain any rating on the Bonds; and

(vi) to make any change necessary (A) to establish or maintain the excludability from gross income for federal income tax purposes of interest on any Series of Bonds as a result of any modifications or amendments to Section 148 of the Code or interpretations by the Internal Revenue Service of Section 148 of the Code or of regulations proposed or promulgated thereunder, or (B) to comply with the provisions of Section 148(f) of the Code, including provisions for the payment of all or a portion of the investment earnings of any of the Funds established under the Resolution to the United States of America.

Such Supplemental Resolution shall become effective as of the date of its adoption or such later date as shall be specified in such Supplemental Resolution.

Amendment by Written Consent

To the extent an amendment is permitted by the Resolution, the Board may at any time adopt a valid Supplemental Resolution amending the provisions of the Bonds, a Contract, the Resolution or any Supplemental Resolution to become effective when and as approved by written consent of the Bondowners and the Contracting Parties as described in this paragraph. Such Supplemental Resolution shall not be effective unless there shall have been filed with the University and the Trustee the written consents of the necessary number of Owners of the Bonds and Contracting Parties under the Contracts then Outstanding and a notice shall have been mailed as described in this paragraph. It shall not be necessary for the consent of the Bondowners and the Contracting Parties to approve the particular form of any proposed Supplemental Resolution, but it shall be sufficient if such consent shall approve the substance thereof. Each such consent of a Bondowner shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner thereof (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner of the Bonds giving such consent or, in the case of a Bondowners consent, a subsequent Owner thereof by filing such revocation with the University prior to the date when the notice described in the next sentence has been mailed. Notice of the fact of the adoption of such Supplemental Resolution shall be mailed by the Trustee to Bondowners and Contracting Parties (but failure to mail copies of such notice shall not affect the validity of the Supplemental Resolution when assented to by the requisite percentage of the Owners of the Bonds and Contracting Parties as aforesaid).

Disqualified Bonds

Bonds owned or held by or for the account of the Board or the University shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds for purposes of amending the Resolution, and shall not be entitled to consent to, or to take, any other action with respect thereto. Any Pledged Bonds shall be deemed Outstanding and, for the purposes of any consent, shall be considered to be owned by the appropriate Security Instrument Issuer.

Effect of Modification or Amendment

When any Supplemental Resolution modifying or amending the provisions of the Resolution or any Supplemental Resolution shall become effective, the Resolution or such Supplemental Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Resolution or such Supplemental Resolution of the Board, the University, the Trustee, the Contracting Parties, any Security Instrument Issuer, any Reserve Instrument Issuer and all Owners of Bonds Outstanding under the Resolution shall thereafter be determined, exercised and enforced under the Resolution, subject in all respects to such modification and amendment. All the terms and conditions of any such Supplemental Resolution shall be and be deemed to be part of the terms and conditions of the Resolution or such Supplemental Resolution for any and all purposes.

Events of Default

If one or more of the following events occur, it is declared by the Resolution to constitute an "event of default:"

(a) failure to make the due and punctual payment of the principal or Redemption Price of any Bond or Contract when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) failure to make the due and punctual payment of any installment of interest on any Bond or Contract or any Sinking Fund Installment when and as such interest installment or Sinking Fund Installment shall become due and payable;

(c) failure by the Board or the University to observe any of the covenants, agreements or conditions on its part in the Resolution or in the Bonds or Contracts contained, and failure to remedy the same for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Board and the University by the Trustee, or to the Board, the University and the Trustee by Contracting Parties and Owners of not less than 25% in aggregate principal amount of the Bonds and Contracts at the time Outstanding;

(d) bankruptcy, reorganization. arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of 11 U.S.C. (as the same may from time to time be hereafter amended), or other proceedings for relief under any Federal or state bankruptcy law or similar law for the relief of debtors are instituted by the University;

(e) any event of default specified in a Supplemental Resolution;

(f) failure to make the due and punctual payment of the purchase price of any put bond when and as such purchase price shall become due and payable;

(g) failure to make the due and punctual payment of any Security Instrument Repayment Obligations or Security Instrument Costs when and as the same shall become due and payable under the provisions of any Security Instrument Agreement; or

(h) receipt by the Trustee of a written notice from a Security Instrument Issuer that an event of default, however defined in the Security Instrument Agreement to which such Security Instrument Issuer is a party, has occurred and is continuing under such Security Instrument Agreement.

Acceleration

(a) Upon the occurrence of an event of default, unless the principal of all the Bonds and Contracts shall have already become due and payable, (i) the Trustee may, or (ii) the Trustee shall, if an event of default shall have occurred under the provisions of a Supplemental Resolution specifying such event of default and requiring acceleration upon occurrence of such event of default as described in this section or (iii) the Owners and Contracting Parties of not less than 25% in aggregate principal amount of the Bonds and Contracts at the time Outstanding shall be entitled, upon notice in writing to the University and the Trustee, or (iv) the Trustee shall, upon notice by a Security Instrument Issuer that an event of default described in paragraph (g) under section "Events of Default" above has occurred and is continuing, or (v) the Trustee shall, if an event of default shall have occurred as described in paragraph (h) under section "Events of Default" and the Security Instrument Agreement under which such event of default arises requires acceleration upon the occurrence of such event of default under this section or (vi) the Trustee shall, if an event of default shall have occurred as described in paragraph (e) under the heading "Events of Default" and the Supplemental Resolution specifying such event of default requires acceleration upon occurrence of such event of default as described in this section declare the principal of all of the Bonds and Contracts then Outstanding, and the interest accrued thereon, to be due and payable immediately. Upon such declaration the same shall become and shall be immediately due and payable, anything in the Resolution or in the Bonds or Contracts contained to the contrary notwithstanding.

(b) The right of the Trustee or of the Owners and Contracting Parties of not less than 25% in aggregate principal amount of the Bonds and Contracts at the time Outstanding to make any such declaration as aforesaid, however, is subject to the condition that:

(i) if, at any time after such declaration, all overdue installments of interest upon the Bonds and Contracts, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the University under the Resolution (except the principal of and interest accrued since the next preceding interest payment date on the Bonds and Contracts due and payable solely by virtue of such declaration) shall either be paid by or for the account of the University or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds and Contracts or under the Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor;

(ii) if. at any time after such declaration, no event of default, however defined in any Security Instrument Agreement, has occurred and is continuing under such Security Instrument Agreement;

(iii) if the amount available to be drawn by the Trustee under each Reserve Instrument is then equal to the Reserve Instrument Limit;

(iv) if any other requirement specified in a Supplemental Resolution shall have been satisfied and if any Security Instrument then in effect with respect to the Bonds has been reinstated to the fullest amount possible with respect to such Bonds pursuant to the terms and provisions of the related Security Instrument Agreement; and

(v) if any other requirement specified in a Supplemental Resolution shall have been satisfied; then and in every such case the Owners and Contracting Parties of not less than 50% in aggregate principal amount of the Bonds and Contracts at the time Outstanding, by written notice to the University and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted without a direction from the Owners and Contracting Parties of not less than 25% in aggregate principal amount of the Bonds and Contracts at the time Outstanding at the time of such request, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Owners and Contracting Parties of not less than 50% in aggregate principal amount of the Bonds and Contracts then Outstanding, then any such declaration shall ipso facto be deemed to be rescinded, and any such default and its consequences shall ipso facto be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Accounting and Examination of Records After Default

The Board covenants that if an event of default shall have happened and shall not have been remedied, the books of record and accounts of the Board and the University and all other records of the Board and the University relating to the Student Housing System shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys. The Board covenants that if an event of default shall happen and shall not have been remedied, the University, upon demand of the Trustee, will account as if it were the trustee of an express trust for all Revenues and other moneys, securities and funds pledged or held by the University under the Resolution for such period as shall be stated in such demand.

Application of Revenue and Other Moneys After Default

(a) During the continuance of an event of default, the Trustee shall apply such Revenues and such moneys, securities and funds and the income therefrom as follows and in the following order:

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

(ii) to the payment of the Operation and Maintenance Expenses;

(iii) to the payment of the interest and principal or Redemption Price then due on the Bonds, the Contracts and Security Instrument Repayment Obligations, as follows:

(A) unless the principal of all of the Bonds shall have become or have been declared due and payable,

FIRST: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, the Contracts and the Security Instrument Repayment Obligations in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto. without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds, Contracts and Security Instrument Repayment Obligations that shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds, Contracts and Security Instrument Repayment Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) if the principal of all of the Bonds and Contracts shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, Contracts 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, Contract or Security Instrument Repayment Obligation over any other Bond, Contract 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 preference; and

(iv) to the payment of all obligations owed to any Reserve Instrument Issuer, ratably, according to the amounts due to each such Issuer without discrimination or preference;

provided, however, that: (A) moneys received under any Security Instrument or held in any Subaccount in the Debt Service Account in the Principal and Interest Fund shall not be used for purposes other than payment of the interest and principal or Redemption Price then due on the Series of Bonds secured by such Security Instrument or the Series of Bonds or Contract for which such Subaccount in the Debt Service Account was established, in accordance with clause (iii) above; and (B) moneys received under any Reserve Instrument or held in any Subaccount in the Debt Service Reserve Account in the Principal and Interest Fund shall not be used for purposes other than payment of the interest and principal or Redemption Price then due on the Series of Bonds secured by such Reserve Instrument or the Series of Bonds or Contract for which such Subaccount in the Debt Service Reserve Account was established, in accordance with clause (iii) above,

(b) If and whenever all overdue installments of interest on all Bonds, Contracts and Repayment Obligations, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the University under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds, Contracts and Repayment Obligations that shall then be payable by declaration or otherwise, shall either be paid by or for the account of the University, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds and Contracts shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, and the Security Instrument Repayment Obligations shall be made good or secured to the satisfaction of the Security Instrument Issuers or provision deemed by the Security Instrument Issuers to be adequate shall be made therefor, and the Reserve Instrument Repayment Obligations shall be made good or secured to the satisfaction of the Reserve Instrument Issuers or provision deemed by the Reserve Instrument Issuers to be adequate shall be made therefor, the Trustee shall pay over to the University all such Revenues then remaining unexpended in the hands of the Trustee (except Revenues deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee). Thereupon the Board, the University and the Trustee shall be restored, respectively, to their former positions and rights under the Resolution, and all Revenues shall thereafter be applied as provided in the Resolution. No such payment over to the University by the Trustee or resumption of the application of Revenues as provided in the Resolution shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

Rights and Remedies of Bondowners and Contracting Parities

(a) Except as otherwise provided in a Supplemental Resolution, no Owner of any Bond or Contracting Party shall have any right to institute any proceeding, judicial or otherwise, with respect to the Resolution, or for the appointment of a receiver or trustee, or for any other remedy under the Resolution, unless:

(i) such Owner or Contracting Party has previously given written notice to the Trustee of a continuing event of default;

(ii) the Contracting Parties and Owners of not less than 25% in principal amount of the Contracts and Bonds at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Resolution;

(iii) such Owner or Owners or Contracting Party or Contracting Parties have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceedings; and

(v) no direction inconsistent with such written request has been given to the Trustee during such 60–day period by the Owners and Contracting Parties of a majority in principal amount of the Bonds and Contracts at the time Outstanding;

it being understood and intended that no one or more Owners of Bonds or Contracting Party shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Resolution to affect, disturb or prejudice the rights of any other Owner of Bonds or Contracting Party or to obtain or to seek to obtain priority or preference over any other Owner or Contracting Party or to enforce any right under the Resolution, except in the manner provided in the Resolution and for the equal and ratable benefit of all the Owners of Bonds and Contracting Parties; and it being further understood and intended that no one or more Owners of Bonds shall have any right whatever to draw directly upon any Security Instrument or Reserve Instrument and that any draws upon any Security Instrument and Reserve Instrument must be strictly in accordance with the provisions of the Resolution.

(b) Notwithstanding any other provision in the Resolution, each Contracting Party and the Owner of any Bond shall have the right that is absolute and unconditional to receive payment of the principal and Redemption Price of, and interest on, such Bond on the stated maturity expressed in such Bond (or, in the case of redemption, on the redemption date of such Bond) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Owner or Contracting Party.

(c) The Contracting Parties and the Owners of a majority in principal amount of the Contracts and Bonds at the time Outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that:

(i) such direction shall not be in conflict with any rule of law or the Resolution;

(ii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction; and

(iii) the Trustee may take any other action consistent with such direction.

Appointment of Receiver

Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee, the Bondowners and the Contracting Parties, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the trust estate created under the Resolution, including, without limitation, the proceeds of the sale of the Bonds, the Revenues and the Funds, including the investments, if any, thereof, pending such proceedings, with such powers as a court making such appointments shall confer.

Non–Waiver

Nothing in the Resolution or in the Bonds or in the Contracts shall (a) affect or impair the obligation of the University, which is absolute and unconditional, to pay the principal and Redemption Price of and interest on the Bonds, Contracts and Repayment Obligations to the respective Owners of the Bonds, Contracting Parties, Security Instrument Issuers and Reserve Instrument Issuers at the respective dates of maturity, or upon call for redemption, as provided in the Resolution from the Revenues and other moneys, securities and Funds pledged in the Resolution for such payment, or (b) affect or impair the right of action, which is also absolute and unconditional, of such Owners, Contracting Parties, Security Instrument Issuers and Reserve Instrument Issuers, as appropriate, to institute suit to enforce such payment by virtue of the contract embodied in the Bonds, Contracts, Security Instrument Agreements and Reserve Instrument Agreements. No delay or omission of the Trustee or of any Contracting Party or Owner of the Bonds or, with respect to Repayment Obligations, of any Security Instrument Issuer or any Reserve Instrument Issuer, as appropriate, to exercise any right or power arising upon the happening of any event of default shall impair any such right or power or shall be construed to be a waiver of any such event of default or an acquiescence therein. The powers and remedies given to the Trustee the Owners of Bonds or the Contracting Parties with respect to events of default and the remedies of Bondowners, may be exercised from time to time and as often as shall be deemed expedient by the Trustee, the Owners of the Bonds, the Contracting Parties or, with respect to Repayment Obligations, of any Security Instrument Issuer or any Reserve Instrument Issuer, as appropriate, may be exercised from time to time and as often as shall be deemed expedient by the Trustee, the Contracting Parties, the Owners of the Bonds and the Security Instrument Issuers and Reserve Instrument Issuers.

Remedies Not Exclusive

No remedy conferred in the Resolution upon or reserved to the Trustee, the Contracting Parties and the Owners of Bonds or, with respect to Repayment Obligations, of any Security Instrument Issuer or any Reserve Instrument Issuer, as appropriate, is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessarily, by the Contracting Parties and the Owner of any one or more of the Bonds or, with respect to Repayment Obligations, by any Security Instrument Issuer or Reserve Instrument Issuer, as appropriate. Nothing contained in the Resolution shall permit the levy of any attachment or execution upon any of the properties of the Board or the University, nor shall any properties of the Board or the University be subject to forfeiture by reason of any default under the Resolution; it being expressly understood and agreed by each and every Owner of Bonds and Contracting Party by the acceptance of any Bond and Contract and by each and every Security Instrument Issuer and Reserve Instrument Issuer by entering into Security Instrument Agreements and Reserve Instrument Agreements, that the rights of all such Owners of Bonds, Contracting Parties, Security Instrument Issuers and Reserve Instrument Issuers are limited and restricted to the use and application of Revenues and other moneys, securities and Funds pledged under the Resolution in accordance with the terms of the Resolution,

Investment of Funds

(a) Moneys held in any Fund or Account shall be invested and reinvested by the University or the Trustee to the fullest extent practicable in Investment Securities that mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund or Account; *provided, however*, that the Trustee shall make such investments only in accordance with instructions received from an Authorized Officer; and provided further, however, that any investment of funds in any Series Subaccount in the Debt Service Reserve Account shall mature no later than five years after the date such investment is made.

(b) All moneys earned as an investment of moneys in the Construction Fund, the Revenue Fund and the Debt Service Account in the Principal and Interest Fund shall be retained therein. Net income earned on any moneys or investments in the Renewal and Replacement Reserve Fund shall be transferred to the Revenue Fund as described in paragraph (c) under section "Renewal and Replacement Reserve Fund" above. Whenever the Debt Service Reserve Account is in its full required amount, net income earned on any moneys or investments in the Debt Service Reserve Account shall be transferred to the Debt Service Account; otherwise, it is to be retained in the Debt Service Reserve Account.

Discharge of Indebtedness

(a) If the University shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds and to all Contracting Parties the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, and if all Repayment Obligations owed to Security Instrument Issuers and Reserve Instrument Issuers shall have been paid in full, then the pledge of any Revenues and other moneys, securities and Funds pledged under the Resolution and all covenants, agreements and other obligations of the Board and the University to the Bondowners, Contracting Parties, Security Instrument Issuers and Reserve Instrument Issuers shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the University in a written request of the University to be prepared and filed with the University and, upon the request of the University in a written request of the University, shall execute and deliver to the University all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the University all moneys or securities held by it pursuant to the Resolution that are not required for the payment of principal or Redemption Price, if applicable, on Bonds and Contracts. If the University shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of any Outstanding Bonds and the Contracting Parties the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, such Bonds and Contracts shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of the Board and the University to the Contracting Parties and the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(b) Bonds and Contracts or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the University of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect described in paragraph (a) above, Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect described in paragraph (a) above if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the University shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as notice of redemption of such Bonds on said date, (ii) there shall have been deposited with the Trustee or an Escrow Agent selected by the University for such purpose either moneys in an amount that shall be sufficient, or Government Obligations as hereinafter defined (including any Government Obligations issued or held in book–entry form on the books of the Department of the Treasury of the United States of America) constituting government obligations as defined in the Utah Refunding Bond Act the principal of and the interest on which when due will provide moneys that, together with the moneys, if any, deposited with the Trustee or such Escrow Agent at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, without adversely affecting the excludability of interest on the Bonds from gross income of the owners thereof for federal income tax purposes if the interest on such Bonds has theretofore been so excludable, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the University shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, first class postage prepaid, a notice to the Owners of such Bonds (the "Notice of Defeasance") that the deposit required by clause (ii) above has been made with the Trustee or such Escrow Agent and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of said Bonds. Neither Government Obligations nor moneys deposited with the Trustee or such Escrow Agent as described in the Resolution nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the University, as received by the Trustee, free and clear of any trust, lien or pledge. For the purposes described in paragraph (a) above and this paragraph (b), the term "Government Obligations" shall mean direct general obligations of, or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, the guarantee of which constitutes the full faith and credit obligation of the United States of America.

Unclaimed Moneys

Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds that remain unclaimed for six years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall, at the written request of the University, be repaid by the Fiduciary to the University and subject to the provisions of applicable law, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto, and the Bondowners shall look only to the University for the payment of such Bonds; *provided*, *however*, that before being required to make any such payment to the University, the Fiduciary shall, at the expense of the University, cause to be given once by first–class mail to the owner of such Bond entitled to the unclaimed money at the address shown on the registration books maintained by the Trustee, or cause to be published at least once in a Financial Newspaper or Journal, or both, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the notice, the balance of such moneys then unclaimed will be returned to the University.

Limited Liability of the Board and the University

Notwithstanding anything in the Resolution contained, the Board and the University shall not be required to advance any moneys derived from any source of income other than the Revenues and other moneys, securities and Funds pledged under the Resolution for the payment of the principal or Redemption Price of or interest on the Bonds or Contracts or for the operation and maintenance of the Student Housing System. Nevertheless, the Board and the University may, but shall not be required to, advance for any of the purposes of the Resolution any funds of the Board and the University that may be available to them for such purposes.

APPENDIX B

FINANCIAL REPORT OF UTAH STATE UNIVERSITY FOR FISCAL YEAR 2018

The financial statements of the University for Fiscal Year 2018 are contained herein. Copies of current and prior financial statements are available upon request from the contact person as indicated under "INTRODUCTION—Contact Persons" above.

The University's financial statements for Fiscal Year 2019 must be completed under State law by December 31, 2019.

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2018 ANNUAL FINANCIAL REPORT

UtahStateUniversity

2018

ANNUAL FINANCIAL REPORT

UtahStateUniversity

A COMPONENT UNIT OF THE STATE OF UTAH


YOU CAN
BECOME
COLLEGE of
AGRICULTURE and
APPLIED SCIENCES
UtahStateUniversity

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FROM THE PRESIDENT

The start of a new school year is always a special time at Utah State University where the entire community is ready to learn, bond, and grow. And now, as I begin my second year as USU's president, I know that Utah State University continues to be a leading land-grant institution known for our quality discovery, learning, and outreach opportunities. Our outstanding scholars and educators, along with our university community, collectively embody a tradition of greatness.

We are pleased to report that Utah State University is in sound financial shape with enrollments that reflect proactive strategic decisions to increase student retention and to help students graduate earlier — and less expensively. These strategic decisions have resulted in better efficiencies for students and, even more important, decreased overall costs of graduation. We are also keeping our promise of providing high quality research, teaching, and service to the great State of Utah and its citizens.

It is a great time to be an Aggie. In national rankings, we continue to gain ground. Utah State University was ranked as the #5 public university in the nation in "National Universities Rankings 2017" by *Washington Monthly* and is the #2 highest-ranked public university in the nation with lowest tuition in "America's Best Value Colleges" by *Forbes*. Our award-winning faculty continue to receive accolades. In March, physics professor David Peak was named as a 2018 recipient of the National Council on Undergraduate Research-Goldwater Scholars Faculty Mentor Award. Our facilities continue to astound thanks, in part, to our many Utah State University alumni and friends who are so generous in their support of the institution. In May, we celebrated the opening of the Sorenson Legacy Foundation Center for Clinical Excellence on the north side of campus.

The financial statements that follow are prepared according to generally accepted accounting principles established by the Governmental Accounting Standards Board. These principles are recommended by the American Institute of Certified Public Accountants and the National Association of College and University Business Officers.

The Office of the State Auditor has audited the financial statements for the year ending June 30, 2018. Their definitive opinion is included with this report. The annual financial report is intended to establish the University's financial position as of June 30, 2018. It is also intended to reflect the flow of financial resources to the University during the fiscal year 2017-2018, while disclosing how these resources are applied in accomplishing our mission.

We are pleased to share this report with you.

Noelle E. Cockett

NOELLE E. COCKETT

President

Utah State University

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee
and
Noelle E. Cockett, President
Utah State University

Report on the Financial Statements

We have audited the accompanying financial statements of Utah State University (University), a component unit of the State of Utah, as of and for the year ended June 30, 2018, 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 did not audit the financial statements of the Utah State University Research Foundation, a blended component unit foundation, which represents 7.3 percent, 2.4 percent, and 15.3 percent, respectively, of total assets, net position, and total revenues of the University. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Utah State University Research Foundation, is based solely on the report of the other auditors. 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.

Utah State Capitol Complex, East Office Building, Suite E310 • Salt Lake City, Utah 84114-2310 • Tel: (801) 538-1025 • auditor.utah.gov

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2018, 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 the University's Proportionate Share of Net Pension Liabilities, and the Schedule of the University's 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 Letter from the President and the listing of the Executive Officers and Board of Trustees 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 24, 2018 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

Office of the State Auditor
October 24, 2018

MANAGEMENT'S DISCUSSION & ANALYSIS

This section provides an overview of the University's financial activities in the current year compared to the prior year. Total assets and liabilities are presented as well as the change in net position from the prior year. Revenues, expenses, appropriations from the state, contributions, etc., are analyzed and discussed. The cash activity is also summarized to show the change in cash from the prior year to the current year.

INTRODUCTION

The following unaudited Management's Discussion and Analysis (MD&A) includes an analysis of the financial condition and results of activities of Utah State University (University) for the fiscal year (FY) ended June 30, 2018. The analysis includes the University's condensed and comparative Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows along with related graphs and comparative data. Also included is management's perspective of the University's economic outlook.

The University is a component unit of the State of Utah. The financial statements include the accounts of Utah State University Agricultural Experiment Station, Utah State University Water Research Laboratory, Utah State University Cooperative Extension Service, Utah State University Uintah Basin Regional Campus, Utah State University Southeast Region, Utah State University Tooele Regional Campus, Utah State University Brigham City Regional Campus, and Utah State University Eastern (USU Eastern), which are separately funded by state appropriations.

The Utah State University Research Foundation (USU Research Foundation), Utah State University Foundation (Foundation), and the College of Eastern Utah Foundation are blended component units of the University and have been consolidated in these financial statements. USU Research Foundation is governed by a Board of Trustees appointed by the president of Utah State University, under the direction of the University's Board of Trustees. USU Research Foundation is a dependent foundation of Utah State University and is reported as a part of the University because its primary purpose is to support the mission of Utah State University in regards to research. The Utah State University Foundation is also governed by a Board of Trustees appointed by the president of the University. The Utah State University Foundation is a dependent foundation of Utah State University and serves as the main fund-raising arm of the University. The College of Eastern Utah Foundation is governed by a Board of Trustees appointed by a nominating committee of current members of the Board of Trustees. Its primary role is to support the mission of USU Eastern.

The USU Research Foundation annually publishes audited financial statements. A copy of the audited financial statements can be obtained from USU Research Foundation, 1695 North Research Parkway, North Logan, Utah 84341. The College of Eastern Utah Foundation unaudited financial statements, compiled by an independent accounting firm, are available in the USU Eastern Development Office, 451 East 400 North, Price, Utah 84501.

OVERVIEW OF FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

The Management's 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 University's financial statements for fiscal year 2018 are presented beginning on page 18. The financial statements, note disclosures, and this discussion are the responsibility of management. This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis – for Public Colleges and Universities*. These financial statements focus on the operation, cash flows, and the main condition of the University as a whole. There are three financial statements presented: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows.

STATEMENT OF NET POSITION

The Statement of Net Position outlines the University's financial condition at fiscal year end. This statement reflects the various assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the fiscal year ended June 30, 2018.

From the data presented, readers of the Statement of Net Position have the information to determine the assets available to continue the operations of the University. They can also determine how much the University owes vendors, investors, and lending institutions. Finally, the Statement of Net Position outlines the net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) available to the University and defines that availability.

Net position is divided into three major categories. The first category, Net Investment in Capital Assets, reflects the University's equity in property, plant, and equipment owned by the University. The second category, Restricted, is further divided into two subcategories: Nonexpendable and Expendable. The corpus of restricted nonexpendable resources as it pertains to endowments is only available for investment purposes. Donors have primarily restricted income derived from these investments to fund scholarships and fellowships. The corpus of restricted nonexpendable resources as it pertains to loan funds is only available for the purpose of issuing loans to students under the terms of the various donor and federal government agreements. Restricted expendable resources are available for expenditure by the University but must be expended for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The last category, Unrestricted, discloses the resources available to the University to be used for any lawful purpose of the University.

Condensed Statement of Net Position

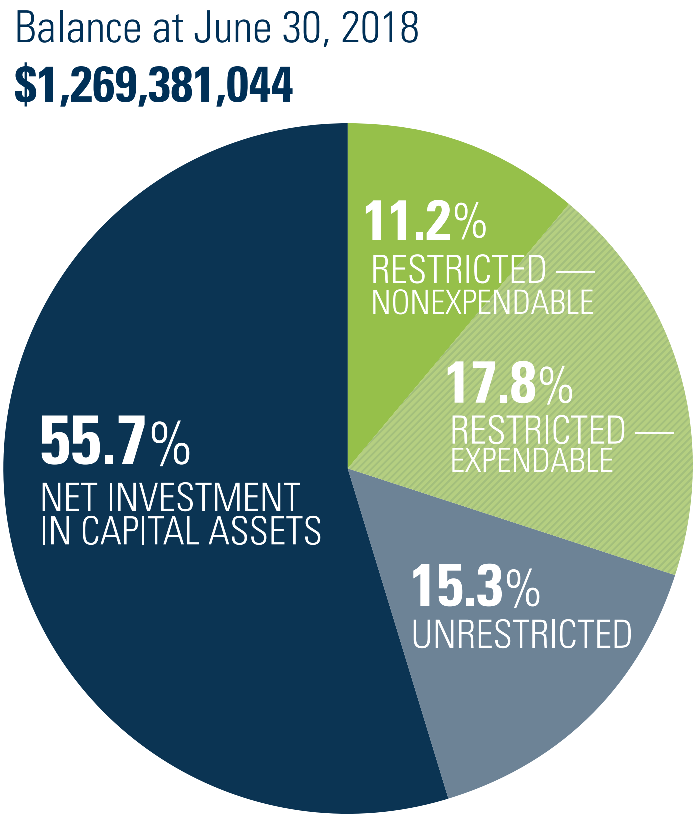
As of June 30

	2018	2017	Change	% Change
ASSETS				
Current assets	$169,569,093	$185,726,089	($16,156,996)	(8.70)%
Noncurrent assets				
Net capital assets	911,459,445	857,392,014	54,067,431	6.31 %
Other noncurrent assets	600,897,054	564,108,474	36,788,580	6.52 %
Total assets	1,681,925,592	1,607,226,577	74,699,015	4.65 %
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized losses on bonds	7,481,148	3,011,896	4,469,252	148.39 %
Resources related to pensions	20,677,761	20,519,667	158,094	0.77 %
Total deferred outflows of resources	28,158,909	23,531,563	4,627,346	19.66 %
LIABILITIES				
Current liabilities	122,136,970	114,933,076	7,203,894	6.27 %
Noncurrent liabilities	296,092,146	275,850,908	20,241,238	7.34 %
Total liabilities	418,229,116	390,783,984	27,445,132	7.02 %
DEFERRED INFLOWS OF RESOURCES				
Split-interest agreements	1,928,082	2,178,082	(250,000)	(11.48)%
Deferred gift revenue	1,006,987	1,703,325	(696,338)	(40.88)%
Resources related to pensions	19,539,272	6,653,065	12,886,207	193.69 %
Total deferred inflows of resources	22,474,341	10,534,472	11,939,869	113.34 %
NET POSITION				
Net investment in capital assets	707,397,179	670,334,903	37,062,276	5.53 %
Restricted — nonexpendable	141,644,718	136,970,804	4,673,914	3.41 %
Restricted — expendable	225,915,233	232,443,839	(6,528,606)	(2.81)%
Unrestricted	194,423,914	189,690,138	4,733,776	2.50 %
Total net position	$1,269,381,044	$1,229,439,684	$39,941,360	3.25 %

In fiscal year 2018, the University's total net position increased $39.9 million (3.3%) to $1.27 billion. The increase reflects those revenues that were received during fiscal year 2018 but were not used for operations or payment of interest on capital asset related debt.

Total assets increased $74.7 million (4.7%) while total liabilities increased $27.4 million (7%). Current assets decreased by $16.2 million (8.7%). Cash and cash equivalents decreased $1.1 million largely due to the purchase of investments. Short-term investments decreased $19.9 million largely due to purchases of long-term investments. Accounts receivable increased $3.8 million due to a $6.4 million increase for contracts and grants, a net decrease of $2.8 million from other state agencies, and a net decrease of $0.2 million from others. Prepaid expenses increased $1.2 million as various new service contracts and licenses were purchased. Noncurrent assets increased $90.9 million due to a net increase of $54.1 million in capital assets, an increase of $39.3 million in investments, an $8.9 million increase in restricted cash and cash equivalents, and a $10.2 million decrease in accounts receivable. The net increase in capital assets is largely due to several large construction projects completed or in progress, including the Sorenson Center for Clinical Excellence, the Space Dynamics Laboratory Building, the Fine Arts Complex addition and renovation, the Central Suites Residence Hall, and the Life Sciences Building. The University capitalized $21.9 million, $6.8 million, $3.2 million, $9.2 million, and $4.7 million, respectively, for these projects during fiscal year 2018. Also, the purchase and renovation of the Salt Lake Campus Building added $6.5 million to the net increase in capital assets. The increase in restricted cash and cash equivalents is due to the net increase of bond construction proceeds from the issuance of bonds for the next Space Dynamics Laboratory Building, offset by the spending of prior year bond construction proceeds as they were spent throughout the year for the Space Dynamics Laboratory Building and the Central Suites Residence Hall. Current liabilities increased $7.2 million (6.3%), while noncurrent liabilities increased $20.2 million (7.3%). The majority of the increase is due to the issuance of the $6.2 million Series 2018A Research Revenue Bonds, the issuance of the $32.2 million Series 2018B Research Revenue Bonds, and the decrease of $13.9 million of net pension liability.

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



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Changes in total net position as presented in 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 this statement is to present the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, operating and nonoperating, and any other revenues, expenses, gains, and losses received or expended by the University.

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; for example, state appropriations are nonoperating revenues because they are provided by the Legislature to the University without the Legislature directly receiving commensurate goods and services in return for those revenues. Without the nonoperating revenues, in particular the state appropriations, private gifts, and financial aid grants, the University would not be able to cover its costs of operations. These sources are critical to the University's financial stability and directly impact the quality of its programs. In fiscal year 2018, funding from these sources was adequate to cover all of the University's costs of operations.

The Statement of Revenues, Expenses, and Changes in Net Position shows the activity that resulted in a $39.9 million increase in net position for the fiscal year ended June 30, 2018.

The University experienced a net operating loss in fiscal year 2018 of $272.7 million. This operating loss highlights the University's dependency on nonoperating revenues such as state appropriations and private gifts to meet its costs of operations.

Total fiscal year 2018 operating revenues increased by $25.1 million (5.8%) over 2017. Tuition and fee revenues increased $3 million (2.1%) which reflects increases in tuition rates. Contracts, grants, and federal appropriations have continued to increase, providing $22.2 million of the increase in operating revenues, reflecting the University's expanding research efforts.

Nonoperating revenues increased $1.1 million (0.4%). State appropriations increased $5.8 million as a result of expanding State revenues. State grants increased $2.1 million largely due to performance-based funding and engineering initiative increases. Private gifts increased $4.3 million primarily due to gifts to the Huntsman School of Business. Financial aid grants increased $6.2 million as more students qualified for assistance. Investment income decreased $8.3 million due to the significant decrease in the average rate of return on investments. Also, a significant portion of the decrease in investment income was due to decreases in unrealized gains on investments. Other nonoperating expense increased $10 million due to the write-off of uncollectable gifts.

Capital appropriations, capital grants, and capital gifts are helping to fund various capital projects that are discussed in the Capital Asset and Debt Administration section on page 13. Capital appropriations, through the Division of Facilities and Construction Management, were $21 million, consisting of $3 million for the USU Eastern Geary Theatre Building upgrades, $9.8 million for the Sorenson Center for Clinical Excellence, and $8.2 million for various buildings and infrastructure upgrades and improvements. Capital grants and gifts decreased significantly from 2017 due to a decrease in pledges.

Total operating expenses increased $41.9 million (6%) in fiscal year 2018. Salaries and benefits went up $30.4 million (7.1%) due to salary increases, and the increased cost of medical insurance. Other operating expenses increased $10.2 million (5.7%) largely due to maintenance of new facilities, the maintenance and repair of older facilities, and general cost increases of supplies and services.

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

For the Years Ended June 30

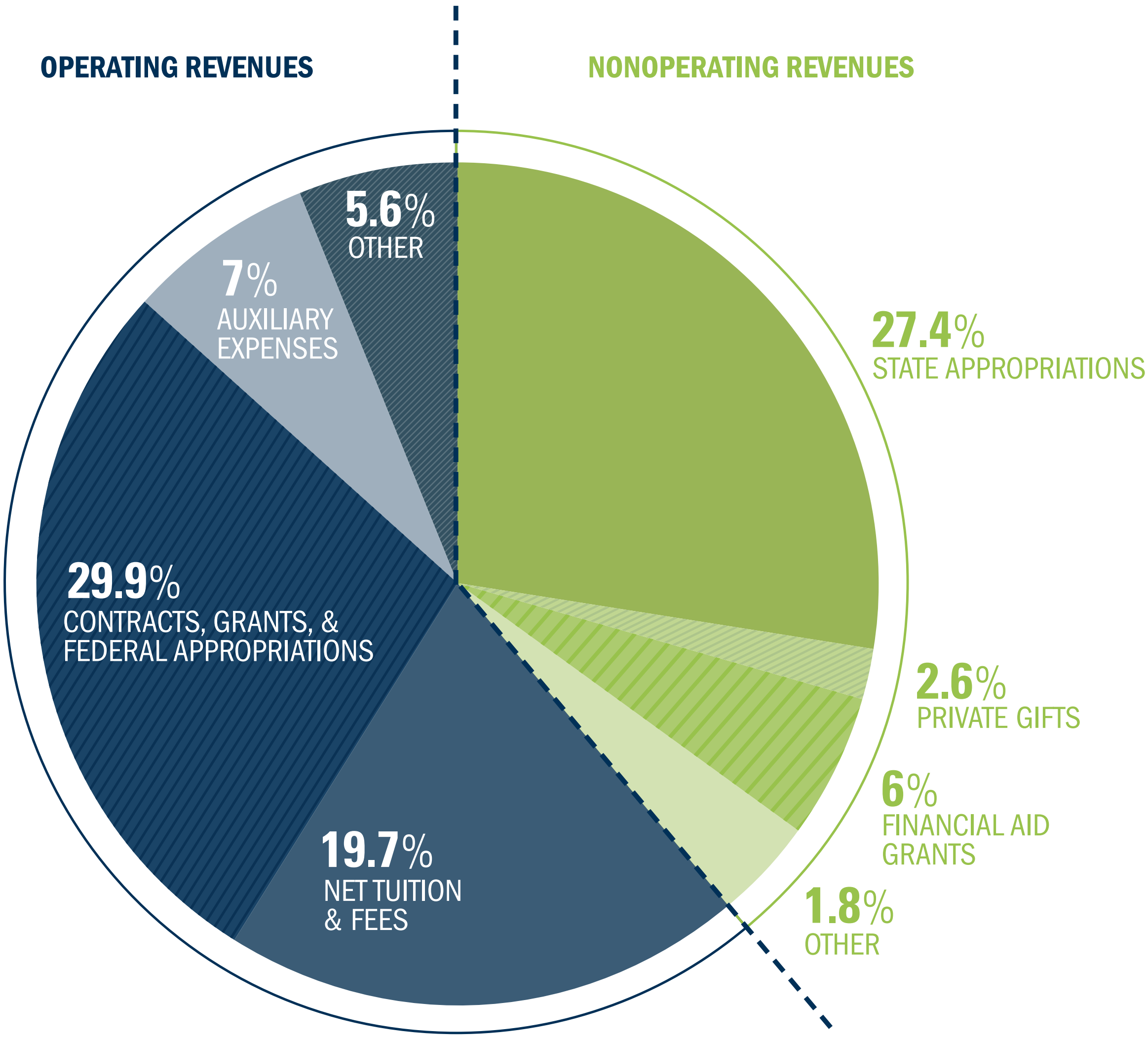
	2018	2017	Change	% Change
OPERATING REVENUES				
Tuition and fees (net of scholarship allowances of: FY 2018 — $85,743,959; FY 2017 — $79,445,766)	$145,663,113	$142,666,323	$2,996,790	2.10 %
Contracts, grants, and federal appropriations	221,801,908	199,614,858	22,187,050	11.11 %
Auxiliary enterprises (net of scholarship allowances of: FY 2018 — $738,179; FY 2017 — $895,995)	51,957,537	50,171,033	1,786,504	3.56 %
Other operating revenues	41,615,940	43,477,847	(1,861,907)	(4.28)%
Total operating revenues	461,038,498	435,930,061	25,108,437	5.76 %
OPERATING EXPENSES				
Salaries and wages	327,128,027	308,442,700	18,685,327	6.06 %
Employee benefits	133,671,073	121,943,193	11,727,880	9.62 %
Other operating expenses	190,616,131	180,427,652	10,188,479	5.65 %
Scholarships and fellowships	33,417,025	35,416,632	(1,999,607)	(5.65)%
Depreciation	48,888,124	45,590,704	3,297,420	7.23 %
Total operating expenses	733,720,380	691,820,881	41,899,499	6.06 %
Operating loss	(272,681,882)	(255,890,820)	(16,791,062)	(6.56)%
NONOPERATING REVENUES				
State appropriations	203,257,655	197,437,533	5,820,122	2.95 %
Private gifts	19,165,660	14,845,508	4,320,152	29.10 %
Financial aid grants	44,328,330	38,175,758	6,152,572	16.12 %
Other	13,232,788	28,451,428	(15,218,640)	(53.49)%
Net nonoperating revenues	279,984,433	278,910,227	1,074,206	0.39 %
Income before other revenues	7,302,551	23,019,407	(15,716,856)	(68.28)%
OTHER REVENUES				
Capital appropriations	21,028,230	14,608,885	6,419,345	43.94 %
Capital grants and gifts	7,168,369	14,331,728	(7,163,359)	(49.98)%
Additions to permanent endowments	4,442,210	7,670,447	(3,228,237)	(42.09)%
Total other revenues	32,638,809	36,611,060	(3,972,251)	(10.85)%
Increase in net position	39,941,360	59,630,467	(19,689,107)	(33.02)%
NET POSITION — BEGINNING OF YEAR	1,229,439,684	1,169,809,217	59,630,467	5.10 %
NET POSITION — END OF YEAR	$1,269,381,044	$1,229,439,684	$39,941,360	3.25 %

The following graph reflects the University's sources of revenue available to meet current operating costs:

REVENUES AVAILABLE FOR OPERATING EXPENSES
For Fiscal Year 2018

OPERATING REVENUES – **$461,038,498**
NONOPERATING REVENUES – **$279,984,433**

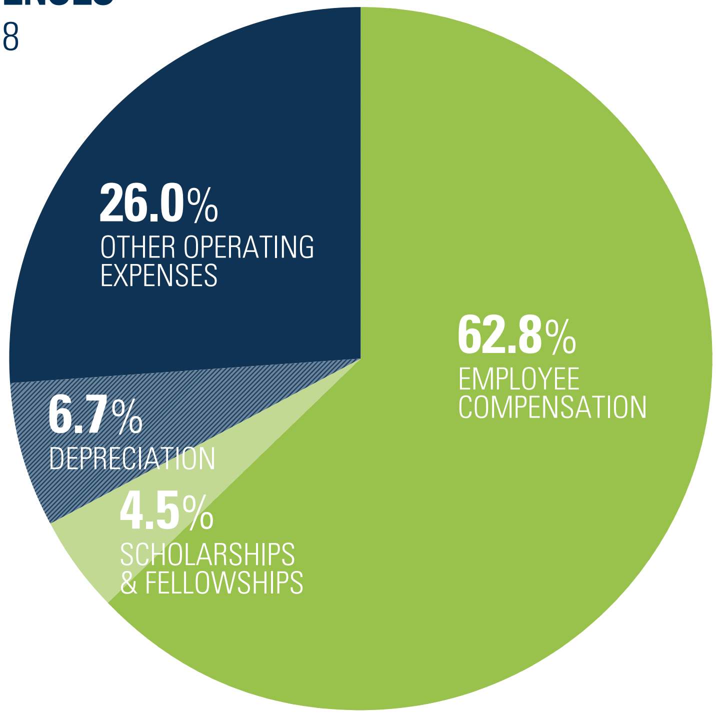
TOTAL – **$741,022,931**



The following graph reflects the University's operating expenses by classification:

OPERATING EXPENSES
For Fiscal Year 2018

$733,720,380



STATEMENT OF CASH FLOWS

The final statement presented by Utah State University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University during the fiscal year. The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used by operating activities. The second section includes cash flows from noncapital financing activities. This section includes the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section includes cash flows from capital and related financing activities. This section includes the cash used for the acquisition and construction of capital and related items. The fourth section includes the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. A condensed version of these first four sections is provided below. The fifth section of the Statement of Cash Flows is not included in the Condensed Statement of Cash Flows, which reconciles the net cash used for operations to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position. This reconciliation is available for review in the Statement of Cash Flows on page 22.

Condensed Statement of Cash Flows
For the Years Ended June 30

	2018	2017	Change	% Change
CASH PROVIDED (USED) BY:				
(1) Operating activities	($221,518,205)	($216,847,615)	($4,670,590)	(2.15)%
(2) Noncapital financing activities	280,710,451	261,701,746	19,008,705	7.26 %
(3) Capital and related financing activities	(55,559,303)	(49,550,280)	(6,009,023)	(12.13)%
(4) Investing activities	4,182,828	(50,062,377)	54,245,205	108.36 %
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,815,771	(54,758,526)	62,574,297	114.27 %
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	74,275,845	129,034,371	(54,758,526)	(42.44)%
CASH AND CASH EQUIVALENTS – END OF YEAR	$82,091,616	$74,275,845	$7,815,771	10.52 %

The University's cash and cash equivalents increased by $7,815,771 to a total of $82,091,616. This increase is largely the result of the net increase of balances of bond construction proceeds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Construction of the Central Suites Residence Hall was substantially completed in August 2018. The project includes the demolition and replacement of an aging high rise residence hall on central campus. The new residence hall will provide 378 beds and 124,400 square-feet for students living on campus and is sited on the central campus for maximum convenience. The project was funded with the proceeds of the University's $24,455,000 Student Fee and Housing System Revenue Bonds, Series 2015, which were issued in September of 2015.

Construction of a 76,191 square-foot, three-story building for the Space Dynamics Laboratory (SDL) located at the USU Innovation Campus was completed in December 2017. The SDL facility houses a portion of the C4ISR Systems Division (which division develops advanced intelligence, surveillance, and reconnaissance ("ISR") technologies to support a wide variety of command, control, communications, and computer ("C4") system needs). Proceeds from the University's $19,500,000 Federally Taxable Research Revenue Bonds, Series 2015, were used to start the construction of the building. Proceeds from the University's $10,135,000 Federally Taxable Research Revenue Bonds, Series 2016, were used to complete the building. The bonds were issued in October of 2015, and July of 2016, respectively.

In June of 2018, the University's $32,210,000 Research Revenue Bonds, Series 2018B, were issued for financing the costs of construction and equipping of an additional building for the Space Dynamics Laboratory within the University's Innovation Campus, paying capitalized interest, funding a debt service reserve account, and paying the costs associated with the issuance of the bonds. The building will provide an additional 78,893 square-feet of office and laboratory space to meet the growing demand for Space Dynamics Laboratory research projects.

In December of 2017, the University completed the construction and equipping of the 21,430 square-foot South Farm Dairy Barn. This $2,300,000 facility features some of the newest technology in equipment for milking and caring of dairy cows.

In February of 2018, the University purchased a property in Salt Lake County to relocate the USU Salt Lake Campus. The property has a large building and approximately 3.75 acres of associated land. In addition to the purchase, the building underwent major renovations. The costs of the purchase and renovation were funded with $2,900,000 of University funds, and the proceeds of the University's $6,231,000 Research Revenue Bonds, Series 2018A, that were issued in February of 2018.

On May 3, 2018, there was a ribbon cutting ceremony for the new building that is the Sorenson Center for Clinical Excellence within the Emma Eccles Jones College of Education and Human Services. The project consists of a 117,503 square-foot facility where integration of research, academic, and clinical services enables training for students, interdisciplinary research among faculty and clinicians, and comprehensive clinical services for clients statewide and regionally. Among specialized classrooms and other features, the Center houses an advanced nursing simulation lab, a hydrotherapy pool, a speech-language clinic, a movement research clinic, a hearing and balance clinic, behavioral health services, a teaching kitchen, and a cafe.

All of the Fine Arts Complex addition and renovation projects were completed. The Tippetts Galleries renovation, and the Art and Mary Heers Scene Shop addition were completed in September of 2017. On October 18, 2017, there was a grand opening celebration and concert for the Newel and Jean Daines Concert Hall. This was the 50th anniversary of the opening of the Kent Concert Hall (renamed the Daines Concert Hall). Other portions of the renovation project, such as the Fine Arts Center Courtyard and the Music Department area, were also completed during the year. The expansion and renovation of the Nora Eccles Harrison Museum of Art was completed in September of 2018. It features a prominent new entrance and lobby on the northwest corner of the Fine Arts Center. All of the projects were funded with private donations and state appropriations.

Construction of the Life Sciences Building is continuing, and it is anticipated that it will be completed in Spring 2019. The building is located on the former site of the Peterson Agricultural Building south of the Biology-Natural Resources Building and north of the Eccles Conference Center. The 96,820 square-foot, multi-level facility will house the Department of Biology, along with 13 teaching laboratories, a lecture hall, research laboratories, and student study spaces. The project is being funded with $38 million in state appropriations, $2 million from the University, and $5 million from private donors.

In December of 2017, the University's $38,825,000 Student Building Fee Revenue Refunding Bonds, Series 2017, were issued for the purpose of refunding a portion of the University's Student Building Fee Revenue Bonds, Series 2013B. The proceeds of the Series 2013B Bonds provided financing for a portion of the cost of constructing the Aggie Recreation Center and the Wayne Estes Center.

ECONOMIC OUTLOOK

The Utah economy continues to be strong. As recently measured, Utah ranked first in the nation in private sector growth with the total number of jobs increasing by approximately 43,500 to 1.47 million. Although the rate of growth has been trending down in Utah since 2015; falling from 3.7 percent in 2015 to 3.0 percent in 2017, the growth rate is still exceptional. Utah also ranks in the top tier of states in personal income growth. This relatively high growth rate in personal income reflects the state's strong job growth and rising wage rates.

The 2018 forecast for the Utah economy shows a modest slowdown in employment growth in 2018. For the first time in four years, employment growth is expected to dip below three percent with an estimate of 2.8 percent, or 41,000 additional jobs. Despite a slight decline in job growth in 2018, Utah will continue to be in the top five among all states in job growth. Utah's economic strength has made and will continue to make additional funding available from Legislative appropriations to support the University going forward.

Utah's public colleges and universities continue to see enrollment increases in contrast to many areas of the nation. The ten-year enrollment projections for the Utah System of Higher Education are expected to outpace the country with an anticipated 55,000 additional students coming to Utah campuses over the next ten years and Utah State University campuses will benefit from a significant portion of the projected enrollment increase. Currently, headcount on the main Logan campus continues to hover at just under 20,000 students with overall USU enrollment near 28,000. In addition, USU Logan online and broadcast headcount grew at an impressive 8.1% from Fall semester 2017 to Fall semester 2018.

The University has a diverse source of revenues, including those from the State of Utah, student tuition and fees, sponsored research programs, private support, and self-supporting enterprises. This diversity of revenues continues to provide financial stability and significant protection against potentially difficult future economic times.

Management believes that USU's financial position will continue to enable the University to move forward and accomplish its mission of being one of the nation's premier student-centered, land-grant, and space-grant universities.


Sorenson Legacy Foundation
Center For Clinical Excellence

FINANCIAL STATEMENTS

The financial statements consist of the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Each statement presents a different financial perspective of the University for the fiscal year ended June 30, 2018.


Frederick P
CHAMP
DRIVE

Statement of Net Position
June 30, 2018

ASSETS	
Current assets	
Cash and cash equivalents (Notes A, B, and D)	$41,382,130
Short-term investments (Notes B and D)	56,002,183
Accounts receivable from primary government (Note E)	6,262,470
Accounts receivable from others - net (Note E)	53,914,958
Credits receivable (Note E)	182,488
Notes receivable - net (Note E)	2,471,057
Inventories (Note A)	3,697,951
Prepaid expenses	5,655,856
Total current assets	169,569,093
Noncurrent assets	
Restricted	
Cash and cash equivalents (Notes A, B, and D)	40,709,486
Short-term investments (Notes B and D)	1,397,678
Investments (Notes C and D)	190,567,485
Accounts receivable - net (Note E)	11,593,675
Notes receivable - net (Note E)	52,220
Real estate held for resale	385,031
Split-interest agreements	1,928,082
Accounts receivable - net (Note E)	15,761,706
Notes receivable - net (Note E)	9,364,315
Investments (Notes C and D)	329,033,666
Other noncurrent assets	103,340
Net pension assets (Note K)	370
Property, plant, and equipment - net (Note F)	911,459,445
Total noncurrent assets	1,512,356,499
Total assets	1,681,925,592
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized refunding losses on bonds	7,481,148
Resources related to pensions (Note K)	20,677,761
Total deferred outflows of resources	28,158,909

Table continued on next page

Statement of Net Position (continued)
June 30, 2018

LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities to primary government (Note G)	6,796,754
Accounts payable and accrued liabilities to others (Note G)	60,577,442
Liability for compensated absences (Note H)	13,914,114
Liability for early retirement (Note H)	5,845,181
Unearned revenue and deposits	25,282,113
Other current liabilities (Note H)	483,255
Funds held for others	108,830
Notes payable to primary government (Note H)	49,472
Bonds, notes, and contracts payable (Notes H and I)	9,079,809
Total current liabilities	122,136,970
Noncurrent liabilities	
Liability for compensated absences (Note H)	5,801,928
Liability for early retirement (Note H)	10,065,438
Unearned revenue and deposits	698,072
Notes payable to primary government (Note H)	197,581
Other noncurrent liabilities (Note H)	1,367,011
Net pension liability (Note K)	35,354,433
Bonds, notes, and contracts payable (Notes H and I)	242,607,683
Total noncurrent liabilities	296,092,146
Total liabilities	418,229,116
DEFERRED INFLOWS OF RESOURCES	
Split-interest agreements	1,928,082
Deferred gift revenue (Notes C and D)	1,006,987
Resources related to pensions (Note K)	19,539,272
Total deferred inflows of resources	22,474,341
NET POSITION	
Net investment in capital assets	707,397,179
Restricted	
Nonexpendable	
Scholarships and fellowships	90,665,839
Instruction	22,668,392
Loans	12,879,491
Other	15,430,996
Expendable	
Research, instruction, and public service	203,834,650
Capital projects	22,080,583
Unrestricted	194,423,914
Total net position	$1,269,381,044

The Notes to the Financial Statements are an integral part of this statement

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

OPERATING REVENUES	
Tuition and fees - net (Note A)	$145,663,113
Federal appropriations	5,000,800
Federal contracts and grants	192,980,831
State contracts and grants	9,616,088
Local contracts and grants	1,162,836
Private contracts and grants	13,041,353
Sales and services of educational departments	16,564,204
Conferences and institutes (noncredit)	9,393,781
Service departments	1,332,214
Auxiliary enterprises - net (Note A)	51,957,537
Other	14,325,741
Total operating revenues	461,038,498
OPERATING EXPENSES	
Salaries and wages	327,128,027
Employee benefits	124,651,572
Actuarial calculated pension expense (Note K)	9,019,501
Other operating expenses	190,616,131
Scholarships and fellowships	33,417,025
Depreciation	48,888,124
Total operating expenses	733,720,380
Operating loss	(272,681,882)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	203,257,655
State grants	9,654,279
State land grant revenues	197,378
Financial aid grants	44,328,330
Private gifts	19,165,660
Investment income	21,129,366
Interest on capital asset related debt	(6,539,164)
Other	(11,209,071)
Total nonoperating revenues (expenses)	279,984,433
Income before other revenues	7,302,551
OTHER REVENUES	
Capital appropriations	21,028,230
Capital grants and gifts	7,168,369
Additions to permanent endowments	4,442,210
Total other revenues	32,638,809
Increase in net position	39,941,360
NET POSITION — BEGINNING OF YEAR	1,229,439,684
NET POSITION — END OF YEAR	$1,269,381,044

The Notes to the Financial Statements are an integral part of this statement

Statement of Cash Flows For the Year Ended June 30, 2018	
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees receipts	$150,527,881
Federal appropriations receipts	5,000,800
Contracts and grants receipts	210,033,694
Sales and services receipts of educational departments	16,564,204
Conferences and institutes (noncredit) receipts	9,393,781
Receipts from service departments	1,370,351
Receipts from auxiliary enterprises	51,382,592
Other operating receipts	13,263,114
Payments to employees for salaries and benefits	(456,965,761)
Payments to suppliers	(188,918,832)
Payments for scholarships and fellowships	(33,417,025)
Loans issued to students	(1,164,981)
Loan payments received from students	1,411,977
Net cash used by operating activities	(221,518,205)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	203,240,441
State grants	11,075,564
State land grant revenues	138,303
Financial aid grants	44,490,976
Private gifts	21,464,192
Federal direct loan receipts	55,815,727
Federal direct loan payments	(55,652,166)
Other additions	137,414
Net cash provided by noncapital financing activities	280,710,451
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	12,926,117
Capital grants and gifts	5,507,301
Proceeds from capital debt	75,357,569
Other additions	843,858
Cash paid for capital assets	(94,593,368)
Payment of capital debt and leases	(47,829,906)
Interest paid on capital asset related debt	(7,770,874)
Net cash used by capital and related financing activities	(55,559,303)

Table continued on next page

Statement of Cash Flows (continued)
For the Year Ended June 30, 2018

CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(162,336,167)
Proceeds from sale of investments	149,689,258
Interest and dividends received from investments	16,829,737
Net cash provided by investing activities	4,182,828
Net increase in cash and cash equivalents	7,815,771
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	74,275,845
CASH AND CASH EQUIVALENTS – END OF YEAR	$82,091,616
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	($272,681,882)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation expense	48,888,124
Gifts-in-kind and transfers reducing payments to suppliers	838,215
Changes in assets and liabilities	
Accounts receivable	(7,552,507)
Inventories	378,510
Prepaid expenses	(1,171,586)
Accounts payable and accrued expenses	3,269,536
Unearned revenues and deposits	4,028,994
Compensated absences and early retirement	3,382,625
Net pension liability	(1,166,662)
Net student loan activity	268,428
Net cash used by operating activities	($221,518,205)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Fixed assets acquired by incurring capital lease obligations	$233,820
Completed construction projects transferred from State of Utah	9,988,802
Change in fair value of investments recognized as a component of investment income	4,236,181
Amortization of premiums, discounts, and net loss on bonds	(1,231,710)
Additions to pledges receivable for noncapital financing activities	2,889,945
Additions to pledges receivable for capital and related financing activities	2,233,570
Disposal of capital assets due to write off	(2,022,442)
Gifts of capital assets	398,194
Total noncash investing, capital, and financing activities	$16,726,360

The Notes to the Financial Statements are an integral part of this statement

NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements communicate information essential for fair presentation of the basic financial statements that is not displayed on the face of the financial statements. As such, the notes form an integral part of the basic financial statements as they present more detailed information about the University's investments, bonds outstanding, capital assets, etc.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by Utah State University are described below.

BASIS OF PRESENTATION

The University is a component unit of the State of Utah. The financial statements include the accounts of Utah State University Agricultural Experiment Station, Utah State University Water Research Laboratory, Utah State University Cooperative Extension Service, Utah State University Uintah Basin Regional Campus, Utah State University Southeast Region, Utah State University Tooele Regional Campus, Utah State University Brigham City Regional Campus, and Utah State University Eastern (USU Eastern), which are separately funded by state appropriations.

The Utah State University Research Foundation (USU Research Foundation), Utah State University Foundation (Foundation), and the College of Eastern Utah Foundation are blended component units of the University and have been consolidated in these financial statements. USU Research Foundation is governed by a Board of Trustees appointed by the president of Utah State University, under the direction of the University's Board of Trustees. USU Research Foundation is a dependent foundation of Utah State University and is reported as a part of the University because its primary purpose is to support the mission of Utah State University in regards to research. The Utah State University Foundation is also governed by a Board of Trustees appointed by the president of the University. The Utah State University Foundation is a dependent foundation of Utah State University and serves as the main fund-raising arm of the University. The College of Eastern Utah Foundation is governed by a Board of Trustees appointed by a nominating committee of current members of the Board of Trustees. Its primary role is to support the mission of USU Eastern.

The USU Research Foundation annually publishes audited financial statements. A copy of the audited financial statements can be obtained from USU Research Foundation, 1695 North Research Parkway, North Logan, Utah 84341. The College of Eastern Utah Foundation unaudited financial statements, compiled by an independent accounting firm, are available in the USU Eastern Development Office, 451 East 400 North, Price, Utah 84501.

BASIS OF ACCOUNTING

For financial reporting purposes, the University is considered a special purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated. When both restricted and unrestricted resources are available, such resources are spent and tracked at the discretion of the department within the guidelines of donor restrictions.

The accounting policies of the University conform in all material respects with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and investments with an original maturity of three months or less.

INVESTMENTS

Investments are recorded at fair 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 accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

A portion of the University's endowment portfolio is invested in "alternative investments". These investments, unlike more traditional investments, generally do not have readily obtainable market values and typically take the form of limited partnerships. The University values these investments based on the values provided by the partnerships as well as their 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.

INVENTORIES

The value of the University Campus Store inventory is recorded at average cost, determined using the retail inventory method, while all other inventory values are essentially lower of cost (first-in, first-out) or market, including the cost of project houses waiting to be sold or under construction. Obsolete or unusable items are reduced to net realizable values.

NONCURRENT ASSETS

Assets that are externally restricted for capital purposes, to make debt service payments, maintain sinking or reserve funds, or that represent assets of the University's endowments (including real estate held for resale and split-interest agreements) are classified as noncurrent restricted assets.

The remaining noncurrent assets include those receivables that will not be realized within the next year, investments, the cost of land purchased for future project houses, and the University's property, plant, and equipment, net of depreciation.

PROPERTY, PLANT, AND EQUIPMENT

All buildings are carried on an estimated historical cost basis or at acquisition value at date of donation in the case of gifts. All other physical plant and equipment are stated at cost when purchased or constructed or acquisition value at date of donation in the case of gifts.

The University capitalizes all equipment with a unit cost of $5,000 or more and an estimated useful life greater than one year. Purchased software is capitalized when acquisition costs are $100,000 or more. Buildings costing $250,000 or more are capitalized, as are improvements to buildings costing $250,000 or more that extend the useful life of the building. Improvements other than buildings costing $250,000 or more are also capitalized. All library physical collections inventoried in the University's recognized libraries are capitalized regardless of cost. Art and special collections held by the University are capitalized but not depreciated. The University computes depreciation using the straight-line composite method over the estimated useful life of the assets. The estimated useful lives are as follows: *(Figure A.1)*

FIGURE A.1

Buildings	10–40 years
Improvements other than buildings	5–20 years
Equipment	3–15 years
Purchased software	5–10 years
Library physical collections	20 years

The University provides repair and replacement reserves for certain properties as required by the related bond indentures. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

PENSION RELATED ASSETS, LIABILITIES, DEFERRED OUTFLOWS, AND DEFERRED INFLOWS

The University records its share of any unfunded liability associated with participation in the defined benefit plans of the Utah Retirement Systems (Systems). For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems' Pension Plan and additions to or deductions from the Systems' fiduciary net position are 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 benefits terms. The Systems' Pension Plan investments are reported at fair value.

UNEARNED REVENUES

Unearned revenues consist primarily of amounts received during the fiscal year that have not yet been earned and are related to the subsequent accounting period. These sources consist of contract and grant sponsors, amounts received for tuition and fees, and certain auxiliary activities.

COMPENSATED ABSENCES

Sick leave is not accrued but is reported in the period of actual expenditure. Sick leave does not vest to the employee but is allowed on an earned time basis. At the end of each calendar year, employees who have earned 48 days of sick leave may convert up to four days of sick leave to annual leave, subject to other restrictions of the University.

Annual leave, including converted sick leave, is accrued and reported as earned. Employees are allowed to carry a maximum of 34 days of annual leave. The 34 days is variable depending on the number of sick leave days the employee is allowed to convert at calendar year end.

GIFTS

The University received $891,015 of gifts-in-kind, that were recorded as revenue and expense during the fiscal year ended 2018.

NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of revenue bonds payable, notes payable, and contracts payable that are due beyond the next fiscal year, estimated amounts for accrued compensated absences, early retirement, long-term deposits, and net pension liabilities.

DEFERRED INFLOWS

In fiscal year 2018, the University implemented GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, and has recognized $1,928,082 as a restricted asset along with a 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; and (5) the irrevocable split-interest agreement established a legally enforceable right for the government's benefit (an unconditional beneficial interest).

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 obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

RESTRICTED – NONEXPENDABLE: Restricted – nonexpendable net position consists of endowment and similar-type funds which, as a condition of the gift instruments, the donors or other outside sources have stipulated that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income. The income may either be expended or added to principal. Also included in this category are funds received from donors for the purpose of providing short and long-term loans to students.

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

UNRESTRICTED: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments. 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 auxiliary enterprises, which are substantially self-supporting activities that provide services primarily for students.

CLASSIFICATION OF REVENUES AND EXPENSES

OPERATING REVENUES: Operating revenues include activities that have the characteristics of exchange transactions such as: (1) student tuition and fees, net of scholarship allowances; (2) sales and services of auxiliary enterprises and other departments; (3) most federal, state, and local contracts and grants and federal appropriations; and (4) interest on institutional student loans.

NONOPERATING REVENUES: Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts, contributions, and other revenue sources that are defined as nonoperating revenues based on GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Examples of nonoperating revenues would include state appropriations and investment income.

OPERATING/NONOPERATING EXPENSES: All expenses are classified as operating expenses except interest expense, losses on the disposal of capital assets, and uncollectible gifts.

SCHOLARSHIP ALLOWANCES

Student tuition and fee revenues are reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship 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. To the extent that revenues from other sources are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance to eliminate overstating total revenues to the University and properly record the revenues at the original source.

The scholarship allowances for the year ended June 30, 2018 were as follows: *(Figure A.2)*

FIGURE A.2

Scholarship Allowances

Tuition and fees	$85,743,959
Auxiliary enterprises	738,179
Total scholarship allowances	$86,482,138

SEGMENT REPORTING

The University, through the Utah State Board of Regents, issues revenue bonds to finance certain activities. The University has deemed it not necessary to report segments on these bond issues, based upon the criteria provided in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

B. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash and cash equivalents consist of cash and investments with an original maturity of three months or less. Short-term investments consist of investments with an original maturity greater than three months that will mature within one year or less. Cash, depending on source of receipts, is pooled except when legal requirements dictate the use of separate accounts. The cash balances and cash float from outstanding checks are invested principally in short-term investments that conform to the provisions of the Utah Code. It is the practice of the University that the investments ordinarily be held to maturity at which time the par value of the investments will be realized.

The Utah State Treasurer's Office operates the Utah Public Treasurers' Investment Fund (PTIF) which is invested in accordance with the State Money Management Act (the Act). The State of Utah Money Management Council provides regulatory oversight for the PTIF. The PTIF is available for investment of funds administered by any Utah Public Treasurer.

At June 30, 2018, cash and cash equivalents and short-term investments consisted of: *(Figure B.1)*

FIGURE B.1

Cash and Cash Equivalents	
Cash	$8,705,741
Money market accounts	16,200,000
Money market mutual funds	11,894,634
Utah Public Treasurers' Investment Fund	45,291,241
Total cash and cash equivalents	**$82,091,616**

Short-Term Investments	
Commercial paper and corporate notes	$56,159,749
Common and preferred stock-options	(24,455)
Municipal bonds	1,075,919
Obligations of United States Government	188,648
Total short-term investments (fair-value)	**$57,399,861**

C. INVESTMENTS

Funds available for investment are pooled to maximize return and minimize administrative cost, except for funds that are authorized by the University administration to be separately invested or which are separately invested to meet legal or donor requirements. Investments received as gifts are recorded at market or appraised value. If no market or appraised value is available, investments received as gifts are recorded at a nominal value. Other investments are also recorded at fair value.

University personnel manage certain portfolios, while other portfolios are managed by banks, investment advisors, or through trust agreements.

According to the University's Investment Policy, the governing board may appropriate for expenditure as much of the net appreciation, realized and unrealized, of an endowment's corpus as is prudent under the facts and circumstances prevailing at the time of the action or decision. The appropriation must be for the purposes for which the endowment is established and also includes a management fee.

The endowment income spending policy at June 30, 2018, is 4 percent of the 12 quarter moving average of the market value of the endowment pool with a one year lag. The spending policy is reviewed periodically and any necessary changes are made.

The amount of net appreciation on investments of donor-restricted endowments available for authorization for expenditure at June 30, 2018, is $39,530,709. The net appreciation is a component of restricted-expendable net position.

At June 30, 2018, the investment portfolio composition was as follows: *(Figure C.1)*

FIGURE C.1

Long-Term Investments	
Alternatives	$46,961,189
Closely held stocks	1,006,987
Commercial paper and corporate notes	120,790,069
Common and preferred stocks	35,694,927
Municipal bonds	22,559,669
Mutual funds-bonds	41,306,937
Mutual funds-equity	97,323,327
Obligations to the U.S. Government and its agencies	153,958,046
Total long-term investments (fair value)	**$519,601,151**

D. DEPOSITS AND 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 the University. The University does not have a formal deposit policy for custodial credit risk.

At June 30, 2018, the carrying amounts of the University's deposits and bank balances were $24,692,003 and $31,018,936, respectively. The bank balances of the University were insured for $1,063,149 by the Federal Deposit Insurance Corporation. The bank balances in excess of $1,063,149 were uninsured and uncollateralized, leaving $29,955,787 exposed to custodial credit risk.

INVESTMENTS

The State of Utah Money Management Council has the responsibility to advise the Utah 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 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 State of Utah Money Management Council.

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

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 non-negotiable 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 of certificates in a money market mutual fund as defined in the Act; and the Utah State 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 as an investment company. The PTIF is authorized and regulated by the Act. The Act established the State of Utah 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 Policy 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 above investments or any of the following, subject to certain criteria: mutual funds registered with the Securities and Exchange Commission, investments sponsored by the Commonfund; any investment made in accordance with the donor's directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The University's Investment Policy allows the University to invest endowment funds in investments authorized by the Act or any of the following investments: readily marketable equities, which are diversified across a spectrum of market capitalizations, multiple regions, by issue, industry, and sector; readily marketable fixed income investments diversified by country, issue, sector, coupon, and quality; bonds having a minimum quality of "A" or better; and alternative investments that derive returns primarily from high-yield and distressed debt (hedged or non-hedged), natural resources, private capital (including venture capital, private equity, both domestic and international), commodities, private real estate assets or absolute return, and long/short hedge funds. In addition endowment funds may be invested as specifically directed by donor agreements.

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

LEVEL 3: Unobservable inputs

At June 30, 2018, the University had the following recurring fair value measurements: *(Figure D.1)*

FIGURE D.1		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
INVESTMENTS BY FAIR VALUE LEVEL				
Debt securities				
Money market mutual funds	$11,894,634	$11,894,634	–	–
Utah Public Treasurers' Investment Fund	45,291,241	–	$45,291,241	–
Commercial paper and corporate notes	176,949,816	–	176,949,816	–
Municipal bonds	23,635,588	–	23,635,588	–
Mutual funds—bonds	41,306,937	289,436	16,627,628	$24,389,873
U.S. agencies	150,316,878	–	150,316,878	–
U.S. treasury securities	3,829,816	3,712,680	117,136	–
Total debt securities	453,224,910	15,896,750	412,938,287	24,389,873
Equity securities				
Closely held stock	1,006,987	–	–	1,006,987
Common and preferred stock	35,694,927	35,694,927	–	–
Common and preferred stock-options	(24,455)	(24,455)	–	–
Mutual funds—equity	97,323,327	12,965,243	54,409,171	29,948,913
Total equity securities	134,000,786	48,635,715	54,409,171	30,955,900
Total investments by fair value level	587,225,696	$64,532,465	$467,347,458	$55,345,773
INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)				
Hedge funds	4,599,966			
International equity	9,536,443			
Private equity core real estate	8,140,812			
Private equity natural resources	3,282,668			
Private equity partnerships	9,426,784			
Private equity real estate funds	8,894,590			
Private infrastructure	1,548,318			
Venture capital funds	1,531,608			
Total investments measured at (NAV)	46,961,189			
Total investments at fair value	$634,186,885			

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

Bond and Equity Mutual Funds: published fair value per share (unit) for each fund

Utah Public Treasurers' Investment Fund: application of the June 30, 2018, fair value factor, as calculated by the Utah State Treasurer, to the University's June 30 balance in the fund

Securities, namely bond mutual funds, closely held stock, and equity mutual funds classified in Level 3 are valued manually using various sources such as issuer, investment manager, client, etc., or default price if a price is not provided.

Investments valued using the net asset value 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. A portion of the University's endowment portfolio is invested in alternative investments. The University values these investments based on the values provided by the partnerships as well as their 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.

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: *(Figure D.2)*

FIGURE D.2

Investments measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	$4,599,966	–	Quarterly	100 days
International equity	9,536,443	–	Quarterly	100 days
Private equity core real estate	8,140,812	–	Quarterly	30–60 days
Private equity natural resources	3,282,668	$1,477,028	N/A	N/A
Private equity partnerships	9,426,784	8,078,399	N/A	N/A
Private equity real estate funds	8,894,590	10,541,021	N/A	N/A
Private infrastructure	1,548,318	1,471,829	N/A	N/A
Venture capital funds	1,531,608	107,500	N/A	N/A
Total investments measured at NAV	$46,961,189	$21,675,777		

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 Act or the University's Investment Policy, as applicable. For non-endowment funds, the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed-rate negotiable deposits, and fixed-rate corporate obligations to 270 days – 15 months or fewer. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to five years. In addition variable-rate negotiable deposits and variable-rate securities may not have a remaining term to final maturity exceeding three years. For endowment funds, the University's Investment Policy requires 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, 2018, the University had the following investments and maturities: *(Figure D.3)*

FIGURE D.3

Investment Type	Fair Value	Less than 1	1–5	6–10	Greater than 10
Money market mutual funds	$11,894,634	$11,894,634	–	–	–
Utah Public Treasurers' Investment Fund	45,291,241	45,291,241	–	–	–
Commercial paper and corporate notes	176,949,816	56,159,749	$76,854,152	$4,418,187	$39,517,728
Municipal bonds	23,635,588	1,075,919	11,555,538	5,704,250	5,299,881
Mutual funds – bonds	41,306,937	–	18,418,741	6,678,788	16,209,408
U.S. agencies	150,316,878	188,648	4,705,855	144,737,014	685,361
U.S. treasury securities	3,829,816	–	3,829,816	–	–
Totals	$453,224,910	$114,610,191	$115,364,102	$161,538,239	$61,712,378

CREDIT RISK: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The University's policy for reducing its exposure to credit risk is to comply with the State Money Management Act and the University's Investment Policy, as previously discussed. As of June 30, 2018, the University had the following investments with quality ratings: *(Figure D.4)*

FIGURE D.4

		Quality Rating			
Investment Type	Fair Value	AAA	AA	A	BBB
Money market mutual funds	$11,894,634	–	–	–	–
Utah Public Treasurers' Investment Fund	45,291,241	–	–	–	–
Commercial paper and corporate notes	176,949,816	$2,113,166	$21,608,248	$86,185,876	$57,364,587
Municipal bonds	23,635,588	14,082,130	7,954,971	1,264,601	233,895
Mutual funds – bonds	41,306,937	–	–	–	–
U.S. agencies	150,316,878	187,827	130,383,305	–	–
U.S. treasury securities	3,829,816	–	–	–	–
Totals	$453,224,910	$16,383,123	$159,946,524	$87,450,477	$57,598,482

	Quality Rating			
Investment Type	BB	B	Unrated	No Risk
Money market mutual funds	–	–	$11,894,634	–
Utah Public Treasurers' Investment Fund	–	–	45,291,241	–
Commercial paper and corporate notes	$2,576,251	$765,600	6,336,088	–
Municipal bonds	–	–	99,991	–
Mutual funds – bonds	–	–	41,306,937	–
U.S. agencies	–	–	19,326,559	$419,187
U.S. treasury securities	–	–	–	3,829,816
Totals	$2,576,251	$765,600	$124,255,450	$4,249,003

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 State of Utah Money Management Council. For endowment funds, the University policy requires diversification of investments across a broad spectrum and specific limits to concentration of securities within categories of equities, fixed income, and alternatives. Rule 17 of the State of Utah Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10 percent depending upon the total dollar amount held in the portfolio at the time of purchase. The State of Utah Money Management Council limitations do not apply to securities issued by the U.S. Government and its agencies.

For endowments, the University, under Policy R541, is permitted to establish its own investment policy which adheres to the guidelines established by UPMIFA. Accordingly, the University's asset allocation guidelines allocate endowment funds in the following asset classes: *(Figure D.5)*

FIGURE D.5	Broad Asset Allocation Targets	
Asset Category	Target %	Range (%)
Global Equity	45	35–55
Investment Grade Fixed Income	15	10–20
Opportunistic Fixed Income	15	10–20
Alternative Assets	25	10–30

At June 30, 2018, the University held more than 5 percent of total investments in securities of the Federal Home Loan Bank and Federal Farm Credit Bank. These investments represent 8.19 and 10.16 percent, respectively, of the total investments.

CUSTODIAL CREDIT RISK: Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the University will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The University does not have a formal investment policy for custodial credit risk. At June 30, 2018, the University had $35,694,927 in common and preferred stock, ($24,455) in common and preferred stock-options, $176,949,817 in commercial paper and corporate notes, $23,635,588 in municipal bonds, and $150,316,877 in U.S. agencies which were uninsured and held by the counterparty, but not in the University's name.

E. ACCOUNTS, CREDITS, AND STUDENT LOANS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2018: *(Figure E.1)*

Credits receivable, $182,488, reflect amounts due from vendors doing business primarily with the University's Campus Store.

Student loans receivable are comprised primarily of loans issued through the Federal Perkins Loan Program (FPLP) and short-term loans issued from funds set aside by the University for that purpose.

The FPLP loans provide for cancellation of a loan at rates of 10 percent to 30 percent per year up to a maximum of 100 percent if the participant complies with certain provisions. The FPLP loans become payable by the student after completion of academic degrees or termination as a student, with a term of ten years and an interest rate of 5 percent. In the event the University should withdraw from the FPLP or the government were to cancel the program, the amount for which the University would be liable to the federal government as of June 30, 2018, is $10,893,131.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education.

FIGURE E.1	Current	Noncurrent	Total
DUE FROM PRIMARY GOVERNMENT			
State contracts and grants	$1,424,362	–	$1,424,362
State grant – USTAR	2,688,460	–	2,688,460
Land-grant revenue	110,122	–	110,122
Division of Facilities Construction and Management	1,900,830	–	1,900,830
Due from State of Utah	138,696	–	138,696
DUE FROM OTHERS			
Contracts and grants	44,661,447	–	44,661,447
Pledges receivable	1,590,761	$26,995,071	28,585,832
Auxiliary and service enterprises	1,402,630	–	1,402,630
Other activities	7,178,809	360,310	7,539,119
Total accounts receivable	61,096,117	27,355,381	88,451,498
Less allowance for doubtful accounts	(918,689)	–	(918,689)
Net accounts receivable	$60,177,428	$27,355,381	$87,532,809

Other University short-term loans have a term of two to four months and carry an interest rate of 7 percent to 12 percent. The 12 percent rate applies if the loan becomes delinquent. Notes receivable are as follows: *(Figure E.2)*

FIGURE E.2

	Current	Noncurrent	Total Receivable
Federal Perkins Loan Program	$1,650,598	$9,442,203	$11,092,801
Other	844,508	52,220	896,728
Total notes receivable	2,495,106	9,494,423	11,989,529
Less allowance for doubtful accounts	(24,049)	(77,888)	(101,937)
Net notes receivable	$2,471,057	$9,416,535	$11,887,592

F. PROPERTY, PLANT, AND EQUIPMENT

Interest capitalized as part of building construction was $731,509 and is included as part of construction in progress. The University's investment in property, plant, and equipment consists of the following: *(Figure F.1)*

FIGURE F.1

	June 30, 2017	Additions	Deletions	June 30, 2018
PROPERTY, PLANT, AND EQUIPMENT NOT DEPRECIATED				
Land	$39,086,326	$3,184,650	–	$42,270,976
Construction in progress				
Buildings	67,932,089	48,072,856	($71,071,848)	44,933,097
Improvements other than buildings	2,448,509	5,323,324	(6,806,371)	965,462
Equipment	244,481	527,914	(160,344)	612,051
Art and special collections	32,690,003	4,528,783	–	37,218,786
Total property, plant, and equipment not depreciated	142,401,408	61,637,527	(78,038,563)	126,000,372
OTHER PROPERTY, PLANT, AND EQUIPMENT				
Buildings	986,449,327	95,789,468	(544,837)	1,081,693,958
Improvements other than buildings	69,709,994	6,996,461	–	76,706,455
Equipment	184,403,713	17,527,967	(9,190,527)	192,741,153
Library collections	77,667,784	547,037	(63,140)	78,151,681
Total other property, plant, and equipment	1,318,230,818	120,860,933	(9,798,504)	1,429,293,247
LESS ACCUMULATED DEPRECIATION				
Buildings	(367,154,577)	(28,768,276)	188,210	(395,734,643)
Improvements other than buildings	(40,050,758)	(3,590,633)	–	(43,641,391)
Equipment	(135,573,797)	(14,322,419)	8,042,812	(141,853,404)
Library collections	(60,461,080)	(2,206,796)	63,140	(62,604,736)
Total accumulated depreciation	(603,240,212)	(48,888,124)	8,294,162	(643,834,174)
Net other capital assets	714,990,606	71,972,809	(1,504,342)	785,459,073
CAPITAL ASSETS – SUMMARY				
Capital assets not depreciated	142,401,408	61,637,527	(78,038,563)	126,000,372
Other capital assets at cost	1,318,230,818	120,860,933	(9,798,504)	1,429,293,247
Total cost of capital assets	1,460,632,226	182,498,460	(87,837,067)	1,555,293,619
Less accumulated depreciation	(603,240,212)	(48,888,124)	8,294,162	(643,834,174)
Net capital assets	$857,392,014	$133,610,336	($79,542,905)	$911,459,445

G. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2018: *(Figure G.1)*

FIGURE G.1

Salaries and benefits payable	$35,746,619
Salaries and benefits payable due to primary government	3,337,180
Due to primary government	3,459,574
Suppliers payable	23,489,987
Interest payable	1,282,819
Other	58,017
Total accounts payable and accrued liabilities	$67,374,196

H. BONDS, NOTES, CONTRACTS, AND OTHER NONCURRENT LIABILITIES

Assets pledged for payment of bonds and contracts include the net revenue of auxiliary enterprises, land-grant funds, specific student fees, and reimbursed facilities and administrative costs. The gross amount of capital assets purchased under capital leases as of June 30, 2018, was $34,238,186 with associated accumulated depreciation of $22,765,666. Bonds, notes, and contracts outstanding at June 30, 2018, were as follows: *(Figure H.1)*

FIGURE H.1

BONDS PAYABLE	
Stadium/Spectrum and Student Recreation Bonds	
Series 2013 2.00%-4.00%, 2013-2026, $8,405,000	$5,930,000
Series 2013B 3.00%-5.00%, 2014-2045, $43,310,000	4,340,000
Series 2015 3.00%-5.00%, 2016-2046, $23,900,000	23,030,000
Series 2017 2.00%-5.00%, 2018-2045, $38,825,000	38,825,000
Total Stadium/Spectrum and Student Recreation Bonds	72,125,000
Student Housing System Revenue Bonds	
Series 2007 4.00%-5.25%, 2007-2035, $39,155,000	35,410,000
Series 2015 3.00%-5.00%, 2016-2038, $24,455,000	23,665,000
Series 2016 2.50%-5.00%, 2017-2046, $19,540,000	18,660,000
Total Student Housing System Revenue Bonds	77,735,000
Research Revenue Bonds	
Series 2009 2.00%-5.00%, 2009-2019, $22,000,000	950,000
Series 2015 1.17%-4.75%, 2016-2047, $19,500,000	19,135,000
Series 2015B 3.00%-5.00%, 2016-2031, $13,145,000	13,145,000
Series 2016 1.025%-4.049%, 2017-2047, $10,135,000	9,920,000
Series 2018A 3.05%, 2018-2028, $6,231,000	6,231,000
Series 2018B 3.00%-5.00%, 2018-2050, $32,210,000	32,210,000
Total Research Revenue Bonds	81,591,000
Total bonds payable	231,451,000
NOTES AND CAPITAL LEASES PAYABLE	
State of Utah, 0%, 2018-2023	247,053
Bank of America, 4.18%, 2007-2022	585,253
Bank of America, 2.54%, 2014-2024	5,516,505

Table continued on next page

FIGURE H.1 (continued)	
Capital One Public Finance, 3.89%, 2014-2029	909,613
Zions Bank, 3.01%, 2017-2022	1,913,426
SunTrust Leasing Corp., 2.34%, 2013-2022	384,412
SunTrust Leasing Corp., 2.078%, 2013-2020	74,813
SunTrust Leasing Corp., 2.84%, 2012-2019	25,287
SunTrust Leasing Corp., 2.81%, 2012-2019	98,700
SunTrust Leasing Corp., 2.72%, 2013-2023	1,515,750
SunTrust Leasing Corp., 2.69%, 2013-2020	61,517
SunTrust Leasing Corp., 3.11%, 2014-2021	111,572
SunTrust Leasing Corp., 2.71%, 2014-2019	43,503
SunTrust Leasing Corp., 3.04%, 2014-2021	91,139
Total notes and capital leases payable	11,578,543
EQUIPMENT CONTRACTS PAYABLE	29,710
Total bonds, notes, and equipment contracts payable	243,059,253
UNAMORTIZED PREMIUMS, REOFFERING PREMIUMS (RP), AND DISCOUNTS ON BONDS	
2007 Bonds - RP	2,356,621
2009 Bonds - RP	1,820
2013 Bonds - RP	354,570
2013B Bonds - premium	23,711
2015 (building) Bonds - premium	461,305
2015 (housing) Bonds - premium	733,939
2015 (research) Bonds - discount	(78,219)
2015B (research) Bonds - premium	1,595,560
2016 (housing) Bonds - premium	783,802
2018A (building) Bonds - premium	1,121,124
2018B (research) Bonds - premium	1,521,059
Total unamortized premiums, RPs, and discounts on bonds	8,875,292
Total bonds, notes, and equipment contracts payable net of unamortized premiums, RPs, and discounts on bonds	$251,934,545

Below is a summary of the changes in bonds, notes, and equipment contracts payable for the fiscal year ended June 30, 2018: *(Figure H.2)*

FIGURE H.2	Bonds	Notes and Capital Leases	Equipment Contracts	Total Payable	Unamortized Premiums and Discounts	Total Net of Premiums and Discounts
June 30, 2017	$199,025,000	$14,211,151	$127,586	$213,363,737	$7,805,603	$221,169,340
Additions	77,266,000	259,421	–	77,525,421	2,665,087	80,190,508
Deletions	(44,840,000)	(2,892,029)	(97,876)	(47,829,905)	(1,595,398)	(49,425,303)
June 30, 2018	$231,451,000	$11,578,543	$29,710	$243,059,253	$8,875,292	$251,934,545

The University has complied with the restrictive covenants of its bond agreements. Amounts due on bonds and contracts payable in future years are as follows: *(Figure H.3)*

FIGURE H.3

Fiscal Years	Bonds	Bonds Interest	Notes and Capital Leases	Notes and Capital Leases Interest	Equipment Contracts	Equipment Contracts Interest	Total Amount Required
2019	$6,701,000	$8,992,978	$2,398,571	$292,811	$29,710	$322	$18,415,392
2020	6,838,000	8,729,022	2,254,891	227,733	–	–	18,049,646
2021	7,660,000	8,424,031	2,252,963	164,787	–	–	18,501,781
2022	7,993,000	8,089,360	1,880,859	103,337	–	–	18,066,556
2023	8,351,000	7,736,902	1,290,497	61,710	–	–	17,440,109
2024–2028	45,743,000	32,940,152	1,448,601	70,152	–	–	80,201,905
2029–2033	45,535,000	23,623,860	52,161	434	–	–	69,211,455
2034–2038	40,965,000	15,143,087	–	–	–	–	56,108,087
2039–2043	32,855,000	8,636,936	–	–	–	–	41,491,936
2044–2048	25,360,000	2,461,330	–	–	–	–	27,821,330
2049–2050	3,450,000	111,563	–	–	–	–	3,561,563
Totals	$231,451,000	$124,889,221	$11,578,543	$920,964	$29,710	$322	$368,869,760

The outstanding balance of bonds defeased and refunded in current and prior years totaled $51,745,000 at June 30, 2018. The bond liabilities of the defeased and refunded bonds are not included on the balance sheet.

Summary of changes in liabilities for the year ended June 30, 2018, is as follows: *(Figure H.4)*

FIGURE H.4

	June 30, 2017	Additions	Reductions	June 30, 2018	Amounts Due Within One Year
BONDS, NOTES, AND CONTRACTS PAYABLE					
Bonds payable	$206,830,603	$79,931,087	($46,435,398)	$240,326,292	$6,701,000
Notes and capital leases payable	14,061,800	–	(2,730,310)	11,331,490	2,349,099
Notes payable to primary government	149,351	259,421	(161,719)	247,053	49,472
Equipment contracts payable	127,586	–	(97,876)	29,710	29,710
Total bonds, notes, and contracts payable	221,169,340	80,190,508	(49,425,303)	251,934,545	9,129,281
OTHER NONCURRENT LIABILITIES					
Liability for compensated absences	18,674,285	16,026,014	(14,984,257)	19,716,042	13,914,114
Liability for early retirement	13,569,751	7,471,160	(5,130,292)	15,910,619	5,845,181
Deposit due to primary government	465,000	–	(465,000)	–	–
Other liabilities	1,836,542	271,865	(258,141)	1,850,266	483,255
Net pension liability	49,248,898	–	(13,894,465)	35,354,433	–
Total other noncurrent liabilities	83,794,476	23,769,039	(34,732,155)	72,831,360	20,242,550
Total noncurrent liabilities	$304,963,816	$103,959,547	($84,157,458)	$324,765,905	$29,371,831

I. PLEDGED BOND REVENUE

The University issues revenue bonds to provide funds for the construction and renovation of major capital facilities. Investors in these bonds rely solely on the net revenue pledged by the following activities for the retirement of outstanding bonds payable.

STUDENT FEE AND HOUSING SYSTEM is comprised of the net revenue from specific auxiliary enterprises and student building fee assessments. The Student Fee and Housing System includes all University housing, Parking Services, certain University Dining Services operations, the net revenues of the Taggart Student Center, Student Building Fees specifically identified in the bond resolution, and land-grant revenues. The University has pledged future net revenues of the Student Fee and Housing System to repay $39,155,000, $24,455,000, and $19,540,000 in bonds issued in May 2007, September 2015, and July 2016, respectively. Proceeds from the 2007 bonds were used to refund bonds issued in 2004 that were issued to provide financing for the construction and renovation of six Student Fee and Housing System buildings, a parking structure, and a dining facility. Proceeds from the 2015 bonds provided financing for the construction of a Student Fee and Housing System building. Proceeds from the 2016 bonds were used to acquire three apartment buildings and associated land. Student Fee and Housing System annual net revenues are projected to produce at least 110 percent of the annual debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is $114,375,411. The bonds are payable solely from the Student Fee and Housing System and are payable through 2046.

STUDENT FEE STADIUM/SPECTRUM RECREATION FACILITIES SYSTEM is comprised of those student fees specifically identified in the bond resolution and paid by students for the use and availability of the facilities. The University has pledged future revenues of the specifically identified student fees to repay $8,405,000, $43,310,000, $23,900,000, and $38,825,000 in bonds issued in March 2013, August 2013, July 2015, and December 2017, respectively. Proceeds from the 2013 bonds were used to refund a portion of the bonds issued in 2004 that were issued to provide financing for renovating and remodeling portions of the University's football stadium and a student recreation center. Proceeds from the 2013B bonds provided financing for a portion of the cost of constructing, equipping, and furnishing a student recreation center and a facility for basketball practice and volleyball competition. Proceeds from the 2015 bonds provided financing for the construction and renovation of facilities at the University's football stadium. Proceeds from the 2017 bonds were used to refund a portion of the 2013B bonds. This refunding resulted in an increase of $4,832,939 in the net

carrying amount of the refunded debt, a reduction in the future debt service payments of $8,174,380, and an economic gain (difference between the present value of the old and new debt service payments) of $2,807,511. Student fee revenues are projected to produce at least 110 percent of the annual debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is $109,790,955. The bonds are payable solely from the Student Fee Stadium/ Spectrum Recreation Facilities System and are payable through 2046.

RESEARCH REVENUE SYSTEM is comprised of the revenue generated from the recovery of allocated facilities and administration costs to contracts and grants based on federally approved negotiated rate agreements. The University has pledged future revenues of the Research Revenue System to repay $22,000,000, $19,500,000, $13,145,000, $10,135,000, $6,231,000, and $32,210,000 in bonds issued in May 2009, October 2015, December 2015, July 2016, February 2018, and June 2018, respectively. Proceeds from the 2009 bonds provided financing for the cost of acquiring, constructing, and equipping two research facilities located at the University's main campus and the Vernal, Utah campus. Proceeds from the 2015B bonds were used to refund a portion of the bonds issued in 2009 that were issued to provide financing for the cost of constructing two research facilities located at the University's main campus and the Vernal, Utah campus. Proceeds from the 2015 and 2016 bonds provided financing for the construction of a research facility on the USU Innovation Campus. Proceeds from the 2018A bonds were used to acquire a building and associated land located in Salt Lake County, Utah. Proceeds from the 2018B bonds are providing financing for the construction of a research facility on the USU Innovation Campus. Research Revenue System revenues are projected to produce at least 250 percent of the annual debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is $132,173,855. The bonds are payable solely from the Research Revenue System and are payable through 2050.

The following schedule presents the net revenue pledged to the applicable bond system and the principal and interest paid for the year ended June 30, 2018. *(Figure I.1)*

FIGURE I.1	Student Fee and Housing System	Student Fee Stadium/ Spectrum Recreation Facilities System	Research Revenue System
REVENUE			
Operating revenue/gross profit	$29,083,110	$6,476,310	$38,047,678
Nonoperating revenue	212,349	–	–
Total revenue	29,295,459	6,476,310	38,047,678
EXPENSES			
Operating expenses	19,112,627	–	–
Total expenses	19,112,627	0	0
Net pledged revenue	$10,182,832	$6,476,310	$38,047,678
PRINCIPAL PAID AND INTEREST EXPENSE	$5,418,482	$4,536,650	$5,658,566
DEBT SERVICE RATIO	1.88X	1.43X	6.72X

J. OPERATING LEASES

The University leases ground under noncancelable operating lease agreements which expire in fiscal year 2058. Rental revenue on the operating leases for the fiscal year ended June 30, 2018, was $70,990. Future minimum rental revenues for these noncancelable operating leases are as follows: *(Figure J.1)*

FIGURE J.1	
FISCAL YEARS ENDED JUNE 30:	
2019	$159,780
2020	159,780
2021	159,780
2022	159,780
2023	159,780
Later years	10,024,529
Total revenues	$10,823,429

The USU Research Foundation leases various office, warehouse, and other facilities under noncancelable operating lease agreements with expiration dates ranging from fiscal year 2019 through fiscal year 2023. Rental expense on the operating leases for the fiscal year ended June 30, 2018, was $1,654,734. Future minimum rental payments for these noncancelable operating leases are as follows: *(Figure J.2)*

FIGURE J.2	
FISCAL YEARS ENDED JUNE 30:	
2019	$1,674,079
2020	1,319,826
2021	1,174,833
2022	686,644
2023	324,642
Total payments	$5,180,024

K. PENSION PLANS AND RETIREMENT BENEFITS

Eligible employees of the University are covered by the Utah Retirement Systems (Systems), Teachers Insurance and Annuity Association (TIAA), and/or Fidelity Investments (Fidelity). Employees may also participate in defined contribution plans consisting of 401(k) and 457 plans managed by the Systems, TIAA, Fidelity, or Educators Mutual Insurance Association (EMIA).

DEFINED BENEFIT PENSION PLANS

Eligible employees of the University are provided with the following defined benefit pension plans (cost-sharing, multiple-employer plans) administered by the Utah Retirement Systems:

- Public Employees Noncontributory Retirement System (Tier 1 Noncontributory System)
- Public Employees Contributory Retirement System (Tier 1 Contributory System)
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Contributory System)
- Public Safety Retirement System (Public Safety System)
- Tier 2 Public Safety and Firefighter Contributory Retirement Systems (Tier 2 Public Safety Firefighters System)

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System. The University began participating in the Tier 2 Public Safety and Firefighter System in 2017.

The Utah Retirement Systems are established and governed by the respective sections of Title 49 of the Utah Code. The Systems' defined benefit plans are amended statutorily by the Utah 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. The Systems 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 Utah Retirement Systems issues a publicly available financial report that may be obtained by writing to the Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

BENEFITS PROVIDED: The Systems provide retirement, disability, and death benefits to participants in the defined benefit pension plans. Retirement benefits for each defined benefit plan are as follows: *(Figure K.1)*

FIGURE K.1

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Tier 1 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 4.0%
Tier 1 Contributory System	Highest 5 years	30 years any age 25 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 4.0%
Tier 2 Contributory 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%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4.0% depending upon employer
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

** With actuarial reductions | **All post-retirement cost-of-living adjustments are 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 Systems' board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. For the year ended June 30, 2018, the University required contribution rates for the plans were as follows: *(Figure K.2)*

FIGURE K.2

System	Rates Paid by Employee	Rates Paid by Unversity for Employee	University Contribution Rates
Tier 1 Noncontributory System	N/A	N/A	22.19%
Tier 1 Contributory System	N/A	6.00%	17.70%
Tier 2 Contributory System*	N/A	N/A	18.44%
Public Safety System	N/A	N/A	41.35%
Tier 2 Public Safety and Firefighter System*	N/A	N/A	29.28%

** Tier 2 rates include a 10.02% or 18% required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.*

For the year ended June 30, 2018, the University and employee contributions to the plans were as follows: *(Figure K.3)*

FIGURE K.3

System	University's Contributions	Employees' Contributions
Tier 1 Noncontributory System	$8,221,506	N/A
Tier 1 Contributory System	75,098	–
Tier 2 Contributory System	1,429,747	–
Public Safety System	9,732	–
Tier 2 Public Safety and Firefighter System	147,467	–
Total contributions	$9,883,550	$0

Contributions reported are the Utah State Retirement 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, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS: At June 30, 2018, the University reported a net pension asset of $370 and a net pension liability of $35,354,433. The net pension asset and liability were measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The University's proportion of the net pension asset and liability was based upon actual historical employer contributions to defined benefit pension plans for pay periods ending in 2017. At December 31, 2017, the University's net pension asset and liability were as follows: *(Figure K.4)*

FIGURE K.4

System	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	–	$34,553,852
Tier 1 Contributory System	–	122,273
Tier 2 Contributory System	–	71,351
Public Safety System	–	606,957
Tier 2 Public Safety and Firefighter System	$370	–
Total net pension asset/liability	$370	$35,354,433

For the year ended June 30, 2018, the University recognized pension expense of $9,019,501. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources: *(Figure K.5)*

FIGURE K.5

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$11,621	$2,084,071
Changes in assumptions	8,944,836	271,233
Net difference between projected and actual earnings on pension plan investments	6,119,560	15,433,200
Changes in proportion and differences between contributions and proportionate share of contributions	540,724	1,750,768
Contributions subsequent to the measurement date	5,061,020	–
Total	$20,677,761	$19,539,272

Contributions made between January 1, 2018, and June 30, 2018, of $5,061,020 are reported as deferred outflows of resources related to pensions. These contributions will be recognized as a reduction of 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: *(Figure K.6)*

FIGURE K.6

Years Ended December 31	Deferred Outflows (Inflows) of Resources
2018	$642,868
2019	$1,380,155
2020	($2,645,204)
2021	($3,354,414)
2022	($15,807)
Thereafter	$69,873

ACTUARIAL ASSUMPTIONS: The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: *(Figure K.7)*

FIGURE K.7

Inflation	2.5%	
Salary increases	3.25%-9.75%	Average, including inflation
Investment rate of return	6.95%	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 Society of Actuaries.

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

CHANGES IN ASSUMPTIONS: As a result of an experience study conducted as of December 31, 2016, the System's Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial liability) include a decrease in the investment return assumption from 7.2 percent to 6.95 percent, a reduction in the price inflation assumption from 2.6 percent to 2.5 percent (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4 percent annual COLA max), and the adoption of an updated retiree mortality table that is developed using the System's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

The long-term expected rate of return on defined benefit 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 and is applied consistently to each defined benefit pension plan. 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: *(Figure K.8)*

The 6.95 percent assumed investment rate of return is comprised of an inflation rate of 2.5 percent and a real return of 4.45 percent that is net of investment expense.

DISCOUNT RATE: 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 Systems' Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 was reduced to 6.95 percent from 7.2 percent from the prior measurement period.

FIGURE K.8

Asset Class	Expected Return Arithmetic Basis: Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40.00%	6.15%	2.46%
Debt securities	20.00%	0.40%	0.08%
Real assets	15.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.89%
Absolute return	16.00%	2.85%	0.46%
Cash and cash equivalents	0.00%	0.00%	0.00%
Total	100.00%		4.75%
Inflation			2.50%
Expected arithmetic nominal return			7.25%

SENSITIVITY OF THE UNIVERSITY'S 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 asset and liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share would be if calculated using a discount rate that is 1 percentage point lower (5.95%) or 1 percentage point higher (7.95%) than the current rate: *(Figure K.9)*

PENSION PLAN FIDUCIARY NET POSITION: Detailed information about the pension plan's fiduciary net position is available in the separately issued Systems' financial report.

DEFINED CONTRIBUTION PLANS

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required employer contributions and associated earnings are vested after four years of employment. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

FIGURE K.9

Systems	Proportionate Share of Net Pension Liability (Asset): 1% Decrease 5.95%	Discount Rate 6.95%	1% Increase 7.95%
Tier 1 Noncontributory System	$75,445,679	$34,553,852	$376,515
Tier 1 Contributory System	1,611,419	122,273	(1,145,520)
Tier 2 Contributory System	840,125	71,351	(521,484)
Public Safety System	1,261,245	606,957	69,615
Tier 2 Public Safety and Firefighter System	3,276	(370)	(3,156)
Total net pension liability	$79,161,744	$35,354,063	($1,224,030)

401(k), TIER 2 DC, AND 457 PLANS: For employees participating in defined benefit plans, the University is also required to contribute 1.26 – 1.58 percent of the employee's salary into a 401(k)/457 plan. For employees who choose to participate in the Tier 2 Public Employee or Public Safety and Firefighter defined contribution plans (Tier 2 DC), the University is required to contribute 20.02 or 30.54 percent of the employees' salary of which 10 or 12.54 percent is paid into a 401(k)/457 plan while the remainder is contributed to the Tier 1 Systems, as required by law.

EMIA: EMIA provides a 401(k) defined contribution plan that can be utilized by employees on the Utah Retirement State and School System — Noncontributory plan. This contribution is in lieu of the 1.5 percent that would have been contributed to the Utah Retirement System's 401(k) plan. The contribution made by the University is at 1.5 percent of gross earnings. Contributions by the University become vested at the time the contribution is made.

TIAA AND/OR FIDELITY: TIAA and/or Fidelity provide individual defined contribution retirement fund contracts with each participating employee. Employees may allocate contributions by the University to any or all of the providers and the contracts become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. Benefits provided to retired employees are based on the value of individual contracts and the estimated life expectancy of the employee at retirement. The University's contribution to this multiple employer defined contribution plan is 14.2 percent of the employees' annual salary. The University has no further liability once annual contributions are made.

Employees can make additional contributions to defined contribution plans subject to limitations. Contributions to the defined contribution plans for the fiscal year ending June 30, 2018, were as follows: *(Figure K.10)*

FIGURE K.10

Defined Contribution Plans	University's Contributions	Employees' Contributions
Tier 2 Defined Contribution Plan	$305,643	–
401(k) Plan	$1,037,485	$990,404
457 Plan and other individual plans	–	$92,101
EMIA	$16,083	$55,879
TIAA and/or Fidelity	$31,771,216	$9,403,630

L. TERMINATION BENEFITS

The University provides an early retirement option to employees who qualify and are approved by administration in accordance with University policy. This option is available to all employees whose accumulated age and years of service are equal to or greater than 75, that have met the minimum age requirements, and where early retirement is in the mutual best interest of the employee and the University.

The policy provides two mutually exclusive early retirement options for eligible employees; either six years (16.67 percent of base salary per year) or five years (20 percent of base salary per year). The six-year option requires a minimum age of 56 and the five-year option requires a minimum age of 57. Benefits include a monthly stipend equal to the agreed upon percent of the retiree's salary at the time of active employment along with medical and dental insurance.

The projected future cost of these stipends and the medical and dental insurance benefits have been calculated based on the known amount to be paid out in the next fiscal year plus projected increases of 1.15 percent (University), 3 percent (USU Research Foundation) for stipends and 6.6 to 7.8 percent (University), 9 percent (USU Research Foundation) for medical and dental premiums. These increases are based on historical data. The premiums for medical and dental benefits have also been increased by an age adjusted factor of 3.07. The net present value of the total projected costs is calculated using the estimated yield of 2.002 percent (University) and 4.17 percent (USU Research Foundation). The net present value is the amount recognized on the financial statements as the liability for early retirement.

At June 30, 2018, there were 140 participants in the early retirement program. The program is funded on a pay-as-you-go basis from current funds. Payments for the stipends and insurance benefits for the fiscal year ending June 30, 2018, were $1,773,049 and $1,178,243, respectively.

M. RISK MANAGEMENT

GENERAL LIABILITY INSURANCE

The University maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to $10 million per occurrence through policies administered by the Utah State Risk Management Fund. The University also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Utah State Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a deductible of $1,000 per occurrence. 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. All University employees are covered by worker's compensation insurance, including employer's liability coverage by the Worker's Compensation Fund of Utah.

SELF-INSURANCE FOR EMPLOYEE HEALTH AND DENTAL CARE

The University has a self-insurance fund for employee health and dental care. In addition, the University has purchased a stop-loss insurance policy to cover specific participant claims exceeding $400,000 per term and an aggregating specific stop-loss deductible of $600,000 per term. This policy also covers aggregate claims exceeding 125 percent of expected claims up to $10 million. GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements. The estimated claims liability is based upon past experience adjusted for current trends. The estimate reflects the ultimate cost of settling the claims. The University's estimated self-insurance claims liability at June 30, 2018, and June 30, 2017, were as follows: *(Figure M.1)*

FIGURE M.1

	2018	2017
Estimated claims liability at beginning of year	$6,012,390	$6,101,473
Current year claims and changes in estimates	51,734,363	50,102,213
Claim payments, including related legal and administrative expenses	(52,098,605)	(50,191,296)
Estimated claims liability at end of year	$5,648,148	$6,012,390

The University has recorded the investment of the health and dental care funds at June 30, 2018, and the estimated liability for self-insurance claims at that date in the Statement of Net Position. The income on fund investments, the expenses related to the administration of the self-insurance, and the estimated provision for the claims liabilities for the year then ended are recorded in the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Net Position.

CONTINGENCIES

The Advanced Weather Systems Foundation (AWSF), the Utah State University Research Foundation, and other unrelated third parties have been named as defendants in a pending lawsuit. AWSF and USU Research Foundation are nonprofit corporations that are affiliated with Utah State University, but organized and operated as separate legal entities. AWSF and USU Research Foundation deny all claims and are vigorously defending the lawsuit. However, at this point in the litigation, potential liability and damages to any party involved is difficult, if not impossible, to assess.

The USU Research Foundation has a bank revolving line of credit with a limit of $3 million. At June 30, 2018, the outstanding balance was zero. The line of credit bears interest at an initial rate of 5 percent, is unsecured, due on demand, and expires January 10, 2020.

COMMITMENTS

At June 30, 2018, the University had outstanding construction commitments of approximately $46.4 million.

N. NATURAL AND FUNCTIONAL CLASSIFICATIONS

The University's operating expenses by natural and functional classifications for the fiscal year ended June 30, 2018, were as follows: *(Figure N.1)*

FIGURE N.1

Functional Classification	Natural Classification					
	Salaries and Wages	Employee Benefits	Other Operating Expenses	Scholarships and Fellowships	Depreciation	Total
Instruction	$118,483,625	$48,440,403	$31,728,084	–	–	$198,652,112
Research	67,478,787	29,098,540	64,238,822	–	–	160,816,149
Public service	30,774,322	11,410,081	26,857,572	–	–	69,041,975
Academic support	21,723,902	9,163,029	8,862,759	–	–	39,749,690
Student services	14,086,154	5,323,770	8,162,081	–	–	27,572,005
Institutional support	32,597,259	13,758,320	10,410,542	–	–	56,766,121
Operation and maintenance	13,562,544	5,575,912	31,030,910	–	–	50,169,366
Scholarships and fellowships	–	–	–	$33,417,025	–	33,417,025
Service departments	8,373,819	3,683,824	(14,097,970)	–	–	(2,040,327)
Auxiliary enterprises	20,047,615	7,217,194	23,423,331	–	–	50,688,140
Depreciation	–	–	–	–	$48,888,124	48,888,124
Total operating expenses	$327,128,027	$133,671,073	$190,616,131	$33,417,025	$48,888,124	$733,720,380

O. BLENDED PRESENTATION OF COMPONENT UNITS

The following is a condensed version of the USU Research Foundation's and Utah State University Foundation's financial statements for the fiscal year ended June 30, 2018: *(Figures O.1, O.2, and O.3)*

FIGURE O.1

Component Units
Condensed Statement of Net Position
June 30, 2018

	USU Research Foundation	Foundation
ASSETS		
Current assets	$38,410,259	–
Current assets due from the University	11,336	$59,291,317
Noncurrent assets	34,030,063	1,563,239
Noncurrent assets due from the University	–	104
Net capital assets	50,652,894	–
Total assets	123,104,552	60,854,660
DEFERRED OUTFLOWS OF RESOURCES		
Resources related to pensions	1,509,400	–
Total deferred outflows of resources	1,509,400	0
LIABILITIES		
Current liabilities	19,750,432	–
Current liabilities due to the University	2,568,402	–
Noncurrent liabilities	9,849,354	–
Noncurrent liabilities due to the University	60,675,000	–
Total liabilities	92,843,188	0
DEFERRED INFLOWS OF RESOURCES		
Resources related to pensions	1,085,567	–
Total deferred inflows of resources	1,085,567	0
NET POSITION		
Net investment in capital assets	19,997,939	–
Restricted		
Nonexpendable		
Primarily scholarships and fellowships	–	28,299,356
Instruction	–	12,660,362
Other	–	10,268,294
Expendable		
Research, instruction, and public service	–	9,516,014
Unrestricted	10,687,258	110,634
Total net position	$30,685,197	$60,854,660

FIGURE O.2

Component Units
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

	USU Research Foundation	Foundation
OPERATING REVENUES		
Project revenues	$84,912,992	–
Project unit indirect costs, general and administrative costs, and cost of money	25,844,480	–
Project fees	7,177,560	–
Administrative reimbursement, USU	186,170	–
Royalty income	173,001	–
Other	1,426,160	–
Total operating revenues	119,720,363	$0
OPERATING EXPENSES		
Salaries and wages	43,161,281	–
Employee benefits	24,221,412	–
Subcontracts	14,671,316	–
Depreciation and amortization	3,350,083	–
Research support to USU	486,804	–
Other	26,765,212	–
Total operating expenses	112,656,108	0
Operating income	7,064,255	0
NONOPERATING REVENUES (EXPENSES)		
Private gifts	–	33,787
Other – net	(1,144,722)	1,692,504
Total nonoperating revenues (expenses)	(1,144,722)	1,726,291
Income before other revenues	5,919,533	1,726,291
OTHER REVENUES		
Additions to permanent endowments	–	3,163,225
Total other revenues	–	3,163,225
Increase in net position	5,919,533	4,889,516
NET POSITION – BEGINNING OF YEAR	24,765,664	55,965,144
NET POSITION – END OF YEAR	$30,685,197	$60,854,660

FIGURE O.3

Component Units
Condensed Statement of Cash Flows
For the Year Ended June 30, 2018

	USU Research Foundation	Foundation
NET CASH PROVIDED (USED) BY:		
(1) Operating activities	$14,053,619	–
(2) Noncapital financing activities	–	–
(3) Capital and related financing activities	9,366,972	$3,097,478
(4) Investing activities	68,758	(3,891,047)
Net increase (decrease) in cash and cash equivalents	23,489,349	(793,569)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	25,657,011	1,404,307
CASH AND CASH EQUIVALENTS – END OF YEAR	$49,146,360	$610,738

The University has not included the Advanced Weather Systems Foundation's or the College of Eastern Utah Foundation's financial statements because they are not considered to be material.

REQUIRED **SUPPLEMENTARY** INFORMATION

Required supplementary information is to accompany the basic financial statements and is considered an essential part of financial reporting.

Proportionate Share of Net Pension Liability
As of December 31

	2017	2016	2015	2014
TIER 1 NONCONTRIBUTORY SYSTEM				
Proportion of net pension liability (asset)	1.4130362 %	1.4648385 %	1.4867052 %	1.4526055 %
Proportionate share of net pension liability (asset)	$34,553,853	$47,474,199	$46,701,668	$36,497,130
Covered payroll	$37,654,734	$38,162,282	$37,975,366	$37,798,518
Proportionate share of net pension liability (asset) as a percentage of covered payroll	91.76 %	124.40 %	122.98 %	96.56 %
Plan fiduciary net position as a percentage of total pension liability	89.2 %	84.9 %	84.5 %	87.2 %
TIER 1 CONTRIBUTORY SYSTEM				
Proportion of net pension liability (asset)	1.8581414 %	1.6628695 %	1.3777110 %	1.2745733 %
Proportionate share of net pension liability (asset)	$122,273	$911,182	$863,346	$139,755
Covered payroll	$422,780	$445,761	$436,427	$460,897
Proportionate share of net pension liability (asset) as a percentage of covered payroll	28.92 %	204.41 %	197.82 %	30.32 %
Plan fiduciary net position as a percentage of total pension liability	99.2 %	93.4 %	92.4 %	98.7 %
TIER 2 CONTRIBUTORY SYSTEM				
Proportion of net pension liability (asset)	0.8092727 %	1.1108095 %	1.4678273 %	1.5274314 %
Proportionate share of net pension liability (asset)	$71,351	$123,910	($3,204)	($46,288)
Covered payroll	$7,926,941	$9,109,512	$9,484,328	$7,493,666
Proportionate share of net pension liability (asset) as a percentage of covered payroll	0.90 %	1.36 %	(0.03)%	(0.62)%
Plan fiduciary net position as a percentage of total pension liability	97.4 %	95.1 %	100.2 %	103.5 %
PUBLIC SAFETY SYSTEM				
Proportion of net pension liability (asset)	0.3490530 %	0.3459203 %	0.3435487 %	0.3425260 %
Proportionate share of net pension liability (asset)	$606,957	$739,607	$739,614	$636,495
Covered payroll	$604,061	$636,766	$607,776	$566,992
Proportionate share of net pension liability (asset) as a percentage of covered payroll	100.48 %	116.15 %	121.69 %	112.26 %
Plan fiduciary net position as a percentage of total pension liability	87.4 %	83.5 %	82.3 %	84.3 %
TIER 2 PUBLIC SAFETY AND FIREFIGHTER SYSTEM				
Proportion of net pension liability (asset)	0.0319725 %	0.0069305 %	N/A	N/A
Proportionate share of net pension liability (asset)	($370)	($60)	N/A	N/A
Covered payroll	$33,753	$5,726	N/A	N/A
Proportionate share of net pension liability (asset) as a percentage of covered payroll	(1.10)%	(1.05)%	N/A	N/A
Plan fiduciary net position as a percentage of total pension liability	103.0 %	103.60 %	N/A	N/A

Note: The University implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in fiscal year 2015. Information on the University's portion of the plan's net pension liability (asset) is not available for periods prior to fiscal year 2015.

Schedule of Contributions to the Utah Retirement Systems

For Fiscal Years Ending June 30

	2018	2017	2016	2015
TIER 1 NONCONTRIBUTORY SYSTEM				
Contractually required contribution	$8,221,506	$8,329,180	$8,355,894	$9,328,000
Contributions in relation to the contractually required contribution	8,221,506	8,329,180	8,355,894	9,328,000
Contribution deficiency (excess)	$0	$0	$0	$0
Covered payroll	$37,531,241	$37,968,122	$37,998,840	$37,836,787
Contributions as a percentage of covered payroll	21.91 %	21.94 %	21.99 %	24.65 %
TIER 1 CONTRIBUTORY SYSTEM*				
Contractually required contribution	$75,098	$77,250	$78,211	$102,041
Contributions in relation to the contractually required contribution	75,098	77,250	78,211	102,041
Contribution deficiency (excess)	$0	$0	$0	$0
Covered payroll	$423,200	$436,438	$441,871	$430,553
Contributions as a percentage of covered payroll	17.75 %	17.70 %	17.70 %	23.70 %
TIER 2 CONTRIBUTORY SYSTEM*				
Contractually required contribution**	$1,429,747	$1,514,256	$1,862,036	$694,490
Contributions in relation to the contractually required contribution**	1,429,747	1,514,256	1,862,036	694,490
Contribution deficiency (excess)	$0	$0	$0	N/A
Covered payroll	$7,746,141	$8,300,188	$10,208,536	$8,337,218
Contributions as a percentage of covered payroll	18.46 %	18.24 %	18.24 %	8.33 %
PUBLIC SAFETY SYSTEM				
Contractually required contribution	$147,467	$181,751	$167,710	$162,713
Contributions in relation to the contractually required contribution	147,467	181,751	167,710	162,713
Contribution deficiency (excess)	$0	$0	$0	$0
Covered payroll	$583,908	$632,820	$600,578	$582,052
Contributions as a percentage of covered payroll	25.26 %	28.72 %	27.92 %	27.96 %
TIER 2 PUBLIC SAFETY AND FIREFIGHTER SYSTEM				
Contractually required contribution**	$9,732	$4,820	N/A	N/A
Contributions in relation to the contractually required contribution**	9,732	4,820	N/A	N/A
Contribution deficiency (excess)	$0	$0	N/A	N/A
Covered payroll	$33,238	$16,500	N/A	N/A
Contributions as a percentage of covered payroll	29.28 %	29.21 %	N/A	N/A

	2014	2013	2012	2011	2010	2009
	$7,664,202	$6,949,647	$6,709,673	$6,124,421	$5,535,903	$5,931,890
	7,664,202	6,949,647	6,709,673	6,124,421	5,535,903	5,931,890
	$0	$0	$0	$0	$0	$0
	$35,009,064	$36,016,837	$40,154,027	$37,363,709	$38,965,526	$41,717,161
	21.89 %	19.30 %	16.71 %	16.39 %	14.21 %	14.22 %
	$604,902	$416,961	$214,370	$110,196	$111,532	$130,346
	604,902	416,961	214,370	110,196	111,532	130,346
	$0	$0	$0	$0	$0	$0
	$6,387,208	$4,212,028	$1,952,662	$616,240	$708,916	$828,648
	9.47 %	9.90 %	10.98 %	17.88 %	15.73 %	15.73 %
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
	$137,607	$138,459	$135,408	$104,135	$119,548	$104,897
	137,607	138,459	135,408	104,135	119,548	104,897
	$0	$0	$0	$0	$0	$0
	$506,773	$528,817	$562,846	$315,243	$396,118	$373,445
	27.15 %	26.18 %	24.06 %	33.03 %	30.18 %	28.09 %
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A

**The Tier 2 Public Employees System (Tier 2) was created in fiscal year 2012. However, the contractually required contributions and covered payroll for Tier 2 were included in the Contributory System for fiscal years 2012 and 2013, since prior to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, Tier 2 information was not separately available.*

***Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.*

CHANGES IN ASSUMPTIONS

As a result of an experience study conducted as of December 31, 2016, the System's Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial liability) include a decrease in the investment return assumption from 7.2 percent to 6.95 percent, a reduction in the price inflation assumption from 2.6 percent to 2.5 percent (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4 percent annual COLA max), and the adoption of an updated retiree mortality table that is developed using the System's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

Executive Officers

NOELLE E. COCKETT, President

LAURENS H. SMITH, Interim Executive Vice President and Provost

NEIL N. ABERCROMBIE, Vice President for Government Relations

DAVID T. COWLEY, Vice President for Business and Finance

JOHN H. HARTWELL, Vice President and Director of Athletics

MARK R. MCLELLAN, Vice President for Research and Dean of the School of Graduate Studies

JAMES D. MORALES, Vice President for Student Affairs

ROBERT W. WAGNER, Vice President for Academic and Instructional Services

KENNETH L. WHITE, Vice President for Extension and Dean of the College of Agriculture and Applied Sciences

MATTHEW T. WHITE, Vice President for Advancement

Board of Trustees

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the 2019 Bonds, Gilmore & Bell, P.C., Bond Counsel, proposes to issue its final approving pinion in substantially the following form.

We have acted as bond counsel to the State Board of Regents of the State of Utah (the "Board") in connection with the issuance by the Board of its $____________ Utah State University Student Fee and Housing System Revenue Bonds, Series 2019 (the "Series 2019 Bonds"). The Series 2019 Bonds are being issued pursuant to (i) Title 53B, Chapter 21, Utah Code Annotated 1953, as amended, and Section 63B–29–102, Utah Code Annotated 1953, as amended, and (ii) a Master Resolution adopted by the Board on March 25, 1994, as heretofore amended and supplemented, and as further supplemented by a Supplemental Resolution adopted by the Board on May 17, 2019 (collectively, the "Resolution"). The Series 2019 Bonds are being issued on behalf of Utah State University (the "University") to (i) finance the cost of constructing student housing and parking improvements and (ii) pay the costs associated with the issuance of the Series 2019 Bonds. Capitalized terms not otherwise defined herein shall have the meanings specified in the Resolution.

Our services as Bond Counsel have been limited to the preparation of the legal proceedings and supporting certificates authorizing the issuance of the Series 2019 Bonds under the applicable laws of the State of Utah (the "State") and to a review of the transcript of such proceedings and certificates. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based upon our examination and the foregoing, we are of the opinion as of the date hereof and under existing law as follows:

1. The Board is a state institution of higher education of the State duly organized and validly existing under the laws of the State with powers, among others, to issue the Series 2019 Bonds on behalf of the University.

2. The Resolution has been duly adopted by the Board, constitutes a valid and binding obligation of the Board enforceable upon the Board and creates a valid lien on the amounts pledged thereunder for the security of the Series 2019 Bonds.

3. The Series 2019 Bonds are valid and binding special limited obligations of the Board, payable solely from the Revenues pledged therefor under the Resolution, and the Series 2019 Bonds do not constitute a general obligation indebtedness of the Board or the University within the meaning of any State constitutional provision or statutory limitation, nor a charge against the general credit of the Board or the University.

5. The interest on the Series 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Board and the University comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2019 Bonds in order that interest thereon be, or continue to be, excludable from gross

income for federal income tax purposes. The Board and the University have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2019 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019 Bonds.

6. Interest on the Series 2019 Bonds is exempt from State of Utah individual income taxes.

We express no opinion herein regarding the accuracy, completeness or sufficiency of any offering material relating to the Series 2019 Bonds.

The rights of the holders of the Series 2019 Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Respectfully submitted,

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking"), by the State Board of Regents of the State of Utah (the "Issuer") and acting for and on behalf of Utah State University (the "University"), is executed in connection with the issuance by the Issuer of its $____________ Utah State University Student Fee Housing System Revenue Bonds, Series 2019 (the "Bonds"). The Bonds are being issued pursuant to (i) Title 53B, Chapter 21, Utah Code Annotated 1953 as amended, and Section 63B–29–102, Utah Code Annotated 1953, as amended and (ii) a Master Resolution adopted by the Board on March 25, 1994, as heretofore amended and supplemented, and as further supplemented by a Supplemental Resolution adopted by the Board on May 17, 2019 (the "Resolution"). The Bonds are being issued for and on behalf of the University for the purpose of (i) financing the cost of constructing student housing and parking improvements and (ii) pay the costs associated with the issuance of the Bonds. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Resolution.

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer and the University for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (each as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean the Annual Report provided by the University pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the University, acting in its capacity as Dissemination Agent hereunder, or any of its successors or assigns.

"Financial Obligation" means a (a) debt obligation, (b) 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) 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.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

"MSRB" shall mean the Municipal Securities Rulemaking Board, the address of which is currently 1900 Duke Street, Suite 600, Alexandria, VA 22314; Telephone (703) 797–6600; Fax (703) 797–6700, and current website is www.msrb.org and www.emma.msrb.org (for municipal disclosures and market data).

"Official Statement" shall mean the Official Statement of the Issuer dated ______, 2019, relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2–12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The University shall prepare an Annual Report and shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of each fiscal year of the University (presently June 30) commencing with the fiscal year ending June 30, 2019, provide to the MSRB and any bond insurer of the

Bonds in electronic format its Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than fifteen (15) Business Days prior to said date, the University shall provide its respective Annual Report to the Dissemination Agent (if other than the University). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross–reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the University may be submitted separately from the balance of its Annual Reports.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the University's Annual Report, the Dissemination Agent shall contact the University to determine if the University is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that the Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall, in a timely manner, send a notice to the MSRB.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the website address to which the MSRB directs the annual reports to be submitted; and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

Section 4. Content of Annual Reports.

(a) The University's Annual Report shall contain or incorporate by reference the following:

(i) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles and audited by a certified public accountant. If the University's audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(ii) An update of the financial and operating information in the Official Statement relating to the University of the type contained in the tables under the following headings: "DESCRIPTION OF REVENUE SOURCES Management—Discussion Of Revenues," "HISTORICAL DEBT SERVICE COVERAGE" (as the same become historically available), "UTAH STATE UNIVERSITY—Student Enrollment," "UTAH STATE UNIVERSITY—Tuition and Fees," and "DEBT STRUCTURE OF UTAH STATE UNIVERSITY."

(b) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The University shall clearly identify each such other document so incorporated by the reference.

Section 5. Reporting of Material Events. (a) The University shall give or cause to be given to the MSRB in an electronic format in the manner prescribed by the MSRB, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner but in no event more than ten (10) business days after the occurrence of the Listed Event:

(1) Principal and interest payment delinquencies;

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions or 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 Bonds;

(6) Defeasances;

(7) Tender offers;

(8) Bankruptcy, insolvency, receivership or similar proceedings;

(9) Rating changes; or

(10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the University, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the University shall give or cause the Dissemination Agent to give notice of the occurrence of any of the following Listed Events with respect to the Bonds, in a timely manner but in no event more than ten (10) business days after the occurrence of the Listed Event, if material:

(1) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

(2) Appointment of a successor or additional trustee or the change of the name of a trustee;

(3) Non–payment related defaults;

(4) Modifications to the rights of the owners of the Bonds;

(5) Bond calls;

(6) Release, substitution or sale of property securing repayment of the Bonds; or

(7) Incurrence of a Financial Obligation of the University or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the University, any of which affect holders of the Bonds.

(c) Whenever the Bonds are outstanding and the Issuer or the University obtains knowledge of the occurrence of a Listed Event described in subsection (b) above, the Issuer or the University shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer or the University determines that the occurrence of a Listed Event described in subsection (b) above would be material under applicable securities laws, the Issue or the University shall, in a timely manner, but in no event more than ten (10) business days after the occurrence of the Listed Event, file or cause the Dissemination Agent to file with the MSRB in an electronic format in the manner prescribed by the MSRB, a notice of the occurrence of the Listed Event.

(e) At any time the Bonds are outstanding, the Issuer or the University shall provide, or cause the Dissemination Agent to provide, in a timely manner, to the MSRB in an electronic format prescribed by the MSRB, notice of any failure of the University to timely provide or to cause to be timely provided the Annual Report as specified in Section 3.

Section 6. Termination of Reporting Obligation. The obligations of the Issuer and the University under this Disclosure Undertaking shall be terminated if the Issuer shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution. The University shall give notice in a timely manner if this Section is applicable to the MSRB.

Section 7. Dissemination Agent. The Issuer and University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out their obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Issuer and the University hereby appoint the University as the initial Dissemination Agent under this Disclosure Undertaking.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer and University by resolution authorizing such amendment or waiver, may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer or University, or type of business conducted;

(b) This Disclosure Undertaking, 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

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Issuer or University or other obligated person (such as Bond Counsel).

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer and the University from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Issuer or the University chooses to include in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Issuer and the University shall have no obligations under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer, the University or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer, the University or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an "event of default" under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer, the University or the Dissemination Agent to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the Issuer and the University agree to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer and the University under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the University, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: ________, 2019.

STATE BOARD OF REGENTS OF THE STATE OF UTAH

By: ____
Chair

[S E A L]

Attest:

____
Secretary

UTAH STATE UNIVERSITY

By: ____
Vice President for Business and Finance

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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 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 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 2019 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 2019 Bonds, except in the event that use of the book–entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 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 2019 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 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 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 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 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 2019 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 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board of Regents as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Board of Regents or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Board of Regents, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board of Regents or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the Board of Regents or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2019 Bond certificates are required to be printed and delivered.

The Board of Regents may decide to discontinue use of the system of book–entry–only transfers through DTC (or a successor securities depository). In that event, 2019 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book–entry system has been obtained from sources that the Board of Regents believes to be reliable, but the Board of Regents takes no responsibility for the accuracy thereof.

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APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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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)

UTAH STATE UNIVERSITY

RESEARCH TEACHING SERVICE

· 1888 ·