PRELIMINARY OFFICIAL STATEMENT

$18,925,000*
NEVADA SYSTEM OF HIGHER EDUCATION
UNIVERSITIES REVENUE BONDS
SERIES 2019A

Selling: Thursday, October 10, 2019
8:30 a.m. local time

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* Preliminary, subject to change.

NEW ISSUE
BOOK-ENTRY ONLY

RATINGS: S&P: APPLIED FOR
Moody's: APPLIED FOR
See "RATINGS"

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2019A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2019A Bonds (the "Tax Code") and interest on the 2019A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. See "TAX MATTERS – Federal Tax Matters."

$18,925,000*
NEVADA SYSTEM OF HIGHER EDUCATION
UNIVERSITIES REVENUE BONDS
SERIES 2019A

Dated: Date of Delivery **Due: July 1, as shown herein**

The 2019A Bonds are issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof. The 2019A Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the 2019A Bonds. Purchases of the 2019A Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2019A Bonds. See "THE 2019A Bonds – Book-Entry Only System." The 2019A Bonds bear interest at the rates set forth herein, payable semiannually on January 1 and July 1 of each year, beginning July 1, 2020, to and including the maturity dates shown herein (unless the 2019A Bonds are redeemed earlier), by check or draft mailed to the registered owner of the 2019A Bonds, initially Cede & Co. The principal of the 2019A Bonds will be payable upon presentation and surrender at the operations office of U.S. Bank National Association or its successor as the paying agent for the 2019A Bonds. See "THE 2019A Bonds."

The maturity schedule for the 2019A Bonds is set forth on the inside cover page of this Official Statement.

The 2019A Bonds are subject to optional redemption prior to maturity at the option of the Nevada System of Higher Education (the "System"), as described in "THE 2019A Bonds – Prior Redemption." At the option of the winning bidder, certain of the 2019A Bonds also may be subject to mandatory redemption.

Proceeds of the 2019A Bonds will be used to: (i) finance construction of improvements on the campus of the University of Nevada, Las Vegas; and (ii) pay the costs of issuing the 2019A Bonds. See "SOURCES AND USES OF FUNDS."

The 2019A Bonds are special obligations of the System payable solely from, and secured by a pledge of and a prior lien upon: (i) certain student fees, (ii) net revenues from student housing and dining facilities, parking facilities and special event facilities at the University of Nevada, Las Vegas, (iii) net revenues from student housing and dining facilities and parking facilities at the University of Nevada, Reno, and (iv) all grants, conditional or unconditional, from the United States of America, the State of Nevada (the "State") or any other donor which are specifically designated for the payment of the 2019A Bonds (collectively, the "Net Pledged Revenues") as described herein. The lien of the 2019A Bonds on the Net Pledged Revenues is on a parity with certain outstanding bonds of the System, as described herein, and any additional bonds issued in the future designated as parity obligations. See "INTRODUCTION – Security" and "SECURITY FOR THE BONDS." **The 2019A Bonds do not constitute a debt of the State or a debt or an indebtedness of the System within the meaning of any constitutional or statutory provision or limitation and shall not be considered to be a general obligation of the System or the State. The System has no taxing power.**

This cover page contains certain information for quick reference only. It is *not* a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision, giving particular attention to the section entitled "CERTAIN RISK FACTORS."

The 2019A Bonds are offered when, as, and if issued by the System, subject to the approval of the 2019A Bonds by Sherman & Howard L.L.C., Reno and Las Vegas, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Sherman & Howard L.L.C., also has acted as special counsel to the System in connection with this Official Statement. It is expected that the 2019A Bonds will be available for delivery through the facilities of DTC on or about October 30, 2019.*

Official Statement Dated September __, 2019

* Preliminary, subject to change.

MATURITY SCHEDULE
(CUSIP© 6-digit issuer number: ______)

$18,925,000*
NEVADA SYSTEM OF HIGHER EDUCATION
UNIVERSITIES REVENUE BONDS
SERIES 2019A

Maturing (July 1)	Principal Amount*	Interest Rate	Yield	CUSIP© Issue Number	Maturing (July 1)	Principal Amount*	Interest Rate	Yield	CUSIP© Issue Number
2021	$340,000				2036	$680,000			
2022	355,000				2037	700,000			
2023	375,000				2038	720,000			
2024	390,000				2039	740,000			
2025	410,000				2040	765,000			
2026	430,000				2041	790,000			
2027	455,000				2042	815,000			
2028	475,000				2043	840,000			
2029	500,000				2044	865,000			
2030	525,000				2045	895,000			
2031	550,000				2046	920,000			
2032	580,000				2047	950,000			
2033	600,000				2048	980,000			
2034	625,000				2049	1,005,000			
2035	650,000								

* Preliminary, subject to change.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2019A Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2019A Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the System. The System maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2019A Bonds.

The information set forth in this Official Statement has been obtained from the System and from the other sources referenced throughout this Official Statement which the System believes to be reliable. No representation is made by the System, however, as to the accuracy or completeness of such information received from parties other than the System. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2019A Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the System, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2019A Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2019A Bonds have not been registered with the Securities and Exchange Commission in reliance upon to certain exemptions contained in the Securities Act of 1933, as amended. The 2019A Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2019A BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER OF THE 2019A BONDS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2019A BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2019A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEVADA SYSTEM OF HIGHER EDUCATION

BOARD OF REGENTS

Jason Geddes, Chairman
Mark W. Doubrava, Vice Chairman

Patrick Carter
Amy J. Carvalho
Carol Del Carlo
Trevor Hayes
Sam Lieberman
Cathy McAdoo
Donald McMichael
John T. Moran
Kevin J. Page
Laura E. Perkins
Rick Trachok

ADMINISTRATIVE OFFICERS

Chancellor: Dr. Thom Reilly
Chief Financial Officer: Andrew Clinger
Vice Chancellor for Academic and Student Affairs: Crystal Abba
Chief General Counsel: Joseph Reynolds

President, UNR: Marc Johnson
Acting President, UNLV: Marta Meana
Vice President for Administration and Finance, UNR: Vic Redding
Senior Vice President for Business Affairs and Chief Financial Officer, UNLV: Jean Vock

BOND AND SPECIAL COUNSEL

Sherman & Howard L.L.C.
Las Vegas and Reno, Nevada

MUNICIPAL ADVISOR

JNA Consulting Group, LLC
Boulder City, Nevada

PAYING AGENT AND REGISTRAR

U.S. Bank National Association
Phoenix, Arizona

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OFFICIAL STATEMENT

$18,925,000*
NEVADA SYSTEM OF HIGHER EDUCATION
UNIVERSITIES REVENUE BONDS
SERIES 2019A

INTRODUCTION

General

This Official Statement, which includes the cover page, the inside cover page and the appendices, provides information concerning the Nevada System of Higher Education (the "System"), its $18,925,000* Nevada System of Higher Education, Universities Revenue Bonds, Series 2019A (the "2019A Bonds"). The Official Statement also includes certain information concerning the University of Nevada, Reno ("UNR"), the University of Nevada, Las Vegas ("UNLV") (collectively, UNR and UNLV are referred to as the "Universities"), and the State of Nevada (the "State" or "Nevada"). The 2019A Bonds will be issued pursuant to a resolution (the "Bond Resolution") adopted by the Board of Regents of the System (the "Board") on September 6, 2019.

The offering of the 2019A Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2019A Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, particularly the section entitled "CERTAIN RISK FACTORS." Detachment or other use of this "INTRODUCTION" without the entire Official Statement, including the cover page, the inside cover page and appendices, is unauthorized. Unless otherwise provided, capitalized terms used herein are defined in Appendix C hereto.

The Issuer

The System was established by the Nevada State Constitution in 1864 as a body corporate and politic. Formerly known as the University of Nevada and the University and Community College System of Nevada, the System is the only public institution of higher learning in the State. The System has two principal university campuses (at UNLV and UNR). The System also includes: the Desert Research Institute ("DRI"), the System's basic and applied environmental research division; four community colleges (College of Southern Nevada in North Las Vegas and additional campuses in southern Nevada, Great Basin College in Elko, Truckee Meadows Community College in Reno, and Western Nevada College in Carson City (collectively, the "Community Colleges")) and Nevada State College at Henderson ("Nevada State College"). See "THE SYSTEM."

Purpose

Proceeds of the 2019A Bonds will be used to: (i) finance construction of improvements on the campus of UNLV (the "Project"); and (ii) pay the costs of issuing the

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* Preliminary, subject to change.

2019A Bonds. See “SOURCES AND USES OF FUNDS,” for more detailed descriptions of the Project.

Authority for Issuance

The 2019A Bonds will be issued pursuant to the Bond Resolution and under authority granted by Nevada Revised Statutes (“NRS”) Sections 396.809 through 396.885 (the “Bond Act”), and by Chapter 501, Statutes of Nevada 1991, as amended by Chapter 93, Statutes of Nevada 1995, as amended by SB 584, Statutes of Nevada 2001, as further amended by SB 413, Statutes of Nevada 2003, as further amended by AB 534, Statutes of Nevada 2005 as further amended by SB 455, Statutes of Nevada 2007, as further amended by SB 496, Statutes of Nevada 2017 (collectively, the “Project Act”).

The 2019A Bonds; Prior Redemption

The 2019A Bonds are issued solely as fully registered bond certificates in the denomination of $5,000, or any integral multiple thereof. The 2019A Bonds are dated, mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the cover page and inside cover page of this Official Statement. The payment of principal of and interest on the 2019A Bonds is described in “THE 2019A Bonds – Payment Provisions.” The 2019A Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the 2019A Bonds. Purchases of the 2019A Bonds are to be made in book-entry form only. Purchasers will not receive bond certificates representing their beneficial ownership interest in the 2019A Bonds. See “THE 2019A Bonds – Book-Entry Only System.”

The 2019A Bonds are subject to redemption prior to maturity at the option of the System as described in “THE 2019A Bonds – Prior Redemption.” At the option of the winning bidder, certain of the 2019A Bonds also may be subject to mandatory sinking fund redemption.

Security

Special Limited Obligations. The 2019A Bonds are special, limited obligations of the System payable solely from certain “Net Pledged Revenues” described in the following paragraph. The 2019A Bonds do not constitute a debt or an indebtedness of the System within the meaning of any constitutional or statutory provision or limitation and are not general obligations of the System or general, special or other obligations of the State. The owner of any 2019A Bond may not look to any general or other fund of the System for the payment of the 2019A Bonds except the Net Pledged Revenues described below for the 2019A Bonds. *The System does not pledge its full faith and credit for the payment of the 2019A Bonds. The System has no taxing power*. See “SECURITY FOR THE 2019A Bonds.”

Net Pledged Revenues. The 2019A Bonds are payable solely out of and secured by an irrevocable pledge of certain income derived from: (i) the gross fees collected from students attending the Universities, which fees are commonly designated as the General Fund Fee, the Capital Improvement Fee, the General Improvement Fee and the Student Union Capital Improvement Fees (collectively, the “Student Fees”), (ii) the gross revenues derived from or otherwise pertaining to the operation of certain special event facilities located on the UNLV campus (known as the Thomas and Mack Center, the Cox Pavilion, and the Sam Boyd Stadium), the operation of all System-owned student housing facilities, dining facilities and parking facilities, whether or not presently existing, situated on the campus of UNLV, after the deduction of the expenses of operation and maintenance of such facilities (other than salaries and the costs of utility services) (collectively, the "UNLV Facilities Revenues"), (iii) the gross revenues derived from or otherwise pertaining to the operation of all System-owned student housing facilities, dining facilities and parking facilities, whether or not presently existing, situated on the campus of UNR, after the deduction of the expenses of operation and maintenance of such facilities (other than salaries and the costs of utility services) (collectively, the "UNR Facilities Revenues"), and (iv) all grants, conditional or unconditional, from the United States of America, the State of Nevada, or any other donor for the payment of the 2019A Bonds, if any (the "Grant Revenues") (collectively, the "Net Pledged Revenues"). *Other funds of the Universities, including tuition and summer school fees, are not pledged to pay the 2019A Bonds.* See "SECURITY FOR THE 2019A Bonds – Student Fees." Only non-resident students are charged tuition in addition to a registration fee. See "THE SYSTEM – Tuition."

Parity Bonds. As of September 1, 2019, the System has outstanding $389,575,000 aggregate principal amount of bonds with a lien on the Net Pledged Revenues that is on a parity with the lien thereon of the 2019A Bonds (the "Prior Parity Bonds"). The following table illustrates the outstanding Prior Parity Bonds before taking the issuance of the 2019A Bonds into account.

Outstanding Prior Parity Bonds(1)

Name of Issue	Amount Outstanding
Universities Revenue Bonds, Series 2009A (the "2009A Bonds")	$ 730,000
Universities Revenue Bonds, Series 2010A (Taxable BABS) (the "2010A Bonds")(2)	27,365,000
Universities Revenue Bonds, Series 2011A (the "2011A Bonds")	10,035,000
Universities Revenue Bonds, Series 2012A (the "2012A Bonds")	25,965,000
Universities Revenue Bonds, Series 2012B (Taxable) (the "2012B Bonds")	950,000
Universities Revenue Bonds, Series 2013A (the "2013A Bonds")	30,075,000
Universities Revenue Bonds, Series 2013B (the "2013B Bonds")	88,105,000
Universities Revenue Bonds, Series 2014A (the "2014A Bonds")	43,720,000
Universities Revenue Bonds, Series 2015A (the "2015A Bonds")	61,285,000
Universities Revenue Bonds, Series 2015B (the "2015B Bonds")	5,395,000
Universities Revenue Bonds, Series 2016A (the "2016A Bonds")	57,450,000
Universities Revenue Bonds, Series 2016B (the "2016B Bonds")	12,595,000
Universities Revenue Crossover Refunding Bonds, Series 2017A (the "2017A Bonds")(2)	25,905,000
TOTAL	$389,575,000

(1) Does not take the issuance of the 2019A Bonds into account.
(2) The net proceeds of the 2017A Bonds were placed into an escrow account (the "2017A Escrow Account") established for the purpose of (i) paying the interest on the 2017A Bonds through and including July 1, 2020 and (ii) paying all of the principal of the 2010A Bonds maturing on and after July 1, 2021 on July 1, 2020. The interest on the 2010A Bonds due and payable on and prior to July 1, 2020 will be paid by the System and will not be paid from monies on deposit in the 2017A Escrow Account. The 2010A Bonds are not expected to remain outstanding beyond July 1, 2020.

Source: The System.

The Prior Parity Bonds and the 2019A Bonds will be on a parity with any additional bonds of the System issued with a parity lien on the Net Pledged Revenues (collectively with the Prior Parity Bonds and the 2019A Bonds, the "Parity Bonds"). See "SECURITY FOR THE 2019A Bonds – Additional Bonds" and "DEBT STRUCTURE – Authorized But Unissued Obligations."

Additional Bonds. The System has covenanted not to issue any additional bonds having a lien on the Net Pledged Revenues prior or superior to that of the Parity Bonds. Additional bonds or other obligations having a lien on the Net Pledged Revenues on a parity with the Parity Bonds ("Additional Parity Bonds") or having a lien thereon which is subordinate to the lien of the Parity Bonds may be issued upon certain conditions set forth in the resolutions authorizing the issuance of the Parity Bonds or any subordinate lien bonds. See "SECURITY FOR THE BONDS – Additional Bonds" and Appendix C – Summary of Certain Provisions of the Bond Resolution. See "DEBT STRUCTURE – Authorized But Unissued Obligations" for a description of the System's plans for issuance of other Additional Parity Bonds as well as a description of the current legal limitations on the issuance of Additional Parity Bonds.

Other Outstanding Obligations. The System has outstanding other obligations that are payable from any legally available System revenues (which may include Net Pledged Revenues remaining after the payment of the Parity Bonds). These include (i) numerous promissory notes issued pursuant to various loan agreements (collectively, the "Notes"); (ii) the System's Certificates of Participation, Series 2014A (the "2014A Certificates"); (iii) the System's Certificates of Participation, Series 2016A (the "2016A Certificates"); (iv) the System's Certificates of Participation, Series 2016B (the "2016B Certificates"; (v) the System's Certificates of Participation, Series 2017A (the "2017A Certificates") and (vi) the System's Certificates of Participation, Series 2018A (the "2018A Certificates," and together with the 2014A Certificates, the 2016A Certificates, the 2016B Certificates and the 2017A Certificates, the "Outstanding Certificates"). However, none of these obligations has a lien on the Net Pledged Revenues or any other System revenues. See "DEBT STRUCTURE – Other Obligations of the System."

Professionals

Sherman & Howard L.L.C., Reno and Las Vegas, Nevada has acted as Bond Counsel and also has acted as Special Counsel to the System in connection with preparation of this Official Statement. The fees of Sherman & Howard L.L.C. are not contingent upon the delivery of the 2019A Bonds and will be paid at closing from 2019A Bond proceeds. The System's Municipal Advisor in connection with the 2019A Bonds is JNA Consulting Group, LLC, Boulder City, Nevada. See "MUNICIPAL ADVISOR." The financial statements in Appendix A of this Official Statement have been audited by Grant Thornton LLP, certified public accountants, San Jose, California, as stated in their report appearing herein. The audited financial statements of the System are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. See "INDEPENDENT ACCOUNTANTS." U.S. Bank National Association, Phoenix, Arizona, will act as the registrar and paying agent for the 2019A Bonds (the "Registrar" and "Paying Agent").

Continuing Disclosure Undertaking

The System will execute a continuing disclosure certificate (the "Disclosure Certificate") at the time of the closing for the 2019A Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2019A Bonds and the System will covenant in the Bond Resolution to comply with its terms. The Disclosure Certificate will provide that so long as the 2019A Bonds remain outstanding, the System will provide the following information to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access ("EMMA") system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain specified events; all as more particularly described in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix F. In the last five years, the System has not failed to materially comply with any undertakings made pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule").

Tax Matters

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2019A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2019A Bonds (the "Tax Code") and interest on the 2019A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. See "TAX MATTERS – Federal Tax Matters."

Under the laws of the State in effect as of the date of delivery of the 2019A Bonds, the 2019A Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS. See "TAX MATTERS – State Tax Exemption."

Additional Information

<u>This introduction is only a brief summary of the provisions of the 2019A Bonds and the Bond Resolution; a full review of the entire Official Statement should be made by potential investors</u>. Brief descriptions of the System, the Board, the Project, the Net Pledged Revenues, the 2019A Bonds and the Bond Resolution are included in this Official Statement. All references herein to the 2019A Bonds, the Bond Resolution and other documents or statutes are qualified in their entirety by reference to such documents and all capitalized terms used herein which are not defined have the meanings given such terms in the Bond Resolution. *This Official Statement speaks only as of its date, and the information contained herein is subject to change*.

Copies of the Bond Resolution, the other documents and additional information may be obtained from the System and the Municipal Advisor at the following addresses:

Nevada System of Higher Education	JNA Consulting Group, LLC
Attn: Chief Financial Officer	410 Nevada Way
2601 Enterprise Road	Suite 200
Reno, NV 89512	Boulder City, NV 89005
Telephone: (775) 784-4901	Telephone: (702) 294-5100.

CERTAIN RISK FACTORS

The purchase of the 2019A Bonds involves special risks and the 2019A Bonds may not be appropriate investments for all types of investors. Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below, which, among others factors discussed herein, could affect the payment of the 2019A Bonds and could affect the market price of the 2019A Bonds to an extent that cannot be determined at this time. *The following does not purport to be an exhaustive or definitive listing of risks and other considerations which may be relevant to investing in the 2019A Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks. There can be no assurance that other risk factors not discussed herein will not become material in the future*.

No Mortgage or Lien Interests Secure the 2019A Bonds

The 2019A Bonds are not secured by any encumbrance, mortgage or other pledge of property of the System or the Board, except for the Net Pledged Revenues and any moneys pledged in the future for payment of the 2019A Bonds. For a discussion of existing liens on the Net Pledged Revenues, see "DEBT STRUCTURE."

Future Capital Expenditures; Additional Bonds

The System's future capital expenditures may be funded by additional borrowings. Although such expenditures are largely discretionary, the failure to continue capital expenditures could result in a loss of competitive position. It is likely that the System will issue Additional Parity Bonds to fund capital expenditures in the future. See "DEBT STRUCTURE – Authorized But Unissued Obligations."

The System may issue Additional Parity Bonds at any time legal requirements are met. Upon the satisfaction of all legal requirements, including sufficient authorization by the Legislature (defined below) for issuance of Additional Parity Bonds, the System also may refund outstanding Notes, the 2014A Certificates, the 2016A Certificates, the 2016B Certificates, the 2017A Certificates or the 2018A Certificates which do not currently have a lien on the Net Pledged Revenues, as Additional Parity Bonds. Issuance of Additional Parity Bonds will dilute the Net Pledged Revenues available to pay debt service on the 2019A Bonds and the Prior Parity Bonds. See "DEBT STRUCTURE – Contemplated Projects for the Universities."

Risks Related to System Operations

The ability of the System to meet its payment obligations will depend upon the continued availability to the System of revenues from a variety of sources sufficient to meet such obligations, the System's operating expenses, debt service on other debt, extraordinary costs or expenses which may occur and other costs and expenses. Revenues and expenses of the System will be affected by future events and conditions relating generally to, among other things, the ability of the System to provide educational programs to attract and retain sufficient numbers of students during the time that the 2019A Bonds remain outstanding, demographic changes that may affect the number of students, particularly traditional students, who will be attracted to and enroll at the System's institutions, the ability of the Board to direct and the System's administration to manage and operate the System, the System's ability to control expenses, the System's ability to maintain or increase rates for tuition and registration fees without adversely affecting enrollment, the ability of the System to maintain adequate physical plant to house its programs; the ability of the System to attract and retain quality faculty members for its educational programs, the investment of the System's endowment and other funds, the ability of the System to solicit and obtain future gifts and bequests, governmental assistance for student financial aid, and grants and contracts from governmental bodies, agencies and others. No assurances can be given that these or other sources of revenues will be adequate to meet the expenses of the System while the 2019A Bonds are outstanding.

Admission and Enrollment Trends. The 2019A Bonds and the Prior Parity Bonds primarily are secured by the Student Fees and other Net Pledged Revenues; those revenue sources are dependent upon student enrollment figures. Accordingly, any circumstances that significantly reduce the number of students at the Universities may negatively impact Net Pledged Revenues and the ability of the System to pay debt service on its outstanding bonds.

Increasing Need for Financial Aid. The System operates in a competitive market for students with other educational institutions. As registration fees and tuition costs have risen, so has the demand for financial aid. The System expects that students will require more financial aid than past populations. The System staff expects that it will continue to have to balance its rate of increase in tuition and fees and financial aid needs in the future in order to attract sufficient numbers of qualified students. See "SECURITY FOR THE 2019A Bonds – Student Fees – Student Registration Fees," "THE SYSTEM – Student Body" and "Student Financial Aid."

System Appropriation. A significant portion of System revenues come from amounts appropriated by the State Legislature (the "Legislature"). Amounts appropriated by the Legislature are critical to the continuing operation of the System's programs and facilities. See "SYSTEM FINANCIAL INFORMATION – Budget." Should the Legislature significantly cut amounts appropriated to the System in the future, it may not be able to maintain facilities and programs that attract prospective students. Should that occur, the amount of Net Pledged Revenues may be negatively impacted.

Future Conditions are Uncertain; Sequestration. Future revenues and expenses of the System will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time. Descriptions of the System's operations and other factors that will affect the System's ability to meet its payment obligations under the Bond Resolution are contained in "THE SYSTEM" and "SYSTEM FINANCIAL INFORMATION."

For example, the System, like other governmental entities, is subject to developments at the federal level with respect to the Budget Control Act of 2011 ("sequestration"). Federal funding to the System for research and other grants will be reduced by the percentage included in the executive order implementing sequestration. In addition, the originally scheduled subsidy payments on certain Universities Revenue Bonds issued in 2010 (the "BAB Credit"), which were issued as taxable Build America Bonds ("BABs"), was reduced by 6.2% for federal fiscal year 2019 (which will end September 30, 2019) and will be reduced by 5.9% for federal fiscal year 2020 (which will end September 30, 2020) as a result of sequestration. Under a federal budget bill enacted in August 2019, the sequestration reduction will continue through federal fiscal year 2029. The sequestration reduction rate remains subject to change should additional laws be enacted which impact the sequester.

Future Changes in Laws or Regulations

Various State laws, regulations and constitutional provisions apply to the imposition, collection, and expenditure of System revenues and the operation and finances of the System. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the operations or affairs of the System, the imposition, collection, and expenditure of its revenues or its various programs. See "SYSTEM FINANCIAL INFORMATION."

Limitations on Remedies Available to 2019A Bond Owners

<u>No Acceleration</u>. There is no provision for acceleration of maturity of the principal of the 2019A Bonds in the event of a default in the payment of principal of or interest on the 2019A Bonds. Consequently, remedies available to the owners of the 2019A Bonds may have to be enforced from year to year.

<u>Bankruptcy, Federal Lien Power and Police Power</u>. The enforceability of the rights and remedies of the owners of the 2019A Bonds and the obligations incurred by the System in issuing the 2019A Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2019A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights. The various legal opinions to be delivered concurrently with the delivery of the 2019A Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State, and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Judicial Limitations on Enforcement. The remedies available to the owners of 2019A Bonds upon an event of default under the Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Bond Resolution may not be readily available or may be limited.

Other Potential Limitations on Rights of 2019A Bond Owners. The 2019A Bonds are secured by a pledge of and a lien on the Net Pledged Revenues on a parity with the lien thereon of the Prior Parity Bonds and any Additional Parity Bonds. That lien is intended to be prior to any other security interest in, lien on or pledge of the Net Pledged Revenues. However, in addition to the limitations discussed above, that lien may be subject to or limited by other factors, including without limitation statutory liens, and rights arising in favor of the United States of America or any agency thereof (including federal tax liens or other federal liens existing in the future).

Forward-Looking Statements

This Official Statement, particularly (but not limited to) any sections discussing expected or interim financial results of the System or the State for fiscal year 2019 or amounts budgeted for fiscal year 2020 (or future fiscal years) and the sections entitled "CERTAIN RISK FACTORS," "SOURCES AND USES OF FUNDS," "SYSTEM FINANCIAL INFORMATION – Budget" and Appendix B – State Financial, Economic And Demographic Information – Certain Financial Information-State General Fund and – Recent and Current State Budgets, contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of funds to pay debt service on the 2019A Bonds.

Secondary Market

No assurance can be given that a secondary market for the 2019A Bonds will be maintained by the successful bidder for the 2019A Bonds (the "Initial Purchaser") or by any other entity. Prospective purchasers of the 2019A Bonds should therefore be prepared to bear the risk of the investment represented by the 2019A Bonds to maturity.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The estimated sources and uses of funds are set forth in the following table.

Sources and Uses of Funds

	Amount
SOURCES:	
Principal amount	$18,925,000*
Net original issue premium	
Total	
USES:	
The Project	
Costs of issuance (including underwriter's discount)	
Total	

Source: The Municipal Advisor.

The Project

The Project is to be financed with the net proceeds of the 2019A Bonds and other available System and State funds and consists of costs of constructing or acquiring an advanced engineering studies building (the "New Engineering Building") on the campus of UNLV and associated site and infrastructure improvements, as described below.

The System currently anticipates that the New Engineering Building will be three stories and comprised of approximately 52,000 square feet. The New Engineering Building is expected to contain research labs and lab support facilities, teaching space, prototyping space, student project and collaborating space, faculty/graduate student space, administrative/support space and other spaces.

THE 2019A BONDS

General

The 2019A Bonds will be issued as fully registered bonds in denominations of $5,000 and any integral multiple thereof. The 2019A Bonds will be dated as of their date of delivery and will mature and bear interest as set forth on the inside cover page of this Official Statement. The 2019A Bonds initially will be registered in the name of "Cede & Co.," as nominee for DTC, the securities depository for the 2019A Bonds. Purchases of the 2019A Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2019A Bonds. See "Book-Entry Only System" below.

* Preliminary, subject to change.

Payment Provisions

Interest on the 2019A Bonds is payable on January 1 and July 1 of each year, commencing July 1, 2020. Interest will be paid by the Paying Agent on or before the interest payment date (or if such day is not a business day, on the next succeeding business day) to the person in whose name each 2019A Bond is registered (*i.e.*, Cede & Co.) on the 15th day of the calendar month preceding the interest payment date (the "Regular Record Date") as described below, at the address shown on the registration records maintained by the Paying Agent as of the close of business on the Regular Record Date. However, if there is a default in payment or provision of interest due with respect to a 2019A Bond on any interest payment date, such interest thereafter will be paid to the registered owner of such 2019A Bond as of a special record date (the "Special Record Date") to be established by the Registrar whenever moneys become available for payment of the defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever monies become available for payment of the defaulted interest, and notice of the Special Record date shall be given to the registered owners of the 2019A Bonds not less than ten days prior thereto by first-class mail to each such registered owner as shown on the Registrar's registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. Principal of the 2019A Bonds will be payable at maturity or upon prior redemption at the principal operations office of the Paying Agent (or at such other office designated by the Paying Agent) upon presentation and surrender thereof. Any 2019A Bond not paid upon presentation and surrender at or after maturity or prior redemption shall continue to draw interest at the rate stated in the 2019A Bond until the principal is paid in full. All such payments of principal and interest shall be made in lawful money of the United States of America. Payments to beneficial owners are to be made as described below in "Book-Entry Only System."

Notwithstanding the foregoing, payments of the principal and interest on the 2019A Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the 2019A Bonds. Disbursement of such payments to DTC's Participants (defined in Appendix D) is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners (defined in Appendix D) is the responsibility of DTC's Participants and the Indirect Participants (defined in Appendix D), as more fully described herein. See "Book-Entry Only System" below.

Prior Redemption

Optional Redemption. The 2019A Bonds (or portions thereof in the amount of $5,000 or any integral multiple thereof), maturing on and after July 1, 2030, will be subject to redemption prior to their respective maturities, at the option of the System, on and after July 1, 2029, in whole or in part at any time from such maturities selected by the Chief Financial Officer and, if less than all of the 2019A Bonds of a maturity are to be redeemed, the 2019A Bonds of such maturity are to be redeemed by lot, at a price equal to the principal amount of each 2019A Bond, or portion thereof so redeemed, plus accrued interest thereon to the redemption date, without premium.

Mandatory Sinking Fund Redemption. At the option of the Initial Purchaser, certain of the 2019A Bonds also may be subject to mandatory sinking fund redemption.

Redemption Procedures. Unless waived by any registered owner of a 2019A Bond to be redeemed, notice of prior redemption shall be given by the Registrar, by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the Redemption Date, to the Municipal Securities Rulemaking Board (the "MSRB"), the registered owner of any 2019A Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his address as it last appears on the registration records kept by the Registrar. The notice shall identify the 2019A Bonds and state that on such date the principal amount thereof will become due and payable at the Paying Agent (accrued interest to the Redemption Date is payable by mail as described above or as otherwise provided in the Bond Resolution), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said 2019A Bonds, the 2019A Bonds called for redemption will be paid. Actual receipt of mailed notice by the MSRB and any registered owner of 2019A Bonds shall not be a condition precedent to redemption of such 2019A Bonds. Failure to give such notice by mailing to the MSRB and the registered owner of any 2019A Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2019A Bond.

Notwithstanding the foregoing, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2019A Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the 2019A Bonds called for redemption in the same manner as the original redemption notice was mailed.

Tax Covenant

The System covenants for the benefit of the holders of the 2019A Bonds that it will not take any action or omit to take any action with respect to the 2019A Bonds, the proceeds thereof, any other funds of the System, or any facilities financed or refinanced with the proceeds of the 2019A Bonds if such action or omission would (i) cause interest on the 2019A Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code or (ii) cause interest on the 2019A Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2019A Bonds until the date on which all obligations of the System in fulfilling the above-described covenant have been met.

Defeasance

When all Bond Requirements of any 2019A Bond or any other securities of any other issue payable from Net Pledged Revenues have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged as to such issue of securities and they shall no longer be deemed to be Outstanding within the meaning of the Bond Resolution. There shall be deemed to be such due payment if the System has placed in escrow or in trust with a trust bank exercising trust powers, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities (defined in Appendix C) in which such amount wholly or in part may be initially invested) to meet all Bond Requirements (defined in Appendix C) of the securities issue, as such requirements become due to the fixed maturity dates of the securities or to any Redemption Date or Redemption Dates as of which the System shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the securities thereafter maturing for payment then. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the System and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. If at any time the System has so placed in escrow or trust any amount so sufficient to pay designated Bond Requirements of securities constituting less than all of the Bond Requirements of the securities becoming due on and before their respective due dates, be they the fixed maturity dates of the securities or any such Redemption Date pertaining to the securities, such designated Bond Requirements shall be deemed paid and discharged under the Bond Resolution.

Book-Entry Only System

The 2019A Bonds will be available only in book-entry form in the principal amount of $5,000 and any integral multiples thereof. DTC will act as the initial securities depository for the 2019A Bonds. The ownership of one fully registered 2019A Bond for each maturity, as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix D – Book-Entry Only System.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2019A BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the System nor the Registrar/Paying Agent will have any responsibility or obligation to DTC's Direct Participants or Indirect Participants (defined herein), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the 2019A Bonds as further described in Appendix D to this Official Statement.

SECURITY FOR THE 2019A BONDS

Special, Limited Obligations

The 2019A Bonds are special, limited obligations of the System payable solely from and secured by a prior lien on the Net Pledged Revenues. The 2019A Bonds will not be considered or held to be a general obligation of the Board or the System or a debt or obligation of the State, nor do they constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation.

Net Pledged Revenues

The 2019A Bonds are payable solely from and are secured by an irrevocable pledge of the Net Pledged Revenues, comprised of certain income derived from (i) Student Fees (which do not include tuition payable by nonresident students, any fees collected during summer sessions, certain registration fees, or fees collected at the Community Colleges or Nevada State College), which fees are commonly designated as the General Fund Fee, the Capital Improvement Fee, the Student Union Capital Improvement Fee and the General Improvement Fee, (ii) the UNLV Facilities Revenues, (iii) the UNR Facilities Revenues, and (iv) the Grant Revenues. The primary Net Pledged Revenue categories are discussed below.

Student Fees

Student Registration Fees. Both resident and nonresident students must pay registration fees that are established by the Board annually. The Board's current policy (which may be changed at any time) is to set the increase in tuition and fees to at least the most recent Higher Education Price Index available for each year of the biennium. Additional factors are considered when setting professional school tuition and fees. There is no legal limit on the Board's ability to raise fees and tuition. The Board's current policy (which may be changed at any time) is to give certain in-state and out-of-state students grants-in-aid waivers of certain of the Student Fees for up to 3% of the enrollment for the prior fall semester. The Board historically has not provided grants-in-aid funding for the full 3% allowed by the policy.

The Board imposes numerous fees in addition to those listed below, such as technology and student services fees; the proceeds of those fees are not included in Net Pledged Revenues. The Universities currently use student fee revenues to fund a variety of programs and services. Should the amount of student fee revenues decline significantly for any reason, programs and services at the Universities may be reduced.

The following table sets forth a five-year history of the regular (resident) student registration fees assessed per credit hour for full-time undergraduate and graduate students at both UNR and UNLV. These fees are approved by the Board; however, the internal allocation of certain fees is approved at the campus level. This table does not include special registration fees imposed by the Board (such as the special registration fees for technology and student services discussed in the previous paragraph).

Student Registration Fees Per Credit Hour Per Semester[(1)]

UNDERGRADUATE FULL-TIME	2015-16	2016-17	2017-18	2018-19	2019-20
University of Nevada-Reno					
General Fund	$135.26	$141.50	$147.93	$154.56	$160.77
Capital Improvement[(2)]	16.00	16.00	16.00	16.00	16.00
General Improvement	16.02	16.02	16.02	16.02	15.30
Activities and Program Fund[(3)]	10.64	10.64	10.64	10.64	10.64
Student Access[(3)]	21.33	23.09	24.91	26.78	30.29
	$199.25	$207.25	$215.50	$224.00	$233.00
University of Nevada, Las Vegas					
General Fund	$134.79	$140.55	$146.49	$152.61	$159.38
Capital Improvement	13.00	13.00	13.00	13.00	13.00
General Improvement	22.66	22.66	22.66	22.6	20.00
Activities and Program Fund[(4)]	7.00	7.00	7.00	7.00	8.00
Student Access[(3)]	21.80	24.04	26.35	28.73	32.62
	$199.25	$207.25	$215.50	$224.00	$233.00
GRADUATE FULL-TIME					
University of Nevada-Reno					
General Fund	$187.04	$187.04	$191.13	$195.42	$202.88
Capital Improvement[(2)]	16.00	16.00	16.00	16.00	16.00
General Improvement	11.37	11.37	11.37	11.37	10.92
Activities and Program Fund	8.80	8.80	8.80	8.80	8.40
Student Access[(3)]	30.79	30.79	31.95	33.16	37.15
Student Association[(3)]	10.00	10.00	10.00	10.00	10.40
	$264.00	$264.00	$269.25	$274.75	$285.75
University of Nevada, Las Vegas					
General Fund	$184.59	$184.59	$188.47	$192.54	$203.75
Capital Improvement	13.00	13.00	13.00	13.00	13.00
General Improvement	25.21	25.21	25.21	25.21	20.00
Activities and Program Fund[(4)]	7.96	7.96	7.96	7.96	9.00
Student Access[(3)]	33.24	33.24	34.61	36.04	40.00
	$264.00	$264.00	$269.25	$274.75	$285.75

(1) Full time status constitutes seven or more credits.
(2) The Capital Improvement Fee at UNR includes $1 that is allocable to the Student Union Capital Improvement Fee.
(3) These student fees do not constitute Net Pledged Revenues.
(4) The Activities and Program Fund fee at UNLV includes amounts allocable to the Student Union Capital Improvement Fee (Undergraduate - $2.23 and Graduate - $0.96). The remainder of these student fees do not constitute Net Pledged Revenues.

Source: The System.

Fee Policies. Registration fees are generally payable upon registration for the fall and spring semesters. Students registered for at least seven credits may enter into contracts for deferred payment of room and board costs, course registration fees (which include Student Fees) and tuition fees. Additional fees, such as special course fees, student health center fee, and accident and health insurance fees are not deferrable. Each institution determines the number of deferred payment installments that can be made throughout the semester; all deferred amounts must be paid no later than the end of the 10th week of instruction. There is a fee for deferment of tuition ($50 at UNR and $45 at UNLV) plus a penalty of 10% charged on the deferred balance not paid by the due date. The Board has adopted a partial rebate program for employees who are activated to service in the U.S. armed forces and has adopted a waiver program for members of the National Guard. The Board or the Legislature may approve additional fee waiver programs at any time.

UNR and UNLV both have policies (which are subject to change) addressing the refund of fees. UNLV permits 100% of fees to be refunded for withdrawals and net credit load reductions completed within the first week of the beginning of instruction. For total withdrawals through the end of the sixth calendar week of instruction, a 50% refund of fees will be granted. No refund is generally granted thereafter. UNR permits 100% of fees to be refunded for withdrawals or net credit load reductions made on or before the last day of registration. For total withdrawals after the last day of registration and prior to the end of the sixth calendar week of instruction, a 50% refund of fees will be granted. No refund is generally granted thereafter.

UNLV Facilities Revenues

Special Event Facilities. The UNLV Facilities Revenues consist in part of gross revenues derived from or otherwise pertaining to the operation of UNLV's special event facilities after the deduction of expenses of operation and maintenance of those facilities (other than salaries and the costs of utility services). The special event facilities include Thomas and Mack, the Cox Pavilion and Sam Boyd Stadium. Thomas and Mack is a multi-purpose pavilion constructed on the UNLV campus in 1983. Thomas and Mack, which seats 18,500, houses many of the intercollegiate athletic offices as well as a portable basketball court and concession stands. Various sporting events, concerts, rodeos and miscellaneous University events are held in Thomas and Mack. The Cox Pavilion, which opened in the spring of 2001, is a 3,000 seat venue adjacent to Thomas and Mack. The Cox Pavilion houses UNLV's volleyball and women's basketball program. It is also used for academic functions, concerts, trade shows and other functions.

Sam Boyd Stadium was constructed in 1971 and currently seats 32,000. The venue is the home to UNLV's football team and also houses other athletic and motor sport events. The Net Pledged Revenues attributable to Sam Boyd Stadium in fiscal year 2019 were approximately $3.8 million or approximately 1.4% of total Net Pledged Revenues.

Due to the relocation of the Oakland Raiders professional football team to Las Vegas in 2020 and construction of a new football stadium for use by such team and the UNLV Rebel football team, NSHE is considering various options with respect to the future of Sam Boyd Stadium, including (a) sale of the stadium, (b) other continuing uses that do not conflict with the terms of the joint use agreement, or (c) exchange of Sam Boyd land with the County for County land closer to the UNLV campus. While NSHE's decision regarding the future of Sam Boyd Stadium has yet to be finalized, holders of the 2019A Bonds should not rely on Net Pledged Revenues attributable to Sam Boyd Stadium after the fiscal year ending June 30, 2020.

UNLV's special event facilities compete with certain private venues in the Las Vegas area to attract non-university events, such as concerts and certain sporting events. Additional private venues that compete with UNLV's special event facilities may be constructed in the future. If constructed, any such arena would compete directly with UNLV facilities, particularly Thomas and Mack. Thomas and Mack has remained competitive with other competing venues constructed over the past 30 years. However, to the extent that such venues offer more competitive pricing or amenities not offered at UNLV's venues in the future, rental activity at UNLV's special event facilities (and resulting facilities revenues) may decline or UNLV may determine to lower its rates, in which case UNLV Facilities Revenues may decline.

Student Housing and Dining Facilities. The UNLV Facilities Revenues also include gross revenues derived from or otherwise pertaining to the operation of all System-owned student housing and dining facilities, whether or not presently existing, situated on the campus of UNLV, after the deduction of the expenses of operation and maintenance of such housing and dining facilities (other than salaries and the cost of utility services). UNLV currently has eleven resident halls and a separate dining commons. The residence halls have an aggregate capacity, based on the current configuration, of 1,757 students and can vary depending on single/double configurations and staff assignments. For the fall 2018 term, the residence halls had 1,722 student residents, an increase of 40 students or 2.4% from 1,682 residents in fall 2017. For fall 2017, students were charged between $2,700 and $2,940 for a room (double occupancy depending on facility) and between $2,082 and $2,623 per semester for board, depending on the meal plan chosen. Fall 2018 room and board fees were unchanged from fall 2017. Fall 2018 board fees increased by approximately 4% from fall 2017. No fee increases are scheduled for fall 2019.

UNLV collects the full charge at the beginning of the semester unless students have enrolled in a deferred payment plan which allocates payments monthly through the end of each semester. Customers who are not on-campus residents may use the dining facilities but are charged different rates depending on the number of meals purchased per week.

In 2015, the Board approved the purchase of the University Park Apartments (located on Maryland Parkway at Cottage Grove) and a ground lease to a private developer to design, finance, build and operate housing for UNLV for students that are not freshmen, in order to meet expected demand, and UNLV gave exclusive right to the developer to market this housing as owned by UNLV. However, UNLV has no contractual financial risk in the results of the operation of this housing. The redevelopment of the University Park Apartments has started and phase 1 is complete and opening in fall 2019. The newly completed phase 1 facility is configured with 758 beds covering about 40% of the entire property. The remaining legacy units are configured for 360 beds which were transitioned. The revenues generated by such new and legacy units are not part of the UNLV Facilities Revenues securing the 2019A Bonds.

Parking Facilities. The UNLV Facilities Revenues also include gross revenues derived from or otherwise pertaining to the operation of all University-owned parking facilities, whether or not presently existing, situated on the campus of UNLV, after the deduction of the expenses of operation and maintenance of such parking facilities (other than salaries and the cost of utility services). Currently, UNLV has 42 parking lots/structures of various sizes with 14,582 total parking spaces available. There are 36 parking lots/structures with 13,557 spaces on the Maryland Campus and 6 parking lots with 1,025 spaces on the Shadow Lane Campus. Parking fees are based upon status (*i.e.*, student, faculty/staff, resident in on-campus housing or vendor) and whether spaces are reserved. Annual parking fees for fall 2018 were $150 for students and

$300 for faculty/staff. These fees reflect an increase of approximately 10% over fall 2017 rates. Rates are not expected to increase for fall 2019.

UNR Facilities Revenues

Student Housing and Resident Dining Facilities. The UNR Facilities Revenues include gross revenues derived from or otherwise pertaining to the operation of all System-owned student housing and dining facilities, whether or not presently existing, situated on the campus of UNR, after the deduction of the expenses of operation and maintenance of such facilities (other than salaries and the cost of utility services). UNR has eight residence halls and a resident dining facility. The eight residence halls have a design capacity of 3,407 students. During the 2018 fall term, the residence halls were at 99% occupancy. Peavine Hall, a 400-bed student resident hall, funded with bond proceeds, opened on the UNR campus for fall 2015 occupancy. Great Basin Hall opened in the fall of 2018 with 411 new beds, and the newly refurbished Manzanita Hall will reopen in the fall of 2019 after being closed for several years, with an additional 100 beds coming online.

For the 2018-19 academic year, students are being charged annual rates that are between $5,580 and $7,150 for room, depending upon the residence hall (double occupancy; single rooms and private double-sized rooms are more). For the 2018-19 academic year meal plan rates are between $4,210 and $5,410. Fifty-five percent of meal plan costs is payable in the fall and forty-five percent is payable in the spring. Several board plans and à la carte dining are available to all students.

Damage to Argenta and Nye Halls. On July 5, 2019, two explosions occurred on the UNR campus that damaged Argenta and Nye Halls, two of UNR's residence halls, as well as the primary residence hall dining facility located in Argenta Hall. The explosions originated in the boiler room of Argenta Hall. No one was seriously injured in the explosions and, while significantly damaged, both Argenta and Nye Halls have been evaluated by outside engineers and the structures have been preliminarily determined to be repairable. UNR currently expects that Nye Hall will be fully repaired and ready to be occupied by the fall of 2020, and is anticipating Argenta Hall will be ready for occupancy by the fall of 2021. However, the timeline for Argenta Hall is less certain and will be reevaluated as repairs progress. UNR has secured temporary housing facilities nearby in the newly-renovated, non-gaming West Tower of Circus Circus Reno in order to accommodate the approximately 1,300 students displaced by the temporary closing of Argenta and Nye Halls. Interim dining facilities have also been adapted to accommodate all UNR residence hall occupants during the repair timeframe. A report prepared by the Fire Marshal and the State Department of Public Safety concluded that the first explosion occurred in connection with the repair of the boiler in Argenta Hall. The initial explosion resulted in a severed natural gas line which, in turn, precipitated the second explosion. Based on preliminary enrollment data for the fall of 2019 obtained after July 5, 2019 and assurances from UNR's insurers with respect to casualty and business interruption coverages, the System does not expect the July 5th incident to have materially adverse consequences to Net Pledged Revenues, UNR's overall financial position or operations. However, while the System would characterize the current status of negotiations with UNR's insurers as generally positive and the payments of claims as timely, it is not possible for the System to predict with certainty at this time whether issues might arise in the future that could negatively impact Net Pledged Revenues or UNR's liquidity of financial resources.

Parking Facilities. The UNR Facilities Revenues also include gross revenues derived from or otherwise pertaining to the operation of all System-owned parking facilities, whether or not presently existing, situated on the campus of UNR, after the deduction of the expenses of operation and maintenance of such parking facilities (other than salaries and the cost of utility services). Currently, UNR has 7,844 total parking spaces available, including permit-required spaces, motorcycle spaces, parking meters and visitor spaces. For the 2018-19 academic year, 10,454 vehicle permits, including disabled, contractor, reserved and evening-permitted spaces were sold in 6 permitted parking zones with 6,600 spaces available. The parking spaces have fees generally based upon the zone for which a permit is purchased; zones are priced according to their proximity to certain campus buildings. Annual parking fees currently range from $147 to $550; permits for limited reserved spaces (available to the president, the provost, the deans and the vice presidents) are $680 per year. Motorcycle permits also are available for $59 per year. Visitor parking starts at $1.50 per hour.

Pro-Forma Debt Service Coverage

The following table shows Net Pledged Revenues and pro-forma debt service coverage on the Parity Bonds for each of the five fiscal years ending June 30, 2015 through June 30, 2019. Pro-forma debt service coverage is calculated by dividing the Net Pledged Revenues by the estimated Combined Maximum Annual Debt Service on the Parity Bonds (after taking issuance of the 2019A Bonds into account). *There is no assurance that Net Pledged Revenues, or any component thereof, will be generated at the levels indicated in this table in the future.* See "CERTAIN RISK FACTORS."

Five-Year Summary of Net Pledged Revenues and Debt Service Coverage[1]

	Fiscal Year Ended June 30				
STUDENT FEES	2015	2016	2017	2018	2019
UNR General Fund Fees	$59,142,253	$65,856,195	$70,893,199	$73,654,183	$75,221,821
UNLV General Fund Fees	76,572,382	83,617,179	89,218,669	94,947,332	98,671,911
UNR Capital Improvement and Student Union Capital Improvement Fees	7,105,852	7,566,387	7,783,553	7,845,255	7,711,676
UNLV Capital Improvement and Student Union Capital Improvement Fees	8,805,679	9,109,455	9,379,190	9,769,062	9,824,322
UNR General Improvement Fees	7,136,833	7,679,614	7,846,547	7,889,513	7,765,892
UNLV General Improvement Fees	13,576,544	14,128,522	14,329,330	14,886,063	14,991,142
Total Student Fees[2]	$172,339,543	$187,957,352	$199,450,488	$208,991,408	$214,186,854
UNLV FACILITIES REVENUES					
Special Event Facilities	$22,070,524	$15,447,822	$13,710,599	$15,424,799	$16,136,876
Dining and Housing Facilities	7,404,727	6,931,468	7,793,211	7,344,294	6,958,257
Parking Facilities[3]	3,501,722	3,504,645	3,331,659	4,375,978	4,480,807
Total UNLV Facilities Revenues	$32,976,973	$25,883,935	$24,834,869	$27,145,071	$27,575,940
UNR FACILITIES REVENUES					
Dining and Housing Facilities	$12,236,561	$14,078,152	$13,498,578	$14,326,305	$18,253,981[5]
Parking Facilities[3]	3,839,697	3,528,058	4,287,305	5,122,250	5,518,731
Total UNR Facilities Revenues	$16,076,258	$17,606,210	$17,785,883	$19,448,555	$23,772,712
NET PLEDGED REVENUES	$221,392,774	$231,447,497	$242,071,240	$255,585,034	$265,535,506
Estimated Combined Maximum Annual* Debt Service-Parity Bonds[4]	$37,946,097	$37,946,097	$37,946,097	$37,946,097	$37,946,097
Coverage*	5.83x	6.10x	6,38x	6.74x	7.00x

[Footnotes on following page]

* Preliminary, subject to change.

(1) Unaudited
(2) Year-to-year increases are primarily a result of increased General Fund Fees. See "Student Fees" above.
(3) Parking revenues include revenues from parking permit sales, meters and fines.
(4) The Combined Maximum Annual Debt Service on the Parity Bonds (including the 2019A Bonds) is $37,946,097* for the Bond Year ended July 1, 2020. The net proceeds of the 2017A Bonds were placed into the 2017A Escrow Account established for the purpose of (i) paying the interest on the 2017A Bonds through and including July 1, 2020 and (ii) paying all of the principal of the 2010A Bonds maturing on and after July 1, 2021 on July 1, 2020. The interest on the 2010A Bonds due and payable on and prior to July 1, 2020 will be paid by the System and will not be paid from monies on deposit in the 2017A Escrow Account. Consequently, the 2010A Bonds are not expected to remain outstanding beyond July 1, 2020. The 2010A Bonds were issued as Build America Bonds ("BABs") and the System expects to receive annual interest subsidy payments with respect to the 2010A Bonds (the "BAB Credit") until July 1, 2020. Any BAB Credit received by the System must be deposited into the Bond Fund. The amount shown reflects the total debt service due; it is not net of any BAB Credits nor receipts from the 2017A Escrow Account. See "DEBT STRUCTURE – Debt Service Requirements."
(5) Primarily attributable to Great Basin Hall opening in Fiscal Year 2019 and associated higher dining renovation.

Source: The System.

Additional Bonds

General. Upon issuance of the 2019A Bonds, the Prior Parity Bonds and the 2019A Bonds will be outstanding in the aggregate principal amount of $408,500,000*. No Outstanding 2019A Bond or other securities heretofore or hereafter issued on a parity therewith has or will have any priority over any other such bond or security with respect to the application of Net Pledged Revenues regardless of the time or times of issuance of such bonds or securities.

The Board may issue Additional Parity Bonds and also may issue bonds or other obligations which are subordinate to the 2019A Bonds subject to the provisions of the Bond Resolution. See "Additional Parity Bonds" below and Appendix C – Summary of Certain Provisions of the Bond Resolution – Additional Securities. The System currently has authorization to issue additional obligations as described in "DEBT STRUCTURE – Authorized but Unissued Obligations." The Legislature may grant additional authorization at any time in the future.

Additional Parity Bonds. The System may issue Additional Parity Bonds upon satisfaction of the following conditions (except refunding bonds, which are subject to the requirements described in Appendix C - Summary of Certain Provisions of the Bond Resolution--Refunding Securities).

A. Absence of Default. At the time of the adoption of the instrument authorizing the issuance of the Additional Parity Bonds, the System shall not be in default in making any payments required by the Bond Resolution or the bond resolutions for the other Parity Bonds.

B. Earnings Test. (1) The Net Pledged Revenues derived for either the Fiscal Year immediately preceding, or any 12 consecutive months of the 18 months immediately preceding, the date of the issuance of the Additional Parity Bonds, shall have been sufficient to pay an amount at least equal to 150% of the combined maximum annual principal and interest requirements (excluding amounts payable by virtue of the System's exercise of a prior redemption option but taking into account mandatory sinking fund redemptions) to be paid during any one Bond Year ending on or before July 1, 2049, of the Outstanding Parity Bonds and

* Preliminary, subject to change.

the bonds or other securities proposed to be issued (excluding any reserves therefor), except as otherwise expressly provided in the Bond Resolution; and (2) the Net Pledged Revenues, excluding from those revenues the proceeds of the General Fund Fees and the General Improvement Fees pertaining to the Universities, derived for the Fiscal Year immediately preceding, or any 12 consecutive months of the 18 months immediately preceding, the date of the issuance of the additional parity securities, shall have been sufficient to pay an amount at least equal to 110% of the combined maximum annual principal and interest requirements to be paid during any one Bond Year ending on or before July 1, 2049, of the Outstanding Parity Bonds, and the securities proposed to be issued (excluding any reserves therefor), except as otherwise expressly provided in the Bond Resolution.

C. Adjustment of Net Pledged Revenues. (1) In any computation of the earnings test described in clause (2) of paragraph B above (but not in any computation of the earnings test described in clause (1) of paragraph B above) as to whether or not Additional Parity Bonds may be issued, the amount of the Net Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of loss or gain, respectively, estimated by the Chief Financial Officer (defined in Appendix C) resulting from any change in any Student Fees based on the number of full time students (or the equivalent thereof) during the next preceding Fiscal Year, as if the schedule of such modified Student Fees had been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the Board prior to such computation of the designated earnings test but made in the same Fiscal Year as such computation or in the next preceding Fiscal Year.

(2) In addition, in any computation of the earnings test described in clause (2) of paragraph B above (but not in any computation of the earnings test described by clause (1) of paragraph B above), the amount of Net Pledged Revenues for the next preceding Fiscal Year may be increased by the revenues to be generated by the facilities constructed with the additional securities in the first fiscal year immediately succeeding the last fiscal year following the issuance of such additional parity securities in which interest on the additional parity securities is provided from the proceeds thereof as estimated by an independent consulting engineer or the Chief Financial Officer.

D. Adjustment of Expenses. In any computation of the earnings test described in clause (2) of paragraph B above (but not in any computation of the earnings test described in clause (1) of paragraph B above), there also shall be deducted from or added to the amount of any operation and maintenance expenses pertaining to any income-producing Facilities of the Universities and pertaining to any Net Pledged Revenues any estimated decrease or increase, respectively, in such expenses that will result from the expenditure of the funds to be derived from the issuance and sale of the additional bonds or other additional securities.

E. Reduction of Annual Requirements. In any computation of the earnings tests described in clauses (1) or (2) of paragraph B above, the respective annual Bond Requirements (including the amount of any prior redemption premiums due on any Redemption Date as of which the System shall have exercised or shall have obligated itself to exercise its prior redemption option) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Bond Years with monies held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

A written certification or written opinion by the Chief Financial Officer that such annual revenues, when adjusted as described in paragraphs C, D and E above, are sufficient to pay such amounts, as described in paragraph B above, shall be conclusively presumed to be accurate in determining the right of the System to authorize, issue, sell and deliver additional bonds or other additional securities on a parity with the 2019A Bonds.

Superior Securities Prohibited; Subordinate Securities Permitted. The System may not issue additional bonds or other securities having a lien on the Net Pledged Revenues that is superior to the lien thereon of the Parity Bonds.

The System may issue additional bonds or other securities payable from Net Pledged Revenues and having a lien thereon subordinate, inferior, junior to the lien thereon of the Parity Bonds in accordance with the Bond Resolution.

THE SYSTEM

General

The System. The University of Nevada was established as a body corporate and politic by the Nevada State Constitution in 1864, the year of the State's admission to the Union. The institution commenced as a preparatory school and began operation in Elko. In 1886, the campus was moved to Reno, the center of the State's population at the time, and college-level study formally began at the site of the UNR campus in 1887. In 1957, in order to meet the needs of population growth in the southern part of the State, the UNLV campus at Las Vegas was established. The DRI, established in 1959, primarily functions as an educational and scientific research division of the System. In 1969, in order to broaden the scope of higher educational opportunities within the State, the Legislature provided funding to the Board in order to develop and administer the Community Colleges. Beginning in January 1992, the System was known as the University and Community College System of Nevada. Effective in May 2005, the System was renamed to the "Nevada System of Higher Education."

The System is the only public institution of higher education in the State. The System is also the only public provider of post-secondary education. The System currently includes the two Universities, the DRI, the Community Colleges and Nevada State College.

The Universities. UNR and UNLV are fully accredited by the Northwest Commission on Colleges and Universities. In addition, numerous programs at each University are accredited by their national professional accrediting organizations. Both UNR and UNLV are members of many national professional associations. Both Universities were also recently recognized as Carnegie Classification RI – very high research activity.

UNR offers 73 major fields of study leading to baccalaureate and more than 100 major fields of study leading to advanced degrees through academic departments in these colleges and schools: Agriculture, Biotechnology and Natural Resources; Business; Community Health Sciences; Education; Engineering; Health Sciences; Liberal Arts; Nursing; Science; Reynolds School of Journalism; and Graduate School. In addition, UNR offers degrees through the University of Nevada, Reno School of Medicine.

UNLV offers more than 80 major fields of study leading to baccalaureate and nearly 120 major fields of study leading to advanced degrees through academic departments in these colleges and schools: Business; Education; Engineering; Fine Arts; Graduate College; Hospitality; Integrated Health Sciences; Liberal Arts; Nursing; Public Health; Sciences; and Urban Affairs. In addition, UNLV offers degrees through the William S. Boyd School of Law, the UNLV School of Dental Medicine and the UNLV School of Medicine.

The Board of Regents

The governance of the System is vested by the State Constitution in the "Board of Regents," a body currently comprised of thirteen persons. Regents are elected by popular vote in the State's general elections for staggered terms of six years. Regents are subject to term limitations (12 years) approved by State voters in 1996. Each of the thirteen Regents must be a qualified elector of, and elected by the qualified electors of, each of the districts described in NRS Sections 396.040 through 396.046. Vacancies are filled by appointment of the Governor to a term that continues until the next general election. The Board makes all major System policy decisions, grants degrees and honors, approves administrative and faculty salaries, and appoints a chancellor to carry out specific duties prescribed by the Board. Regents currently receive $80 per day for each authorized meeting and are reimbursed for expenses incurred in performing their duties.

The current members of the Board, the date of expiration of their current terms and their principal occupations are as follows.

Regent	Title	Principal Occupation	Term Expires December 31
Dr. Jason Geddes, Reno	Chair	Energy Conservation & Sustainability Manager	2022
Dr. Mark Doubrava, Las Vegas	Vice Chair	Physician	2022
Mr. Patrick Carter, Las Vegas	Member	Teacher	2022
Ms. Amy J. Carvalho	Member	Business Owner	2024
Ms. Carol Del Carlo, Incline Village	Member	Retired	2024
Mr. Trevor Hayes, Las Vegas	Member	Attorney	2020
Mr. Sam Lieberman, Las Vegas	Member	Government and Community Relations	2020
Ms. Cathy McAdoo, Elko	Member	Retired Business Owner	2022
Mr. Donald McMichael	Member	Retired	2024
Mr. John Moran, Las Vegas	Member	Attorney	2022
Mr. Kevin Page, Las Vegas	Member	Financial Services	2020
Ms. Laura E. Perkins	Member	Retired	2024
Mr. Rick Trachok, Reno	Member	Attorney	2020

Administrative Officers

The Board appoints a Chancellor to administer the System and implement the Board's policies. The Board continually reviews all of the Board's policies and procedures, including procedures that delegate additional authority to the Chancellor. This action provides for a more streamlined, timely and cost-effective decision-making process. The president of each institution in the System reports to the Chancellor. The Chancellor serves at the pleasure of the Board and each president serves at the pleasure of the Chancellor.

The administrative officers and employees of the System who are most directly involved in the financial operation and general administration of the System and the operation and management of its facilities are as follows:

Dr. Thom Reilly – Chancellor. Dr. Reilly became Chancellor in August 2017. He previously served as the director of the Morrison Institute for Public Policy at Arizona State University where he also served as a professor in the School of Public Affairs and is a Fellow of the National Academy of Public Administration. Dr. Reilly previously served as the County Manager for Clark County, Nevada, as managing principal of The Reilly Group, a management consulting firm and as vice president of social responsibility at Caesars Entertainment, Inc. He has held senior administrative positions with the State of Nevada, overseeing income maintenance programs and the statewide child welfare system and was a former director and professor for the School of Social Work at San Diego State University. Dr. Reilly received his master and doctorate of public administration from the University of Southern California. He earned his master of social work at ASU and a bachelor in social work from the University of Memphis.

Crystal Abba – Vice Chancellor for Academic and Student Affairs. Crystal Abba was appointed as the Vice Chancellor for Academic and Student Affairs in March 2013 after having served as the Interim Vice Chancellor since January 2012. Prior to her appointment, Ms. Abba was the Associate Vice Chancellor for Academic and Student Affairs. She began her career with the System in 2002 and has served in multiple positions including Assistant Vice Chancellor and Director of Public Policy. In her previous System roles she worked closely with Nevada postsecondary leadership to identify and develop higher education policies and practices that meet the challenges of a changing State and the needs of its residents. Prior to joining the System, she worked in the Research Division of the Nevada Legislative Counsel Bureau for several legislative sessions as a policy analyst and committee staffer for both the Senate and Assembly Committees on Commerce and Labor. Ms. Abba received her bachelor's degree (with distinction) from UNR and her MBA from the University of Delaware.

Andrew Clinger – Chief Financial Officer. Andrew Clinger was appointed as the Chief Financial Officer in December 2018. Prior to his appointment, Mr. Clinger was the Senior Advisor to Nevada Governor Brian Sandoval. In his role as Senior Advisor Mr. Clinger provided counsel to the Governor on the state budget as well as economic development, education and workforce development issues. Mr. Clinger has nearly two decades of experience leading and managing both state and local government budgets and finances. Mr. Clinger served as the State Budget Director from January 2006 to June 2011. During this time Mr. Clinger served three different Nevada Governors and helped steer the State of Nevada through the most difficult economic time in the state's history. Mr. Clinger also served as the City Manager for the City of Reno. During his tenure at the City of Reno Mr. Clinger was tasked with guiding the City out of financial despair. As Reno City Manager he significantly reduced the City's debt and established fiscal policies and funding mechanisms to bring long term financial stability to the City of Reno. Mr. Clinger has a bachelor's degree from the University of Nevada, Reno in Business Administration.

Employees

As of November, 2018, UNR employed approximately 2,206 faculty members and administrative personnel (2,088 full-time and 118 part-time) and approximately 1,060 classified employees (999 full-time and 61 part-time). As of November, 2018, UNLV employed approximately 4,451 faculty members and administrative personnel (2,854 full-time and 1,597 part-time) and approximately 1,003 classified employees (962 full-time and 41 part-time). Classified staff of the Universities are employed under the provisions of the State's personnel system. Faculty and certain personnel employed in executive or administrative positions, however, are not included under the State personnel system, but are employed pursuant to the System code (the "System Code"). The System Code governs the tenure of faculty, personnel policy for faculty and disciplinary procedures. Many students also are employed part-time by the Universities on a continuing basis, the numbers of which are not included in the amounts set forth above.

Academic Year

The System follows the academic semester system by which the academic year is divided into two instructional semesters of approximately 16 weeks each and summer terms between May and August. The regular academic year traditionally begins in late August and concludes in May, with vacation breaks between the fall and spring semesters and the summer session.

Admissions Policy

Admission to the Universities and the State College is open to residents and non-residents of the State on a competitive basis. Admission to the Universities is given to applicants who satisfy certain criteria relating to standardized tests and high school curriculum. There are different admission requirements for the various schools and colleges of the Universities, including particularly stringent requirements for admission to the professional schools, even at the undergraduate levels. Since 2006, the Universities have moved to being restrictive admission institutions. Effective for fall 2008, the System established a required minimum weighted GPA for admission to the Universities of 3.0 in the high school classes required for admission (this approximates a non-weighted GPA of 3.25); and high school course work must include a minimum number of semesters in various disciplines. That GPA reflects an increase from the weighted 2.75 GPA in effect since fall 2006, which was itself an increase from the 2.5 overall GPA (not weighted) requirement in effect prior to fall 2006. Effective fall 2013, students seeking admission to the Universities are required to take the American College Test ("ACT") or the Scholastic Aptitude Test ("SAT"). The Universities may admit certain first-time freshman who fall outside of those requirements in limited circumstances.

The System may make other revisions to its admissions policies (or other policies) in the future that could have direct or indirect impact on enrollments. If enrollments decline, the revenues received from the Student Fees constituting Net Pledged Revenues may also decline.

Tuition

All System students pay registration fees (see "SECURITY FOR THE 2019A Bonds – Student Fees"). The System is prohibited by State statute from charging tuition to students who are "bona fide residents" of the State (generally, residents for 12 months). Nonresident students, however, generally are charged tuition in addition to the registration fees in accordance with current Board policy. Revenues realized from tuition do not constitute Net Pledged Revenues. Tuition varies between the Universities, Nevada State College and the Community Colleges and also varies by full- and part-time status. In March 2019, the Board approved revised policies regarding tuition and fees that automatically adjusts tuition and registration fees by the lesser of the Higher Education Price Index or six percent. The adjustments are implemented on a 4-year trailing basis. Therefore, the adjustment based on the Higher Education Price Index for 2018 which is published during academic year 2018-19 is implemented for academic year 2022-23. This trailing implementation ensures that four years' of tuition and fees are published for use by students and parents in budgeting for higher education expenses.

For the 2019-20 academic year, the tuition charged at the Universities is as follows: undergraduate full-time tuition (seven credit hours or more per semester) is $15,051 per year, an increase of 4% over the 2018-19 academic year. For 2019-20 part-time undergraduates are charged $256.25 per credit for one to six credits and part-time graduate students are charged $314.25 per credit for one to six credits per semester. Tuition is scheduled to increase by 4.0% in 2020-21, 2.8% in 2021-22, and 2.8% in 2022-23, however future tuition increases remain subject to change by the Board.

For the 2019-20 academic year, the tuition charged at Nevada State College (and for upper-level Community College classes) is $12,501 per year; part-time students are charged tuition on a per-credit hour basis. Annual tuition currently is expected to increase to $13,001 for the 2020-21 academic year, $13,365 for the 2021-22 academic year, and $13,739 for the 2022-23 academic year.

For the 2019-20 academic year, the tuition charged at the Community Colleges is $7,190 per year; part-time students are charged tuition on a per-credit hour basis. Annual tuition currently is expected to increase to $7,477 for the 2020-21 academic year, $7,686 for the 2021-22 academic year, and $7,901 for the 2022-23 academic year.

Competition for Students

The System competes with other colleges and universities for qualified applicants, and revenues available to pay Net Pledged Revenues (as well as other University revenues) are directly dependent on the number of students enrolled in the System. The System believes that decisions of students to apply and enroll at the System are based primarily on the perceived quality of the academic programs offered, the cost and reputation of the institution and the availability of financial aid. See "Student Financial Aid" below. The System believes that its most significant competitors for mutually accepted candidates are those state universities located in California, Arizona and New Mexico.

Student Body – The Universities

Applications and Admissions. The following tables show the number of applications for acceptance and new students registered at UNR and UNLV, respectively, during the fall semester of each of the years 2014-2018.

Applications and Admissions - UNR

Fall Term	Applications	Applicants Accepted	Enrolled
2014	14,255	11,337	5,852
2015	15,548	12,599	6,599
2016	16,154	12,424	6,221
2017	14,477	11,671	5,391
2018	16,124	13,243	5,609

Source: Compiled by UNR.

Applications and Admissions - UNLV

Fall Term	Applications	Applicants Accepted	Enrolled
2014	15,044	11,756	7,565
2015	15,309	12,024	7,401
2016	16,601	12,551	7,538
2017	18,594	14,025	8,034
2018	20,330	15,473	8,091

Source: Compiled by UNLV.

Enrollment and Residency Status. The following tables show the total number and residency status of students (undergraduate and graduate students) enrolled at UNR and UNLV, respectively, during the fall semesters of each of the years shown.

Enrollment and Residency Status - UNR

Fall Term	Total Students	Residents	Percentage of Total	Non-Residents	Percentage of Total
2014	19,934	14,272	71.6%	5,662	28.4%
2015	20,898	14,820	70.9	6,078	29.1
2016	21,353	14,934	69.9	6,419	30.1
2017	21,589	14,934	69.2	6,696	31.0
2018	21,463	15,280	71.2	6,183	28.8

Source: 2014-18 compiled by UNR; System Data Warehouse for 2018.

Enrollment and Residency Status - UNLV

Fall Term	Total Students	Residents	Percentage of Total	Non-Residents	Percentage of Total
2014	28,515	23,539	82.5%	4,976	17.5%
2015	28,600	24,000	83.9	4,600	16.1
2016	29,702	25,033	84.3	4,669	15.7
2017	30,471	25,744	84.5	4,727	15.5
2018	30,457	25,664	84.3	4,793	15.7

Source: 2014-18 compiled by UNLV; System Data Warehouse for 2018.

FTE Enrollments. The following tables show the total annualized full-time equivalent ("FTE") undergraduate and graduate students enrolled at UNR and UNLV, respectively, during fiscal years 2013-14 through 2017-18. The FTE formula recognizes the different costs associated with various levels of education. Accordingly, FTE enrollments are calculated based upon 15 credits at the undergraduate level, 12 credits at the masters' degree level and 9 credits at the doctorate degree level. FTE enrollments currently are calculated as of the last date of each semester.

FTE Enrollment - UNR

Fiscal Year	Undergraduate Annualized FTE	Graduate Annualized FTE	Total Annualized FTE
2014	12,906	1,562	14,468
2015	14,177	1,585	15,762
2016	15,286	1,630	16,916
2017	15,041	1,704	16,745
2018	15,598	1,693	17,291

Source: Official System Enrollment Reports.

FTE Enrollment - UNLV

Fiscal Year	Undergraduate Annualized FTE	Graduate Annualized FTE	Total Annualized FTE
2014	16,802	2,467	19,269
2015	17,731	2,569	20,301
2016	18,676	2,676	21,352
2017	19,217	2,746	21,963
2018	19,670	2,844	22,514

Source: Official System Enrollment Reports.

Student Financial Aid – The Universities

Financial aid at the System is awarded by individual System institutions generally in the form of a "package" consisting of grants, scholarships, loans and campus employment. State financial aid to students at both Universities for fiscal year 2017-18 was $81,135,943 and for fiscal year 2016-17 was $74,135,659. Federal financial aid to the Universities for fiscal year 2017-18 was $301,857,826 and for fiscal year 2016-17 was $284,149,275. Financial aid to students at the Universities has increased every year in recent years.

Student Financial Aid – 2017-18

	UNLV	UNR	TOTAL
STUDENTS RECEIVING FINANCIAL AID(1)	42,430	32,795	75,225
AWARDS IN EACH CATEGORY OF FINANCIAL AID(2)			
Federal Aid	29,735	18,828	48,563
State of Nevada Aid(3)	10,809	10,336	21,145
Institutional Aid	13,105	10,761	23,866
Private Scholarships and Other	1,782	2,300	4,082
TOTAL AWARDS OF FINANCIAL AID(2)	55,431	42,225	97,656
DISBURSEMENTS OF FINANCIAL AID ($)			
Federal Aid	$183,931,856	$117,925,970	$301,857,826
State Aid(4)	39,572,821	41,563,122	81,135,943
Institutional Aid	47,960,645	37,231,074	85,191,719
Private Aid	10,253,173	12,213,355	22,466,528
TOTAL DISBURSEMENTS OF FINANCIAL AID ($)	$281,718,495	$208,933,521	$490,652,016

(1) Annualized. Headcount is unduplicated across categories, except for students who received aid at more than one institution during the award year or received certain types of grant-in-aid, a short-term loan, or earned wages as a student employee or graduate assistant in addition to one or more financial aid awards.

(2) Awards are duplicated. Students may receive funds from more than one program within each category of funds.

(3) Consists primarily of Millennium Scholarships, Student Access Aid, NSHE grants-in-aid, campus employment and graduate assistantships.

(4) The System is unable to determine from payroll records which departmental funds were truly State funds and which were departmental money from non-state sources. Therefore, all these funds were classified under the State category. The true State aid total is inflated because of this.

Source: Compiled by System Administration.

DEBT STRUCTURE

Outstanding Parity Bonds

As of September 1, 2019, the System has outstanding the following Parity Bonds.

Outstanding Parity Bonds

	Original Amount	Amount Outstanding	Final Maturity
2009A Bonds	$18,140,000	$ 730,000	07/01/20
2010A Bonds[(1)]	29,455,000	27,365,000	07/01/40
2011A Bonds	50,470,000	10,035,000	07/01/24
2012A Bonds	27,375,000	25,965,000	07/01/32
2012B Bonds	5,010,000	950,000	07/01/22
2013A Bonds	40,035,000	30,075,000	07/01/33
2013B Bonds	105,300,000	88,105,000	07/01/35
2014A Bonds	49,995,000	43,720,000	07/01/43
2015A Bonds	61,455,000	61,285,000	07/01/35
2015B Bonds	7,480,000	5,395,000	07/01/26
2016A Bonds	57,750,000	57,450,000	07/01/38
2016B Bonds	13,580,000	12,595,000	07/01/36
2017A Bonds[(1)]	25,905,000	25,905,000	07/01/40
Total	$526,180,000	$389,575,000	

(1) The net proceeds of the 2017A Bonds were placed into the 2017A Escrow Account established for the purpose of (i) paying the interest on the 2017A Bonds through and including July 1, 2020 and (ii) paying all of the principal of the 2010A Bonds maturing on and after July 1, 2021 on July 1, 2020. The interest on the 2010A Bonds due and payable on and prior to July 1, 2020 will be paid by the System and will not be paid from monies on deposit in the 2017A Escrow Account. The 2010A Bonds are not expected to remain outstanding beyond July 1, 2020.

Source: The System.

Other Obligations of the System

The System also has outstanding certain existing or planned obligations which are not secured by Net Pledged Revenues. As of September 1, 2019, those obligations included the following: (1) the Outstanding Certificates, currently outstanding in the aggregate principal amount of $174,310,000; (2) outstanding $53,583,997 and proposed $3,200,000 aggregate principal amount of other obligations, bank loans and leases. See "INTRODUCTION – Security – Other Outstanding Obligations."

The System also will have outstanding, as of September 1, 2019, certain letters of credit (which are not secured by Universities Net Pledged Revenues), including (1) a $2,100,000 letter of credit associated with DRI lease revenue bonds; and (2) $1,998,000 aggregate amount of two letters of credit acquired to fund the System's obligations under the State Workers Compensation Insurance Program and its self-insured workers' compensation liability. See Notes 10-14 in the audited financial statements attached hereto as Appendix A for a description of the System's long-term debt, capital and operating lease obligations and other non-current liabilities as of June 30, 2018.

Authorized but Unissued Obligations

General. Since 1991, the Legislature has authorized the issuance of obligations that are fully or partially payable from the net pledged revenues for UNR, UNLV, Nevada State College and the Community Colleges. The legislative authorization for UNR and UNLV may be used for the construction, rehabilitation and improvement of additional student housing and dining facilities, parking facilities and other campus facilities required or desired by the university master plans. The legislative authorization for Nevada State College may be used for student housing and parking. The legislative authorization for the Community Colleges may be used for student service facilities, classrooms and parking facilities. The total authorized for UNR since 1991 is $407,070,000, the total authorized since 1991 for UNLV is $422,155,000, the total authorized for Nevada State College since 1991 is $20,000,000 and the total authorized for the Community Colleges since 1991 is $123,000,000.

The current remaining legislative authorization for UNR is $61,500,000. UNLV's current remaining legislative authorization is $142,440,000. UNLV has various projects identified as part of its long-term facility master plan associated with available authorization; however, UNLV has no specific plans to issue additional bonds at this time. The current remaining legislative authorization for the Community Colleges is $52,085,000. The Community Colleges do not have specific plans to issue additional bonds at this time. Nevada State College has not previously issued any bonds; accordingly, the remaining legislative authorization is $20,000,000.

The Legislature may authorize the issuance of additional obligations payable from all or a part of the Net Pledged Revenues at any time in the future. The Legislature also may authorize the issuance of additional obligations payable from revenues other than the Net Pledged Revenues. The Board also may be authorized from time to time to issue general obligation bonds of the State for capital construction purposes. However, the Board does not currently have authorization to do so.

In addition, the Universities, Nevada State College and the Community Colleges may obtain bank loans at any time for various capital projects (subject to Board approval and compliance with State statutes). Certain outstanding loans and other obligations are discussed above.

Contemplated Projects for the Universities

The System has identified several potential projects over the coming 18 to 24 months which may require long-term financing. Specifically, the Board has approved amendments to the respective master plans of the Universities for the construction of a parking garage and a school of business building on the campus of UNR, and a medical education building on the campus of UNLV. Additionally, acquisition of student housing facilities and additional parking infrastructure at UNR and UNLV, respectively, are currently under evaluation. These projects will likely be partially financed by future long-term debt obligations. It has not been determined whether the potential long-term financing will be accomplished as Additional Parity Bonds or as other obligations of the System.

Completion of the New Engineering Building, including associated FF&E, will not be funded by the proceeds of the Bonds nor from funds appropriated by the Legislature in 2019. UNLV anticipates that funding for completion of the New Engineering Building will be approved by the Legislature during its upcoming 2021 session. UNLV currently estimates the cost of completion to be approximately $34 million. Based on the allocation of the project scope approved by the Legislature in 2019, UNLV anticipates its share of this cost to be $17 million. Additional long-term bonds/obligations are a potential funding mechanism for this anticipated cost.

The System reserves the privilege of issuing bonds whenever legal and financial requirements have been met. Issuance of bonds, including refunding bonds, is contingent upon approval by the Board.

Debt Service Requirements

The following schedule shows: (1) the debt service payable on the 2019A Bonds; (2) the debt service payable on the Prior Parity Bonds; and (3) the combined debt service on the 2019A Bonds and the Prior Parity Bonds. *The schedule shows debt service payable in each bond year ending July 1, not in the System's fiscal year.*

Debt Service Requirements[(1)]

Fiscal Year Ending July 1[(2)]	2019A Bonds* Principal	2019A Bonds* Interest	Total Debt Service on Prior Parity Bonds[(3)]	Total Debt Service*
2020	--	$467,666	$37,478,431	$37,946,097
2021	$340,000	698,588	34,256,796	35,295,384
2022	355,000	681,588	34,026,946	35,063,534
2023	375,000	663,838	34,145,346	35,184,184
2024	390,000	645,088	33,682,766	34,717,854
2025	410,000	625,588	32,970,756	34,006,344
2026	430,000	605,088	28,679,581	29,714,669
2027	455,000	583,588	27,455,281	28,493,869
2028	475,000	560,838	27,452,156	28,487,994
2029	500,000	537,088	27,449,656	28,486,744
2030	525,000	512,088	27,528,706	28,565,794
2031	550,000	485,838	26,517,438	27,553,275
2032	580,000	458,338	26,524,088	27,562,425
2033	600,000	435,138	25,300,463	26,335,600
2034	625,000	411,138	20,865,213	21,901,350
2035	650,000	386,138	20,860,163	21,896,300
2036	680,000	360,138	9,977,488	11,017,625
2037	700,000	339,738	9,007,444	10,047,181
2038	720,000	318,738	9,005,306	10,044,044
2039	740,000	297,138	4,739,344	5,776,481
2040	765,000	274,938	4,741,806	5,781,744
2041	790,000	250,075	2,849,225	3,889,300
2042	815,000	224,400	2,844,850	3,884,250
2043	840,000	197,913	2,847,625	3,885,538
2044	865,000	170,613	--	1,035,613
2045	895,000	142,500	--	1,037,500
2046	920,000	115,650	--	1,035,650
2047	950,000	88,050	--	1,038,050
2048	980,000	59,550	--	1,039,550
2049	1,005,000	30,150	--	1,035,150
	$18,925,000	$11,627,216	$511,206,874	$541,759,090

Footnotes on following page:

* Preliminary, subject to change.

(1) Totals may not add due to rounding.
(2) Based on the Bond Year ending July 1st of each year, not on the System's fiscal year. Includes payments of interest on January 1 of the calendar year shown and payments of principal and interest on July 1 of that year.
(3) The net proceeds of the 2017A Bonds were placed into the 2017A Escrow Account established for the purpose of (i) paying the interest on the 2017A Bonds through and including July 1, 2020 and (ii) paying all of the principal of the 2010A Bonds maturing on and after July 1, 2021 on July 1, 2020. The interest on the 2010A Bonds due and payable on and prior to July 1, 2020 will be paid by the System and will not be paid from monies on deposit in the 2017A Escrow Account. The 2010A Bonds are not expected to remain outstanding beyond July 1, 2020. The 2010A Bonds were issued as BABs and the System expects to receive the annual BAB credit with respect to the 2010A Bonds until July 1, 2020. Any BAB Credit received by the System must be deposited into the Bond Fund. The amount shown reflects the total debt service due; it is not net of any BAB Credits nor receipts from the 2017A Escrow Account.

Source: The System, compiled by the Municipal Advisor.

SYSTEM FINANCIAL INFORMATION

Financial Management

Pursuant to State statute, the Board is the sole trustee to receive and disburse all funds of the System and the Chancellor of the System is empowered by the System's bylaws to act as the Chief Executive Officer and Treasurer of the System. The Chancellor is responsible for the financial management and coordination of the administration for the System. The Chancellor's office performs the treasury functions for the System, including administration of the cash management system.

All State appropriated monies are drawn upon from the State treasury by the Chancellor's office for disbursement to the respective institutions of the System, including UNR and UNLV. The expenditure of State appropriated monies once disbursed to the individual institutions is controlled by those institutions. The Board does not have the discretionary power, once the Legislature has approved the System's budget, to alter the budgeted disbursements to each institution within the System.

Budget

General. The System operates under a biennial budget system prescribed by the State. See "STATE FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – Certain Financial Information - State General Fund - Budget Procedure." The Fiscal Year begins on July 1 of each year and the biennium begins on July 1 of each odd numbered year. After the biennial budget is set by the Legislature, the System develops an operating budget for each year of the biennium. The current biennium began July 1, 2019.

The System and each of its institutions (including each of the Universities, Community Colleges, Nevada State College and DRI) are required to maintain balanced budgets. The System's biennial budget request is developed over a period of several years. More than one year prior to the budget request being submitted to the Legislature, a series of hearings with each campus is held, at which programs and goals are discussed and later translated into numerical requests in specified dollar amounts. Following the hearings, the Presidents of the Universities, Nevada State College, DRI and the Community Colleges and their respective staffs review the composite requests and formulate recommendations for each college or division. These recommendations are reviewed first by the appropriate dean or director, then by the Chancellor, and then by the Board. The budget request is then sent to the Governor's office for further review and modification. Comments and modifications are made at each step of this review procedure.

In the event of emergencies when additional funds become necessary for the operation of the System during any biennium and the Legislature is not in session, the Board may submit a request to the State Board of Examiners (consisting of the Governor of the State, the Secretary of State and the State Attorney General) for an allocation by the Interim Finance Committee. The Interim Finance Committee is composed of the members of the State Assembly Standing Committee on Ways and Means and the State Senate Standing Committee on Finance during the current or immediately preceding session of the Legislature. The State Interim Finance Committee (the "Interim Finance Committee") may allocate monies from a special State contingency fund for payment to the System of funds not otherwise appropriated.

Pursuant to the authorized expenditure bill for the 2019-21 biennium ("SB553"), the System may expend any additional registration fees collected from students for the purpose of meeting salaries and related benefits for incremental instructional faculty necessary as a result of registering additional students beyond budgeted enrollments. The System also may expend, with the approval of the Interim Finance Committee, any additional nonresident tuition fees and any additional registration fees not utilized for incremental instructional faculty costs in addition to the authorized amounts for the respective years of the biennium. The System may also expend, with the approval of the Interim Finance Committee, any additional registration and nonresident fees resulting from the imposition of fee increases.

<u>2019-21 Biennial Budgets</u>. The 2019 Legislature appropriated General Funds for the benefit of NSHE of $697.4 million for fiscal year 2020 and $707.6 million for fiscal year 2021, of which, $12.7 million and $12.8 million were appropriated to the State Board of Examiners, respectively, for cost of living increases. The fiscal year 2020 and fiscal year 2021 appropriated amounts represent an increase in general fund support over fiscal year 2019 of 7.7% and 9.3%, respectively. In fiscal year 2019, general fund appropriations accounted for 65.4% of the total State Supported Operating Budget compared to 65.8% and 65.4% in fiscal year 2020 and fiscal year 2021, respectively. A table showing the 2019-21 biennial general fund appropriations, as compared to fiscal year 2018 and 2019, is set forth below.

(in millions)	2017-2018	2018-2019	2019-2020	2020-2021
General Fund	$605.0	$618.6	$684.7	$694.9
COLA Increase	14.1	29.0	12.7	12.8
Total	$619.1	$647.6	$697.4	$707.6

<u>Higher Education Funding Formula</u>. The 2011 Legislature passed Senate Bill 374 which authorized a legislative interim study to review the funding formula utilized for higher education. The last time the Legislature authorized a study to update the higher education funding formula was in 1999. The Interim Study Committee was chaired by the State Senate Majority Leader and had 11 other voting members including 5 legislators, 3 regents, and 3 appointed community members as well as 4 non-voting representatives from the Executive Budget Office and the System. The Committee was charged with comparing the then-existing method for funding higher education in Nevada with the methods used in other states and determining whether those methods would be appropriate and useful in Nevada.

The Committee made final recommendations in August 2012. These recommendations were substantially reflected in the higher education section of the Executive Budget which was ultimately approved by the 2013 Legislature. The primary changes included a shift from inputs (enrollments) as the main driver to weighted outputs (completed credit hours) for the main funding calculation. The Legislature also approved a performance component which began in fiscal year 2015 with an initial funding amount of 5% of the base general fund appropriation, increasing by 5% each successive year, until a 20% (of base funding) pool was created in fiscal year 2018.

The 2017 Legislature continued funding the NSHE state supported instructional budgets utilizing the funding formula adopted by the 2013 Legislature based upon the recommendation of the Interim Legislative Committee to Study the Funding of Higher Education (SB 374) and distributing General Fund appropriations based on the instructional institution's fiscal year 2016 resident weighted student credit hours ("WSCH") completed. The Legislature funded the instructional budgets caseload adjustments resulting from an increase in the fiscal year 2016 WSCH over the fiscal year 2014 WSCH.

For fiscal year 2018, the Interim Legislative committee to study the funding of Higher Education (SB 374) recommended a 20% carve out from each institution's general fund appropriation that would be earned back based upon performance criteria recommended by the Board of Regents. The Committee recommended that the rate increase by 5% each year through 2018. The carve-out for the initial year (fiscal year 2015) was 5% and is increased by 5 percent each succeeding year until it reaches 20 percent in fiscal year 2018.

Historical Budget Summary of Appropriated Funds. A budget summary of appropriated funds for the System for the years stated is set forth below. See "CERTAIN RISK FACTORS – System Appropriations" and the discussion in "Budget Issues" above.

Budget Summary of Appropriated Funds

	2015-16		2016-17		2017-18		2018-19		2019-20	
	State[1]	Other Revenue Sources[2]	State[1]	Other Revenue Sources[2]	State[1]	Other Revenue Sources[2]	State[1]	Other Revenue Sources[2]	State[1]	Other Revenue Sources[2]
General	$467,202,510	$287,540,659	$487,098,815	$289,045,203	$526,843,158	$317,902,137	$549,437,185	$330,231,282	$592,024,785	$348,403,732
Statewide Programs	11,642,185	--	11,756,066	--	12,060,732	--	12,448,226	--	12,733,345	--
Intercollegiate Athletics	12,541,337	--	12,541,337	--	13,263,398	--	13,352,623	--	13,454,186	--
Agric. Experiment Station	5,132,743	1,710,261	5,214,656	1,710,261	5,434,091	1,710,261	5,584,165	1,710,261	5,693,870	1,710,261
Coop. Extension Services	3,773,477	1,880,993	3,866,204	1,880,993	3,722,030	1,892,521	3,875,519	1,892,521	4,003,540	1,888,078
State Health Lab	1,587,959	--	5,747,197	--	1,725,765	--	1,774,968	--	1,821,031	--
School of Medicine	41,971,833	5,929,781	44,733,945	18,193,122	58,971,831	8,287,440	68,860,561	9,669,919	74,440,310	10,506,430
TOTAL SYSTEM	$543,852,044	$297,061,694	$570,958,220	$310,329,579	$622,021,005	$329,792,359	$655,333,247	$343,503,983	$704,171,067	$362,508,501

(1) Consists of monies appropriated by the State for the categories as indicated.
(2) Other revenue sources included in this column are Registration Fees (i.e., Student Fees, Non-Resident Tuition, Miscellaneous Student Fees), Federal Funds, Indirect Cost Recovery, Operating Capital Investment, Discretionary Funds, Training Grants, County Funds and Miscellaneous.

Source: The System.

Sources of Funds

General. As illustrated in the table in "Financial Statements and Historical Financial Information" below, the System receives revenues from a variety of sources. The major sources of System operating revenues are discussed in more detail below. See, also "SECURITY FOR THE 2019A CERTIFICATES – Sources of System Revenues" for additional discussion of these sources, including whether the related revenues constitute legally available funds for the payment of principal and interest on the 2019A Certificates. In addition to operating revenues, the System receives revenues (classified as non-operating revenues for accounting purposes) from other sources, primarily State appropriations.

Operating Revenues. The major sources of System operating revenues are discussed below.

Tuition and Fees. The major components of this source are the Student Fees and the Activities and Program Fund Fees. Non-resident students are charged tuition in addition to the student fees. Tuition and fees (net of scholarship allowances) accounted for 45.0% and 45.2% of the System's total operating revenues for the fiscal years ended June 30, 2017 and 2018, respectively.

Grants and Contracts. The United States government and various other State, local and private sponsoring agencies through various grant and contract programs accounted for 30.9% and 27.9% of the System's total operating revenues for the fiscal years ended June 30, 2017 and 2018, respectively. The use of such funds is usually limited to specific projects and is not included in the budgets or work programs for the System. Such revenues include grants and contracts for research, public service, instruction and training programs, fellowships, scholarships, endowment scholarship programs, and student aid programs, and grants for construction projects.

Sales and Services - Educational Departments. Various System departments provide services and products to the student body and, in some instances, to the community, for which payment is received. These include revenues from the sale of maps, copying services, diplomas, binding, and the like. Sales and services accounted for 10.9% and 14.5% of the System's total operating revenues for the fiscal years ended June 30, 2017 and 2018, respectively.

Auxiliary Enterprises. This source represents income earned by the System on its income producing operations such as event centers, bookstores, housing, food service and certain other operations. The income from the operation of the auxiliary enterprises usually equals or exceeds the cost of the auxiliary enterprises. Auxiliary enterprises accounted for 9.9% and 10.2% of the System's total operating revenues for the fiscal years ended June 30, 2017 and 2018, respectively.

Other Sources of System Funds (Non-operating Revenues). The State also receives non-operating revenues from various sources, including investment income, interest earned on loans receivable, gifts and other sources of income. The largest source of non-operating revenues is State appropriations, which are discussed below.

State Appropriations. This non-operating revenue source is provided by the Legislature based upon the System's request as described more particularly elsewhere in this Official Statement. State appropriations do not constitute operating revenues of the System under currently applicable Generally Accepted Accounting Principles ("GAAP"); rather, they are classified as non-operating revenues. Nonetheless, State appropriations remain a significant source of System funding.

For the fiscal years ended June 30, 2017 and 2018, State appropriations were $568.2 million and $617.2 million, respectively. State law does not provide for a specific level of appropriation in any biennium. See the discussions in "Budget" above, "CERTAIN RISK FACTORS – System Appropriations," and "STATE FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – Certain Financial Information – State General Fund – Recent and Current State Budgets."

Financial Statements and Historical Financial Information

The System prepares annual financial statements setting forth the financial condition of the System as of June 30 of each fiscal year shown. The System prepares its financial statements in accordance with GAAP as prescribed by the Governmental Accounting Standards Board ("GASB"). See Note 2 to the audited financial statements attached hereto as Appendix A for a description of the System's significant accounting policies, including a description of the basis of presentation and the implementation of new accounting principles.

The information in the following table has been derived from the information contained in System's audited financial statements for the fiscal years ended June 30, 2014 through 2018. The information in the following table represents the financial results of the Universities, Nevada State College, the Community Colleges and the DRI, excluding the legally separate campus foundations and medical school practice plans (the "System-Related Organizations").

The audited financial statements for the year ended June 30, 2018, attached hereto as Appendix A, represents the most recent audited financial information available for the System. The financial statements of the System for prior years are available for inspection at the System offices (see "INTRODUCTION – Additional Information"). The information in these tables should be read together with the System's audited financial statements and accompanying notes for each respective fiscal year.

Statements of Revenues, Expenses and Changes in Net Assets (in thousands)[1]

	Fiscal Year Ended June 30,				
Operating Revenues	2014	2015	2016	2017	2018
Tuition and fees (net)[2]	$372,396	$370,886	$394,682	$417,671	$431,319
Federal grants and contracts	160,530	156,599	165,696	175,952	186,371
State grants and contracts	32,162	35,275	47,001	49,535	50,912
Local grants and contracts	26,181	26,094	29,681	28,757	2,261
Other grants and contracts	18,159	17,669	25,265	32,690	26,517
Campus support	10	10	8	8	--
Sales & services of educational departments[3]	87,556	90,791	93,098	101,280	138,010
Sales and services of auxiliary enterprises[4]	87,552	96,102	99,066	91,597	97,199
Interest earned on loans receivable	235	258	217	220	284
Other operating revenues	38,256	36,693	30,985	29,577	20,890
Total operating revenues	823,037	830,377	885,699	927,287	953,763
Operating Expenses					
Employee compensation and benefits	934,477	975,051	1,036,212	1,107,051	1,165,247
Utilities	32,563	34,081	32,042	29,297	31,825
Supplies and services	332,798	342,721	363,800	368,686	391,243
Scholarships and fellowships	90,333	90,015	87,596	83,503	102,220
Depreciation	95,614	94,910	98,669	103,020	106,757
Other operating expenses	282	113	298	167	18
Total operating expenses	1,486,067	1,536,891	1,618,617	1,691,724	1,797,310
Operating (loss)	(663,030)	(706,514)	(732,918)	(764,437)	(843,547)
Non-operating Revenues (Expenses)					
State appropriations	486,044	486,928	539,968	568,163	617,180
Gifts[4]	38,657	52,029	52,591	58,468	54,814
Investment income (loss), net	106,081	3,286	(2,582)	79,808	58,393
Disposal of capital assets	2,822	(1,328)	(4,323)	1,319	(141)
Loss on early extinguishment of debt	--	--	--	--	--
Interest expense	(21,358)	(24,427)	(24,520)	(25,790)	(23,985)
Federal grants and contracts	122,458	130,181	123,160	115,028	124,054
Other non-operating revenues	3,059	6,316	5,113	3,680	(1,409)
Net non-operating revenues	737,763	652,985	689,407	800,676	828,906
Income (Loss) before other revenue, expenses, gains or losses	74,733	(53,529)	(43,511)	36,239	(14,641)
State appropriations for capital purposes[5]	14,518	41	39,061	1	88,781
Capital grants and gifts	12,722	86,146	26,673	19,383	44,484
Additions to permanent endowment	278	549	323	783	(2,179)
Total other revenues	27,518	86,736	66,057	20,167	131,086
Increase (decrease) in net assets	102,251	33,207	22,546	56,406	116,445
NET ASSETS - beginning of year	2,299,765	2,402,016	2,094,926	2,117,472	2,173,878
GASB 68 Adjustments[6]	--	(340,297)	--	--	--
Change in Accounting Principles (GASB 75)[7]	--	--	--	--	(491,178)
NET ASSETS - end of year	$2,402,016	$2,094,926	$2,117,472	$2,173,878	$1,799,145

(1) These amounts represent the financial results for the entire Nevada System of Higher Education, including the Universities, Nevada State College, the Community Colleges and the DRI, but exclude results for the legally separate campus foundations and medical school practice plans (i.e., the System-Related Organizations).

(2) Net of scholarship allowances (in thousands): 2014-$120,886; 2015-$133,481; 2016- $138,976; 2017-$144,156; and 2018-$172,752.

(3) Includes amounts received from System Related Organizations. See the basic financial statements in Appendix A.

(4) Net of scholarship allowances (in thousands): 2014-$5,264; 2015-$5,219; 2016-$5,614; 2017-$6,973; and 2018-$6,959.

(5) Negative amounts reflect unused appropriations that revert to the State.

(6) Reflects negative adjustment attributable to implementation of GASB 68. See "SYSTEM FINANCIAL INFORMATION – Retirement Plans and Other Post-Employment Benefits."

(7) Reflects negative adjustments attributable to implementation of GASB 75.

Source: Derived from information included in the System's Audited Financial Statements for the fiscal years ended June 30, 2014 through 2018.

The System is currently compiling its financial statements for the fiscal year ended June 30, 2019, with the expectation that final statements and the auditor's opinion letter will be available on December 6, 2019. While it is too early to prepare a detailed analysis, management is not aware of any significant findings, outside of normal operational issues, or other material financial statement issues.

Investment Policy

General. The System follows Board approved investment policies in managing all public funds, including operating funds and endowment funds. Copies of the investment policies, which are subject to Board amendment at any time, are available upon request. The Board has delegated to the Investment and Facilities Committee (the "Committee") the management of operating funds and endowment funds within the parameters of its investment policy. The Committee is comprised of six Board members. In addition, the Chancellor, the Chief Financial Officer, and the Director of Finance serve as ex-officio non-voting members of the Committee, and the Committee may include one or more individuals with investment knowledge or expertise to serve as non-voting members of the Committee. The Committee meets at least quarterly and reviews its allocations each time. The Committee is required to review the investment objectives and policies at least every two years for their continued appropriateness.

The System currently utilizes an advisor to assist with the management of the operating funds and two outsourced chief investment officers to manage the endowment funds. The Committee has discretion to hire and terminate advisors, outsourced chief investment officers or managers for any reason, and provides each advisor and outsourced chief investment officer with written guidelines.

The market values of the various pools discussed below are subject to change depending upon conditions which are beyond the control of the System, including general economic conditions and general financial conditions. In addition, the System, while investing in mutual funds, is subject to the same risks as other investors in the market including but not limited to adverse market conditions, competence of fund managers and ability of fund managers to maintain a solvent fund.

Operating Funds. The System does not currently invest its operating funds directly in individual securities. The operating funds are invested in professionally managed investment funds. The Operating Funds are comprised of three pools: the Short-Term Pool, the Intermediate-Term Pool and the Long-Term Pool. The Short-Term Pool must be invested in fixed income securities with average maturities of one year or less to maintain high liquidity and low risk of principal loss. The Intermediate-Term Pool must be invested in fixed income securities with average maturities of three years or less. The Long-Term Pool may be invested in fixed income securities, Treasury Inflation Protection Securities (TIPS), and U.S. and international common stocks. A portion of the Long-Term Pool also currently is invested in absolute return strategies, which previously were authorized investments; that asset class currently is being liquidated in stages.

As of June 30, 2019, the System had approximately $717.8 million of operating funds invested pursuant to the above investment policies.

Endowment Funds. The investment objectives of the endowment fund are to provide a relatively stable stream of spendable revenue that increase over time at least as fast as the general rate of inflation, as measured by the Consumer Price Index. Effective July 1, 2009, the Board suspended distributions on all underwater accounts, unless expressly authorized by the donors in writing.

The endowment fund is allocated between four categories: growth assets, diversifiers, real assets and fixed income and cash assets. Growth assets such as public equity, private equity, venture capital and hedge funds provide long-term capital appreciation and a growing income stream; diversifying assets such as absolute return hedge funds, liquid alternatives, emerging market debt and private diversifiers provide equity like returns with low equity correlation and lower levels of risk than Growth Assets. An allocation to Real Assets such as public and private investments in real estate, oil and gas, natural resources equity commodities is used to protect the portfolio against the risk of unanticipated severe inflation and an allocation to fixed income and cash assets provide a hedge against extended deflation and ready liquidity. Board policy sets normal allocation and ranges for each type of portfolio. The target allocation for the Growth Assets is 61.5%; a 50-70% range is permitted. The target allocation for the Diversifier Assets is 15%; a 5%-25% range is permitted. The target allocation to Real Assets within the fund is 11%; a 5%-20% range is permitted. The target allocation for fixed income and cash is 12.5% with a permitted range of 5%-25%.

The permanent endowment fund (which includes quasi-endowment) was established July 1, 1984, with a total market value of approximately $20 million. As of June 30, 2019, the market value of the permanent endowment was approximately $259.8 million.

Liability Insurance

The System is insured for general liability, automobile liability and errors and omissions coverage through a program of self-insurance administered by the State. The System pays the State approximately $1 million per year in premiums and the State pays the System's liability claims. Under State law, the System's liability is limited to $100,000 per cause of action (see "LEGAL MATTERS – Sovereign Immunity"). The System also shares an excess liability policy with the State that has limits of $15 million aggregate, excess of $2 million. For medical malpractice, the System is fully insured in the amount of $1 million per occurrence and $3 million annual aggregate. The System carries property insurance in the amount of $500 million per occurrence (except the limit is $100 million for flood and earthquake). This insurance has a $500,000 per occurrence deductible with an aggregate deductible of $1,000,000. The System purchases statutory coverage excess of $750,000 per occurrence of self-insured retention for workers' compensation. The System's Risk Manager believes this coverage is adequate for the System's needs.

Retirement Plans and Other Post-Employment Benefits

Retirement Plans. The System is a public employer under the State Public Employees' Retirement System ("PERS"), which covers substantially all public employees of the State, its agencies and its political subdivisions, including almost all of the permanent employees of the System. All classified employees and some professional employees are covered under PERS. Those professional employees not covered by PERS are covered by three self-directed alternative plans. Such professional employees currently contribute 14.50% of their salary into the alternative plans, which are matched by the System and vested immediately. The alternative plans are defined contribution plans, and hence have no unfunded liability.

PERS, established by the Nevada legislature effective July 1, 1948, is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor. Retirement Board members serve for a term of four years. **Except for certain System-specific information set forth below, the information in this section has been obtained from publicly-available documents provided by PERS. The System has not independently verified the information obtained from the publicly-available documents provided by PERS and is not responsible for its accuracy.**

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits and death benefits. The following table illustrates the PERS service credit multiplier which reflects the benefit allowances for members as computed as certain percentages of average compensation for each accredited year of service depending upon when membership commenced (Membership Date) and during which period services were earned (Service Credit Multiplier):

PERS Benefit Multiplier

	Service Credit Multiplier				
Membership Date	Before 07/01/01	After 07/01/01	After 01/01/10	After 07/01/15	Highest Contiguous Average Over
Before July 1, 2001	2.50%	2.67%	2.67%	2.67%	36 months
After July 1, 2001, before January 1, 2010	--	2.67%	2.67%	2.67%	36 months
After January 1, 2010, before July 1, 2015	--	--	2.50%	2.50%	36 months
After July 1, 2015	--	--	--	2.25%	36 months

Similarly, legislative changes have created several tiers of retirement eligibility thresholds. The following table illustrates the PERS retirement eligibility thresholds.

Nevada PERS Retirement Eligibility

Membership Date	Regular		Police/Fire	
	Age	Years of Service	Age	Years of Service
Before January 1, 2010	65	5	65	5
	60	10	55	10
	Any	30	50	20
			Any	25
After January 1, 2010, before July 1, 2015	65	5	65	5
	62	10	60	10
	Any	30	50	20
			Any	30
After July 1, 2015	65	5	65	5
	62	10	60	10
	55	30	50	20
	Any	33 1/3	Any	33 1/3

The normal ceiling limitation on monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985 is entitled to a benefit of up to 90% of average compensation.

State law requires PERS to conduct a biennial actuarial valuation showing unfunded actuarial accrued liability ("UAAL") and the contribution rates required to fund PERS on an actuarial reserve basis. The actual employer and employee contribution rates are established in cycle with the State's biennium budget on the first full pay period of the even numbered fiscal years. By PERS policy, the system actually performs an annual actuary study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2016. The following table reflects some of the key valuation results from the last three PERS actuary studies:

PERS Actuarial Report

Key Valuation Results	June 30, 2018	June 30, 2017	June 30, 2016
UAAL	$13.73 billion	$13.27 billion	$12.56 billion
Market Value Funding Ratio	75.2%	74.4%	72.2%
Actuarial Value Funding Ratio	75.1%	74.5%	74.1%
Assets Market Value	$41.42 billion	$38.69 billion	$35.00 billion
Assets Actuarial Value	$41.34 billion	$38.72 billion	$35.90 billion

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 20 years. The amortization period prior to fiscal year 2012 was 30 years. Effective starting fiscal year 2012, the PERS Board adopted a shorter amortization period to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL is amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The PERS Board also adopted a five-year asset smoothing policy for net deferred gains/losses.

The following represents the System's proportionate share of the net pension liability of PERS as of June 30, 2018, calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50%) or one percentage point higher (8.50%) than the current discount rate:

Net Pension Liability

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
PERS Net Pension Liability	$20,105,650,986	$13,299,844,084	$7,647,514,916
System Share of PERS Net Pension Liability	$579,330	$383,226	$220,358

As described above, State statute requires contribution rates be determined on the State's biennium budget cycle based on an actuary study. While the System is not responsible to directly fund its proportionate share of the UAAL, it is required to make contributions that amortize the UAAL based on a closed end 20-year amortization. Furthermore, under the employer-pay funding method, while the System pays the full contribution rate, it is required to make the employee pay their half of the rate through either a reduction in a scheduled wage increase, or through an actual wage reduction. Employees receive credit for the wage reductions when PERS calculates their highest 36-month average wage. A history of contribution rates is shown below.

	Fiscal Years 2012 and 2013	Fiscal Years 2014 and 2015	Fiscal Years 2016 through 2019[1]
Regular members	23.75%	25.75%	28.00%
Police/fire members	39.75	40.50	40.50

(1) Contribution rates have been established by the Nevada Legislature through fiscal year 2019.

See Note 17 in the audited financial statements attached hereto as Appendix A for additional information on PERS and the other System pension plans. In addition, copies of PERS' most recent annual financial report, including audited financial statements and required supplemental information, are available from the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: (775) 687-4200.

The System's contributions to all retirement plans (including PERS) for the years ended June 30, 2018 and June 30, 2017 were approximately $110.5 million and $103.8 million, respectively.

Other Post-Employment Benefits. State employees (including the System's employees) have the option upon retirement to continue group health and life insurance benefits provided by the Public Employees' Benefits Program (the "PEBP"). The System's professional employees not participating in PERS also participate in the PEBP. See Note 18 in the audited financial statements attached hereto as Appendix A.

PEBP administers these benefits as a multiple-employer, cost-sharing defined benefit plan to provide benefits to retirees and their beneficiaries. The State's PEBP obligations are funded through legislative appropriations and assessments on participants (including the System); the level of those assessments also is legislatively established. Each biennium, the Legislature determines the level of a State subsidy toward the premium contribution of retired State employees, which is funded by a percentage of payroll assessment by each State agency. The participating employers, with the exception of the State, are not subject to supplemental assessment in the event of deficiencies. However, the Legislature could determine to increase required System contributions in the future.

The Legislature established the State Retirees' Health and Welfare Benefits Fund (the "Retirees' Fund") in 2007 as an irrevocable trust fund to account for the financial assets designated to offset the portion of current and future costs of health and welfare benefits paid on behalf of eligible State retirees and their dependents through the payment of the State retiree subsidies. According to information provided to the System by the State, due to State-wide revenue shortfalls, Assembly Bill 3 of the 26th Special Session of the State Legislature (2010) directed State agencies to reduce their contributions for retiree health insurance by \$24.7 million for fiscal year 2011. The reduced contributions required that PEBP withdraw \$24.7 million from the Retirees' Fund to cover retiree subsidies. Those actions by the State Legislature resulted in a decrease in the amount of money invested for pre-funding the State's OPEB liability from over \$25 million to approximately \$800,000 during fiscal year 2011. As of June 30, 2016, the Retirees' Fund had total assets of \$6,899,042, of which \$1,316,665 were held by the Retirees' Benefits Investment Fund administered by the Public Employees' Retirement System and \$3,204,523 were held by the State's General Portfolio administered by the Nevada State Treasurer. As of June 30, 2016, after deducting \$5,567,132 in liabilities, the Retirees' Fund had net assets of \$1,331,910. The State does not currently have any plans to contribute any additional amounts to the Retirees' Fund to prefund benefits.

Pursuant to the GASB pronouncements, an OPEB Valuation is only required once every two years unless significant assumptions or benefits changes have occurred. Historically, PEBP has issued an OPEB valuation every year as it was determined the assumptions or benefits changes required it to do so. However, for the year ended June 30, 2015, it was determined the benefit design and assumptions did not change significantly enough to require an OPEB valuation. As such, no OPEB valuation was issued for that period.

The Retirees' Fund had a UAAL of \$1.45 billion as of July 1, 2015 (fiscal year 2016) and \$1.27 billion as of July 1, 2013 (fiscal year 2014). This compares to a UAAL of \$1.18 billion as of July 1, 2012 and a UAAL of \$977 million as of July 1, 2011. The UAAL liability is recorded on the financial statements of the Retirees' Fund, not the financial Statements of the State (or the System).

LEGAL MATTERS

Litigation

The System's Chief General Counsel states that, as of the date hereof, to the best of his knowledge, there is no pending or threatened litigation which would restrain or enjoin the issuance of the 2019A Bonds or the collection of the Net Pledged Revenues. The System is, however, subject to certain pending and threatened litigation regarding various other matters arising in the ordinary course of its business operations. It is the opinion of the System's Chief General Counsel that the pending or threatened litigation will not result in final judgments against the System which would, individually or in the aggregate, materially adversely affect repayment of the 2019A Bonds or materially impact the Net Pledged Revenues or the operations or finances of the System.

Approval of Certain Legal Proceedings

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the 2019A Bonds. A form of the bond counsel opinion is attached to this Official Statement as Appendix E. The opinion will include a statement that the obligations of the System and the Board are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Sherman & Howard L.L.C. has also acted as Special Counsel to the System in connection with this Official Statement. The System's Chief General Counsel will certify to certain matters for the System.

Police Power

The obligations of the System are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the Federal Constitution (including bankruptcy).

Sovereign Immunity and Tort Claims

Pursuant to State statute (NRS Section 41.035), as amended by Senate Bill 245 passed during the 2019 Legislative Session, an award for damages in an action sounding in tort against the System may not include any amount as exemplary or punitive damages and is limited to (a) $100,000 per cause of action prior to July 1, 2020, (b) $150,000 per cause of action on or after July 1, 2020, but before July 1, 2022, and (c) $200,000 per cause of action on or after July 1, 2022. See "SYSTEM FINANCIAL INFORMATION – Liability Insurance." The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990 (P.L. 101-336), or to actions in other states.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2019A Bonds is excluded from gross income pursuant to Section 103 of the Tax Code, and interest on the 2019A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the 2019A Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code imposes several requirements which must be met with respect to the 2019A Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the 2019A Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2019A Bonds; (b) limitations on the extent to which proceeds of the 2019A Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2019A Bonds above the yield on the 2019A Bonds to be paid to the United States Treasury. The System will covenant and represent in the Bond Resolution that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2019A Bonds from gross income and alternative minimum taxable income under such federal income tax laws in effect when the 2019A Bonds are delivered. Bond Counsel's opinion as to the exclusion of interest on the 2019A Bonds from gross income and alternative minimum taxable income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the System to comply with these requirements could cause the interest on the 2019A Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the System and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

With respect to 2019A Bonds that were sold in the initial offering at a discount (the "Discount Bonds"), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income, alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income, alternative minimum taxable income, under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2019A Bonds. Owners of the 2019A Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2019A Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the 2019A Bonds were sold at a premium, representing a difference between the original offering price of those 2019A Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2019A Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2019A Bonds. Owners of the 2019A Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2019A Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2019A Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2019A Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2019A Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2019A Bonds. Owners of the 2019A Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2019A Bonds. If an audit is commenced, the market value of the 2019A Bonds may be adversely affected. Under current audit procedures the Service will treat the System as the taxpayer and the 2019A Bond owners may have no right to participate in such procedures. The System has covenanted in the Bond Resolution not to take any action that would cause the interest on the 2019A Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the System, the Municipal Advisor, the Initial Purchaser, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2019A Bond holder with respect to any audit or litigation costs relating to the 2019A Bonds.

State Tax Exemption

The 2019A Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

RATINGS

Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P") have assigned the 2019A Bonds the respective ratings shown on the cover page of this Official Statement. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of the significance of any ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, NY 10007.

There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Other than the System's obligations under the Disclosure Certificate, neither the System nor the Municipal Advisor has undertaken any responsibility either to bring to the attention of the owners of the 2019A Bonds any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such change in or withdrawal of the ratings could have an adverse effect on the market price of the 2019A Bonds.

INDEPENDENT ACCOUNTANTS

The financial statements of the Nevada System of Higher Education as of and for the fiscal year ended June 30, 2018, included herein as Appendix A, have been audited by Grant Thornton LLP, certified public accountants, as stated in their report appearing herein.

The audited financial statements of the System are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. The System has not requested that Grant Thornton LLP provide consent for inclusion of its audited financial statements in this Official Statement. Grant Thornton LLP has also not participated in any way in the preparation of this Official Statement. Further, since the date of its report, Grant Thornton LLP has not been engaged to perform nor has it performed any procedures on the financial statements addressed in its report, nor has Grant Thornton LLP performed any procedures relating to this Official Statement.

MUNICIPAL ADVISOR

JNA Consulting Group, LLC, 410 Nevada Way, Suite 200, Boulder City, Nevada 89005, telephone: (702) 294-5100 is serving as the Municipal Advisor to the System in connection with the 2019A Bonds. 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 System, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

PUBLIC SALE

The System expects to sell the 2019A Bonds at public sale on October 10, 2019. See Appendix G – Official Notice of Bond Sale.

OFFICIAL STATEMENT CERTIFICATION

The undersigned official of the System hereby confirms and certifies that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the 2019A Bonds have been duly authorized by the Board.

FOR AND ON BEHALF OF THE NEVADA SYSTEM OF HIGHER EDUCATION

By: ____
Chief Financial Officer

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE SYSTEM
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Nevada System of Higher Education
Financial Statements

June 30, 2018

University of Nevada, Reno
College of Southern Nevada
Western Nevada College

University of Nevada, Las Vegas
Great Basin College
Desert Research Institute

Nevada State College
Truckee Meadows Community College
System Administration

BOARD OF REGENTS

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Jason Geddes, Ph.D., Vice Chairman ....Reno

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Dr. Patrick R. Carter .... Las Vegas

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Cathy McAdoo .... Elko

John T. Moran .... Las Vegas

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Rick Trachok ....Reno

Anthony L. Williams .... Las Vegas

ADMINISTRATION

Thom Reilly, D.P.A. ....Chancellor
Nevada System of Higher Education

Kristen Averyt, Ph.D. .... President
Desert Research Institute

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University of Nevada, Las Vegas

Marc Johnson. .... Acting President
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Nevada State College

Vincent Solis, Ph.D. .... President
Western Nevada College

Federico Zaragoza, Ph.D. .... President
College of Southern Nevada

Nevada System of Higher Education
Financial Statements and Report of Independent Certified Public Accountants
As of and for the Year Ended June 30, 2018

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Report of Independent Certified Public Accountants

Board of Regents
Nevada System of Higher Education

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Nevada System of Higher Education (the "System") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the System'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: Desert Research Institute Foundation; Desert Research Institute Research Parks LTD; Truckee Meadows Community College Foundation; Western Nevada College Foundation; University of Nevada, Las Vegas Research Foundation; University of Nevada, Las Vegas Rebel Golf Foundation; University of Nevada, Las Vegas Alumni Association; College of Southern Nevada Foundation; and Nevada State College Foundation, which statements collectively reflect total assets constituting 5.2% of the aggregate discretely presented component units total assets as of June 30, 2018 and total operating revenues of 5.7% of the aggregate discretely presented component units total operating revenues for the year then ended as described in note 23 "System Related Organizations." Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included for these organizations, 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. The financial statements of: Truckee Meadows Community College Foundation; Western Nevada College Foundation; University of Nevada, Las Vegas Research Foundation; University of Nevada, Las Vegas Rebel Golf Foundation; University of Nevada, Las Vegas Alumni Association; College of Southern Nevada Foundation; and Nevada State College Foundation were not audited in accordance with *Government Auditing Standards* for the year ended June 30, 2018.

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 System'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 System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the System as of June 30, 2018, and the respective changes in financial position and, where applicable, 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 the management's discussion and analysis on pages 5 through 14, the schedule of proportionate share of the net pension liability on page 57, the schedule of system contributions for the net pension liability on page 58, the schedule of proportionate share of the net OPEB liability on page 59, the schedule of system contributions for the net OPEB liability on page 60, and the notes to the required schedules for the net OPEB liability on page 61 be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures 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.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The combining schedule of net position and the combining schedule of revenues, expenses and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 13, 2018, on our consideration of the System'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 solely 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 the effectiveness of the Entity's 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 System's internal control over financial reporting and compliance.

Grant Thornton LLP

Reno, Nevada
November 13, 2018

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Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Nevada System of Higher Education's (the System) annual financial information presents management's discussion and analysis of the financial standing as of June 30, 2018. This section provides a brief overview of noteworthy financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues that occurred during the year ended June 30, 2018 with comparative information as of June 30, 2017.

Since this discussion provides summary level financial information, it should be read in conjunction with the System's financial statements and accompanying footnotes that follow this section. Responsibility for the financial statements, footnotes and this discussion rests with System management. All amounts included in this discussion are presented in thousands of dollars.

SYSTEM AND SYSTEM RELATED ORGANIZATIONS

The System is a consolidation of the following 8 institutions of public higher education in Nevada and the Nevada System of Higher Education Administration (the System or NSHE) entity:

University of Nevada, Reno (UNR)
Desert Research Institute (DRI)
Truckee Meadows Community College (TMCC)
Western Nevada College (WNC)
Great Basin College (GBC)
University of Nevada, Las Vegas (UNLV)
College of Southern Nevada (CSN)
Nevada State College (NSC)

This annual financial report and statements include the above institutions of the System as well as certain other organizations, also called component units, that have a significant relationship with the institutions. These component units are related tax-exempt organizations primarily founded to foster and promote the growth, progress, and general welfare of the institutions. They exist to solicit, receive and administer gifts and donations for the institutions or, in the case of the Integrated Clinical Services, Inc. and UNLV Medicine, to facilitate patient care activities. The System component units are as follows:

University of Nevada, Reno Foundation
Athletic Association University of Nevada
University of Nevada School of Medicine Practice Plans (Integrated Clinical Services, Inc.)
Desert Research Institute Foundation
Desert Research Institute Research Parks LTD
Truckee Meadows Community College Foundation
Western Nevada College Foundation
Great Basin College Foundation
University of Nevada, Las Vegas Foundation
University of Nevada, Las Vegas Research Foundation
University of Nevada, Las Vegas School of Medicine (SOM)
Rebel Golf Foundation
University of Nevada, Las Vegas Alumni Association
University of Nevada, Las Vegas Rebel Football Foundation
University of Nevada, Las Vegas Rebel Soccer Foundation
University of Nevada, Las Vegas Singapore Unlimited
College of Southern Nevada Foundation
Nevada State College Foundation

Component units issue separately audited or reviewed financial statements from the System.

SYSTEM FINANCIAL HIGHLIGHTS FROM 2017 TO 2018 (in $1,000's)

- Total net position decreased 17.2% from $2,173,878 to $1,799,145;
- Capital assets increased 2.5% from $2,210,842 to $2,265,683;
- Operating revenues increased 2.9% from $927,287 to $953,763;
- Nonoperating revenues increased 3.5% from $800,676 to $828,906; and
- Operating expenses increased 6.2% from $1,691,724 to $1,797,310.

USING THIS REPORT

This report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities.* These statements focus on the financial condition of the System, the results of operations, and the cash flows of the System as a whole.

One of the most important questions asked about System finances is whether the System as a whole is better off or worse off as a result of the year's activities. There are three key components to answering this question. They are the Combined Statements of Net Position; the Combined Statements of Revenues, Expenses and Changes in Net Position; and the Combined Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The System's net position (the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources) is an important gauge of the System's financial health when considered with non-financial facts such as enrollment levels and the condition of the facilities.

The Combined Statements of Net Position include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when a third party provides the services, regardless of when cash is exchanged.

The Combined Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. All things being equal, a public higher education system's dependency on state appropriations will usually result in operating deficits. This is because the financial reporting model classifies state appropriations as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the System's ability to meet financial obligations as they mature and come due. The Combined Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, capital financing, non-capital financing, and investing activities.

CONDENSED FINANCIAL INFORMATION

ASSETS AND LIABILITIES

The Combined Statement of Net Position is a point-in-time financial statement presenting the financial position of the System as of June 30, 2018, with a comparison made to June 30, 2017. This Statement presents end-of-year data for Assets (current and non-current), Deferred Outflows of Resources, Liabilities (current and non-current), Deferred Inflows of Resources, and Net Position (assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources).

System Net Position (in $1,000's)

	2018	2017	Increase/ (Decrease)	Percent Change
Assets				
Current Assets	$ 958,020	$ 934,171	23,849	3 %
Capital Assets	2,265,683	2,210,842	54,841	2 %
Other Assets	526,385	344,388	181,997	53 %
Total Assets	3,750,088	3,489,401	260,687	7 %
Deferred Outflows of Resources	94,719	93,132	1,587	2 %
Liabilities				
Current Liabilities	306,878	266,676	40,202	15 %
Noncurrent Liabilities	1,678,879	1,092,017	586,862	54 %
Total Liabilities	1,985,757	1,358,693	627,064	46 %
Deferred Inflows of Resources	59,905	49,962	9,943	20 %

Net Position				
Net investment in capital assets	1,581,719	1,566,621	15,098	1 %
Restricted, nonexpendable	87,830	87,453	377	<1 %
Restricted, expendable	396,878	267,647	129,231	48 %
Unrestricted	(267,282)	252,157	(519,439)	(206) %
Total Net Position	$1,799,145	$2,173,878	$ (374,733)	(17) %

Assets

Total assets of the System are currently showing an increase of $260.7 million, or 7%. The increase that occurred in current assets was primarily driven by an increase in the receivable from U.S. Government ($38.2 million) and the increase in capital assets was due to new assets acquired or being constructed during the year. The increase in other assets is primarily due to an increase in the restricted cash accounts both current and noncurrent ($90.8 million), Cash held by State Treasurer ($51.6 million), Receivable from State of Nevada both current and noncurrent ($56.1 million) and Receivable from U.S. Government ($38.2 million). The increase in capital assets is reflective of the purchase and construction of capital assets less normal depreciation for the year.

Liabilities

Total liabilities for the year increased by $627.1 million; a $40.2 million increase in current liabilities and $586.9 million increase in non-current liabilities. The increase in current liabilities was due to an increase in the current portion of long-term debt ($10.8 million), unearned revenue ($17.1 million), accounts payable ($0.9 million) and accrued payroll and related liabilities ($4.2 million). The increase in non-current liabilities was primarily driven by an increase in long-term debt ($105.3 million) and the implementation of GASB 75 which required the System to record an other post-employment benefits (OPEB) liability in fiscal year ending 2018 ($489.2 million).

Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a future consumption of net position, increased $1.6 million. This increase relates to an increase in pension related deferred outflows of resources being presented and the adoption of GASB 75 which requires the System to record a deferred outflow related to OPEB. Similarly, deferred inflows of resources, a future acquisition of net position, increased $9.9 million.

Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, provides the equity in property, plant, and equipment owned by the System. The next category is restricted net position, which is presented as two subcategories: nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the System but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position that is net assets available to the System for any lawful purpose.

Net Investment in Capital Assets

The net investment in capital assets classification of net position represents the System's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. The $15.1 million increase reflects the System's expenditures for development and renewal of its capital assets, offset by depreciation expense on capital assets and increased debt associated with capital assets.

Restricted, Nonexpendable/Expendable

The System's endowment funds consist of both permanent endowments and funds functioning as endowments or quasi-endowments.

Permanent endowments are those funds received from donors with the stipulation that the principal remain inviolate and be invested in perpetuity to produce income that is to be expended for the purposes stipulated by the donor.

Unrestricted Net Position

Unrestricted net position decreased by $519.4 million in 2018, primarily driven by the cumulative adjustment related to the adoption of GASB 75 which resulted in a $491.2 million reduction to the opening balance of unrestricted net position. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the System's unrestricted net position has been designated for various academic and research programs and initiatives, as well as capital projects. Funds functioning as an endowment consist of unrestricted funds that have been allocated by the System for long-term investment purposes, although amounts are not subject to donor restrictions requiring the System to preserve the principal in perpetuity. Programs supported by the endowment include scholarships, fellowships, professorships, research efforts and other important programs and activities.

System Related Organizations

Net Position (in $1,000's)

	2018	2017	Increase/ (Decrease)	Percent Change
Assets				
Current Assets	$446,910	$421,302	$25,608	6 %
Capital Assets	9,982	7,558	2,424	32 %
Other Assets	345,257	344,565	692	<1 %
Total Assets	802,149	773,425	28,724	4 %
Deferred Outflows of Resources	363	-	363	**
Liabilities				
Current Liabilities	36,557	34,174	2,383	7 %
Noncurrent Liabilities	20,696	3,140	17,556	559 %
Total Liabilities	57,253	37,314	19,939	53 %

Unaudited

Deferred Inflows of Resources	12,041	13,218	(1,177)	(9) %
Net Position				
Net investment in capital assets	8,083	7,080	1,003	14 %
Restricted, nonexpendable	314,447	345,399	(30,952)	(9) %
Restricted, expendable	372,895	332,723	40,172	12 %
Unrestricted	37,793	37,691	102	<1 %
Total Net Position	$733,218	$722,893	$ 10,325	1 %

***not meaningful*

The eighteen campus, athletic foundations and medical practice plans, as System Related Organizations, continue to support the campuses in their long-range plans and provide support for construction of facilities as well as scholarships and other operating costs. Changes in the above schedule primarily reflect the foundations' increase in investments and other current assets offset by decreased unearned revenue and other current liabilities.

REVENUES, EXPENSES AND CHANGES IN NET POSITION

Changes in total net position as presented on the Combined Statement of Net Position are based on the activity presented in the Combined Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the System, both operating and nonoperating, and the expenses paid by the System, operating and nonoperating, as well as any other revenues, expenses, gains and losses received or spent by the System.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the System. 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 System. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are considered nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

The total Change in Net Position for the fiscal year ending June 30, 2018 was $116.4 million compared with $56.4 million for the fiscal year ending June 30, 2017, an increase of approximately $60.0 million.

System Revenues, Expenses and Changes in Net Position (in $1,000's)

	2018	2017	Increase/ (Decrease)	Percent Change
Operating Revenues				
Student tuition and fees, net	$ 431,319	$ 417,671	$ 13,648	3 %
Grants and contracts, Federal	186,371	175,952	10,419	6 %
Grants and contracts, other	79,690	110,982	(31,292)	(28) %
Sales and services	235,209	192,877	42,332	22 %
Other	21,174	29,805	(8,631)	(29) %
Total Operating Revenues	953,763	927,287	26,476	3 %

Operating Expenses				
Employee comp/benefits	(1,165,247)	(1,107,051)	(58,196)	5 %
Utilities	(31,825)	(29,297)	(2,528)	9 %
Supplies and services	(391,243)	(368,686)	(22,557)	6 %
Scholarships and fellowships	(102,220)	(83,503)	18,717	22 %
Other	(18)	(167)	149	(89)%
Depreciation	(106,757)	(103,020)	(3,737)	4 %
Total Operating Expenses	(1,797,310)	(1,691,724)	(105,586)	6 %
Nonoperating Revenues (Expenses)				
State appropriations	617,180	568,163	49,017	9 %
Federal grants	124,054	115,028	9,026	8 %
Gifts	54,814	58,468	(3,654)	(6) %
Investment income (loss), net	58,393	79,808	(21,415)	(27) %
Disposal of capital assets	(141)	1,319	(1,460)	(111) %
Interest expense	(23,985)	(25,790)	1 ,805	(7) %
Other nonoperating revenues	(1,409)	3,680	(5,089)	(138) %
Total Nonoperating Revenues	828,906	800,676	28,230	4 %
Other Revenues	131,086	20,167	110,919	550%
Net Position				
Increase in Net Position	116,445	56,406	60,039	106 %
Net position, beginning of year, as previously reported	2,173,878	2,117,472	56,406	3 %
Change in accounting principle, GASB 75 adjustments	(491,178)	-	(491,178)	* %
Net position, beginning of year, as restated	1,682,700	2,117,472	(434,772)	(21) %
Net position, end of year	$1,799,145	$2,173,878	$ (374,733)	(17) %

*Not meaningful

Operating revenues increased by $26.5 million (3%) and operating expenses increased by $105.6 million (6%), resulting in an increase in the operating loss of $79.1 million (10%).

Operating Revenue - Student Tuition and Fees increased 3% to $431.3 million primarily as a result of a 4% increase in tuition. Federal grants and contracts experienced an increase of 6% to $186.4 million while State, local and other grants and contracts decreased 28% to $79.7 million.

The increase in operating expenses was driven by an increase in Employee Compensation and Benefits. This increase primarily relates to an increase in the number of employees and a 3% cost of living adjustment for all System employees.

Nonoperating net revenues increased by $28.2 million. This was led by significant increases in State appropriations of $49.0 million and an increase in Federal grants of $9.0 million. These increases were partially offset by a decrease in investment income of $21.4 million, a decrease in gifts of $3.7 million and other nonoperating revenues of $5.1 million.

System Related Organizations (in $1,000s)

Component entities' ending net position increased from 2017 to 2018, as shown in the following schedule.

	2018	2017	Increase/ (Decrease)	Percent Change
Operating Revenues				
Patient revenue	$ 48,680	$ 49,420	$(740)	(1)%
Contract revenue	20,825	9,495	11,330	119 %
Contributions	82,963	111,272	(28,309)	(25) %
Campus support	10,809	7,522	3,287	44 %
Other	17,404	10,998	6,406	58 %
Total Operating Revenues	180,681	188,707	(8,026)	(4) %
Operating Expenses				
Program expenses	(34,953)	(58,807)	23,854	41 %
Other operating expenses	(56,216)	(47,601)	(8,615)	(18) %
Depreciation	(938)	(342)	(596)	(174)%
Total Operating Expenses	(92,107)	(106,750)	14,643	14 %
Nonoperating Revenues (Expenses)				
Investment income, net	35,828	24,279	11,549	48 %
Payments to the System	(123,893)	(60,809)	(63,084)	(104) %
Other nonoperating revenues (expenses)	3,728	27,911	(24,183)	(87) %
Total Nonoperating Revenues (Expenses)	(84,337)	(8,619)	(75,718)	(879) %
Other Revenues (Expenses)	14,664	10,602	4,062	38 %
Net Position				
Increase (Decrease) in Net Position	18,901	83,940	(65,039)	(77) %
Net position, beginning of year, as previously reported	718,844	638,953	79,891	13 %
Change in accounting principle, Contributions receivable	(4,527)	-	(4,527)	(100) %
Net position, beginning of year, as restated	714,317	638,953	75,364	12 %
Net position, end of year	$733,218	$722,893	$10,325	1 %

CASH FLOWS (in $1,000's)

Net cash flows increased when compared to 2017 as discussed further below. Cash flows from operating activities decreased due to payments to employees for compensation and benefits, payments to suppliers, and payments for scholarships and fellowships, offset by increased revenues from tuition and fees and grants and contracts. Net operating cash flows (amount of cash from operating activities) decreased 7%.

	2018	2017	Increase/ (Decrease)	Percent Change
Operating activities	$(716,474)	$(666,919)	$(49,555)	(7) %
Noncapital financing	755,334	750,788	4,546	<1 %
Capital financing activities	17,513	(160,220)	177,733	111 %
Investing activities	61,099	14,434	46,665	323 %
Net increase (decrease) in cash	117,472	(61,917)	179,389	
Cash – beginning of year	267,963	329,880	(61,917)	
Cash – end of year	$ 385,435	$ 267,963	$117,472	

Cash flows from noncapital financing activities increased $4.5 million. This increase was primarily related to the increase in cash received from State appropriations offset by decreased receipts under federal student loan programs. Cash flows from capital financing activities increased $177.7 million, due to increases in proceeds from capital debt and by decreased purchases of capital assets and principal payments. Cash flows from investing activities increased by $46.7 million as a result of investment activity.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2018, the System had invested $2,265.7 million in a broad range of capital assets, including equipment, buildings, machinery and equipment, library books and media, art and other valuable collections, intangible assets and land. This represents a net increase (including additions and deletions) of $54.8 million over June 30, 2017.

During fiscal year 2018, the System issued $54.8 million of long-term bonds and obligations to finance projects at UNR, $12.5 million of Certificate of Participation to finance a project at TMCC, $ 70.9 million of revenue bonds for CSN and $29.9 million of notes payable to finance projects at UNLV. As of June 30, 2018, the coverage on the University Revenue Bonds (pledged revenues to maximum annual debt service) was 6.92 times, above minimum required coverage of 1.50. For statutory purposes, the coverage was 1.74 times, above minimum required coverage of 1.10. Coverage for the System's University Revenue Bonds is based upon two formulas. The statutory coverage ratio is based upon pledged revenues described in Nevada Revised Statutes authorizing the issuance of revenue bonds. The second, comprehensive coverage ratio, is based upon all revenues pledged to the bonds (including the statutory revenues) in the bond resolutions adopted by the Board of Regents. The statutory and comprehensive coverage ratios feature different minimum coverage thresholds that govern the issuance of additional revenue bond debt.

FUTURE FINANCIAL EFFECTS

In recent years the demand for higher education services in Nevada has generally remained flat to a slight increase. In fiscal year 2018, the System realized a net gain of student full time equivalent (FTE) enrollment of 0.8% or 567 FTE students system-wide compared to fiscal year 2017. Student FTE enrollments increased slightly at both universities and one community colleges. Student FTE enrollments decreased slightly at two community colleges and one community college experience flat enrollment. The State College had increased enrollments. These trends are generally consistent with those seen in other public higher education institutions nationally, and the System anticipates enrollments system-wide in fiscal year 2019 will exceed enrollments in fiscal year 2018 with roughly the same trends.

The Legislatively approved System operating budget includes state appropriations and authorized expenditures (State Supported Operating Budget). The Operating Budget totals $998.8 million for fiscal year 2019. This compares to the fiscal year 2018 Operating Budget of $951.8 million and represents a 4.9% increase. General fund revenues of $655.3 million in fiscal year 2019 will exceed general fund revenues of $622.0 million in fiscal year 2018 by $33.3 million or by 5.4% due mainly to legislative actions funding an increase in career technical education student credit hour weights, an increase in caseload based on completed credit hours, continued growth for the new medical school at the University of Nevada, Las Vegas, and a 3% cost of living adjustment. The fiscal year 2019 general fund appropriation includes $36.2 million for System employee cost of living adjustments appropriated to the State Board of Examiners. The System expects to draw all of the general funds appropriated without reductions or offsets.

Other authorized revenue sources, consisting mainly of student fee revenues, total $343.5 million in fiscal year 2019, approximately $13.7 million more than in fiscal year 2018, due mostly to an increase in enrollments and student registration fees. Student fees remain a consistent 35% of the State Supported Operating Budget and are expected to do so for the foreseeable future.

Student enrollment system-wide is anticipated to slightly exceed projected and budgeted enrollment in fiscal year 2019, as it did in 2018, and therefore pursuant to Senate Bill 545 of the 2017 legislative session, the System may budget and expend, in the State Supported Operating Budget, any additional collections of student fee revenues over budgeted revenues due to increased enrollments or Board of Regent authorized increases in registration or non-resident tuition fees. As before, it is expected that these funds will be expended in direct support of the increased student enrollments through instruction and related support services.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information provided by the System, including statements written in this discussion and analysis or made orally by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Other than statements of historical facts, all statements that address activities, events or developments that the System expects or anticipates will or may occur in the future contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The System does not update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions, or changes in other factors affecting such forward-looking information.

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF NET POSITION (in $1,000's)
AS OF JUNE 30, 2018

	System	System Related Organizations
ASSETS		
Current Assets		
Cash and cash equivalents	$ 178,144	$ 96,105
Restricted cash and cash equivalents	13,436	5,642
Short-term investments	585,303	285,869
Accounts receivable, net	38,065	2,545
Receivable from U.S. Government	77,646	-
Receivable from State of Nevada	24,195	-
Pledges receivable, net	1,741	28,218
Patient accounts receivable, net	-	13,502
Current portion of loans receivable, net	1,571	1
Due from affiliates	19,366	-
Inventories	7,423	368
Deposits and prepaid expenditures, current	11,084	3,323
Other current assets	46	11,337
Total Current Assets	958,020	446,910
Noncurrent Assets		
Cash held by State Treasurer	54,283	-
Restricted cash and cash equivalents	139,572	-
Due from affiliates	19,327	-
Receivable from State of Nevada	54,028	-
Investments	-	64,902
Restricted investments	-	12,275
Endowment investments	251,163	195,736
Deposits and prepaid expenditures	568	-
Loans receivable, net	7,368	28
Capital assets, net	2,265,683	9,982
Pledges receivable, net	-	47,498
Other noncurrent assets	76	24,818
Total Noncurrent Assets	2,792,068	355,239
TOTAL ASSETS	3,750,088	802,149
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	64,715	-
OPEB related	15,701	-
Loss on bond refunding	14,303	-
Intra-equity sales of future revenues	-	363
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 94,719	$ 363

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

COMBINED STATEMENTS OF NET POSITION (in $1,000's) (CONTINUED)

	System 2018	System Related Organizations 2018
LIABILITIES		
Current Liabilities		
Accounts payable	$ 48,995	$ 4,782
Accrued payroll and related liabilities	88,044	1,552
Unemployment insurance and workers compensation	7,362	-
Due to State of Nevada	512	-
Current portion of compensated absences	35,068	-
Current portion of long-term debt	44,429	-
Current portion of obligations under capital leases	1,333	228
Accrued interest payable	14,348	1
Unearned revenue	58,200	4,004
Funds held in trust for others	5,006	29
Due to affiliates	3,174	20,497
Other current liabilities	407	5,464
Total Current Liabilities	306,878	36,557
Noncurrent Liabilities		
Refundable advances under federal loan programs	7,236	-
Compensated absences	15,485	320
Unearned revenue	627	455
Long-term debt	733,696	-
Obligations under capital leases	48,635	693
Net pension liability	383,226	-
Net OPEB Liability	489,199	-
Due to affiliates	-	14,611
Other noncurrent liabilities	775	4,617
Total Noncurrent Liabilities	1,678,879	20,696
TOTAL LIABILITIES	1,985,757	57,253
DEFERRED INFLOWS OF RESOURCES		
Pension related	29,202	-
OPEB related	30,448	-
Gain on bond refunding	255	-
Split-interest agreements	-	5,319
Deferred lease revenue	-	6,722
TOTAL DEFERRED INFLOWS OF RESOURCES	59,905	12,041
NET POSITION		
Net investment in capital assets	1,581,719	8,083
Restricted - Nonexpendable	87,830	314,447
Restricted - Expendable - Scholarships, research and instruction	179,334	364,456
Restricted - Expendable - Loans	6,991	-
Restricted - Expendable - Capital projects	175,236	141
Restricted - Expendable - Debt service	35,317	-
Restricted - Expendable - Other	-	8,298
Unrestricted	(267,282)	37,793
TOTAL NET POSITION	$ 1,799,145	$ 733,218

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

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION (
FOR THE YEAR ENDING JUNE 30, 2018

	System	System Related Organizations
Operating Revenues		
Student tuition and fees (net of scholarship allowance of $172,752)	$ 431,319	$ -
Federal grants and contracts	186,371	-
State grants and contracts	50,912	-
Local grants and contracts	2,261	-
Other grants and contracts	26,517	-
Campus support	-	10,809
Sales and services of educational departments (including $31,416 from System Related Organizations)	138,010	-
Sales and services of auxiliary enterprises (net of scholarship allowance of $6,959)	97,199	-
Contributions	-	82,963
Patient revenue	-	48,680
Contract revenue	-	20,825
Special events and fundraising	-	2,040
Interest earned on loans receivable	284	-
Other operating revenues	20,890	15,364
Total Operating Revenues	953,763	180,681
Operating Expenses		
Employee compensation and benefits	(1,165,247)	(34,281)
Utilities	(31,825)	-
Supplies and services	(391,243)	(20,968)
Scholarships and fellowships	(102,220)	(342)
Program expenses, System Related Organizations	-	(34,953)
Depreciation	(106,757)	(938)
Other operating expenses	(18)	(625)
Total Operating Expenses	(1,797,310)	(92,107)
Operating Income (Loss)	(843,547)	88,574
Nonoperating Revenues (Expenses)		
State appropriations	617,180	-
Gifts (including $48,000 from System Related Organizations)	54,814	-
Investment income (loss), net	58,393	35,828
Gain/(Loss) on disposal of capital assets	(141)	678
Interest expense	(23,985)	(190)
Intergovernmental revenue	-	1,840
Payments to System campuses and divisions	-	(123,893)
Other nonoperating revenues	(1,409)	1,400
Federal grants and contracts	124,054	-
Total Nonoperating Revenues (Expenses)	828,906	(84,337)
Income (Loss) Before Other Revenue (Expenses)	(14,641)	4,237
Other Revenues		
State appropriations restricted for capital purposes	88,781	-
Capital grants and gifts (including $42,647 from System Related Organizations)	44,484	-
Additions/(Deductions) to permanent endowments (including $(2,143) from System Related Organizations)	(2,179)	14,304
Other Foundation expenses	-	360
Total Other Revenues	131,086	14,664
Increase in Net Position	116,445	18,901
NET POSITION		
Net position - beginning of year	2,173,878	718,844
Change in Accounting Principle, GASB 75 adjustments	(491,178)	-
Change in Accounting Policy	-	(4,527)
Net position - beginning of year as restated	1,682,700	714,317
Net position - end of year	$ 1,799,145	$ 733,218

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

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINED STATEMENTS OF CASH FLOWS (in $1,000's)
AS OF JUNE 30, 2018

	System
Cash flows from operating activities	
Tuition and fees	$ 435,148
Grants and contracts	260,422
Payments to suppliers	(400,440)
Payments for utilities	(31,213)
Payments for compensation and benefits	(1,158,121)
Payments for scholarships and fellowships	(102,270)
Loans issued to students and employees	878
Collection of loans to students and employees	282
Sales and services of auxiliary enterprises	96,771
Sales and services of educational departments	161,717
Other receipts	20,352
Cash flows from operating activities	(716,474)
Cash flows from noncapital financing activities	
State appropriations	608,340
State appropriations refunded	(2)
Gifts and grants for other than capital purposes	42,339
Gift for endowment purposes	(2,167)
Receipts under federal student loan programs	160,501
Disbursements under federal student loan programs	(172,709)
Loan advances to system related organizations	(15,317)
Proceeds from notes payable	14,650
Other	(297)
Agency transactions	(28)
Federal grants and contracts	120,024
Cash flows from noncapital financing activities	755,334
Cash flows from capital and related financing activities	
Proceeds from capital debt	162,355
Other	(24)
Payments for debt issuance costs	(1,073)
Capital appropriations	50,182
Capital grants and gifts received	37,648
Bond issuance and refunding	(310)
Purchases of capital assets	(143,930)
Proceeds from sale of property and equipment	(793)
Principal paid on capital debt and leases, including defeasance	(61,074)
Interest paid on capital debt and leases	(25,535)
Deposits for the acquisition of property and equipment	67
Cash flows from capital and related financing activities	17,513
Cash flows from investing activities	
Proceeds from sales and maturities of investments	109,549
Purchase of investments	(61,790)
Interest and dividends received on investments	12,208
Net decrease in cash equivalents, noncurrent investments	1,132
Cash flows from investing activities	61,099
Net increase in cash	117,472
Cash and cash equivalents, beginning of year	267,963
Cash and cash equivalents, end of year	$ 385,435

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

COMBINED STATEMENTS OF CASH FLOWS (in $1,000's) (CONTINUED)

	System
Reconciliation of operating loss to cash flows from operating activities	
Operating loss	$ (843,547)
Adjustments to reconcile operating loss to cash used in operating activities:	
Supplies expense related to noncash gifts	950
Depreciation and amortization expense	106,757
Change in pension related deferred outflows of resources	14,496
Change in pension related deferred inflows of resources	(20,430)
Change in OPEB related deferred outflows of resources	(1,993)
Change in OPEB related deferred inflows of resources	30,448
Changes in assets and liabilities:	
Accounts receivable, net	12,814
Receivable from U.S. Government	(25,744)
Receivable from State of Nevada	(6,271)
Loans receivable, net	994
Inventories	531
Due from other institutions	(6,162)
Due to/from related entities	18,167
Deposits and prepaid expenditures	843
Accounts payable	(588)
Accrued payroll and related liabilities	4,225
Unemployment and workers' compensation insurance liability	1,364
Unearned revenue	17,074
Refundable advances under federal loan program	(240)
Compensated absences	861
Net pension liability	(6,126)
Net OPEB liability	(15,685)
Other	788
Cash flows from operating activities	$ (716,474)
Supplemental noncash activities information	
(Loss) on disposal of capital assets	$ (217)
Capital assets acquired by gifts	$ 6,836
Capital assets acquired by incurring capital lease obligations and accounts payable	$ 16,028
Unrealized gain on investments	$ 35

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

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's) FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – Organization:

The financial statements represent the combined financial statements of the various divisions and campuses of the Nevada System of Higher Education (the System or NSHE) which include:

University of Nevada, Reno (UNR)
Desert Research Institute (DRI)
Truckee Meadows Community College (TMCC)
Western Nevada College (WNC)
Great Basin College (GBC)
University of Nevada, Las Vegas (UNLV)
College of Southern Nevada (CSN)
Nevada State College (NSC)
Nevada System of Higher Education Administration (System Admin)

The System is an entity of the State of Nevada (the State) and receives significant support from, and has significant assets held by the State as set forth in the accompanying combined financial statements. The System is a component unit of the State of Nevada in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34.* The System Related Organizations' columns in these combined financial statements are comprised of data from the System's discretely presented campus, athletic foundations and medical school practice plans, which include: University of Nevada, Reno Foundation, Athletic Association University of Nevada, Integrated Clinical Services, Inc., UNLV Medicine, Desert Research Institute Foundation, Desert Research Institute Research Parks LTD, Truckee Meadows Community College Foundation, Western Nevada College Foundation, Great Basin College Foundation, University of Nevada, Las Vegas Foundation, University of Nevada, Las Vegas Research Foundation, Rebel Golf Foundation, University of Nevada, Las Vegas Alumni Foundation, University of Nevada, Las Vegas Rebel Football Foundation, University of Nevada, Las Vegas Rebel Soccer Foundation, University of Nevada, Las Vegas Singapore Unlimited, College of Southern Nevada Foundation, and Nevada State College Foundation. These System Related Organizations are included as part of the System's combined financial statements because of the nature and the significance of their financial relationship with the System.

The System Related Organizations include campus foundations which are related tax-exempt organizations founded to foster and promote the growth, progress, and general welfare of the System, and are reported in separate columns to emphasize that they are Nevada not-for-profit organizations legally separate from the System. During the year ended June 30, 2018, the foundations distributed $123,893 to the System for both restricted and unrestricted purposes. Complete financial statements for the foundations can be obtained from Stephanie Shepherd, System Controller at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

The System Related Organizations also include three legally separate non-profit organizations, together known as Integrated Clinical Services, Inc. (ICS). ICS includes the University of Nevada School of Medicine Multispecialty Group Practice North, Inc., University of Nevada School of Medicine Group Practice South, Inc., and Nevada Family Practice Residency Program, Inc. ICS was established for the benefit of the University of Nevada School of Medicine and its faculty physicians who are engaged in patient care activities. During the year ended June 30, 2018, ICS distributed $6,953 to the System for restricted purposes for salaries and Dean's support. Complete financial statements for ICS can be obtained from Stephanie Shepherd, System Controller at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

In addition to ICS, UNLV Medicine ("UNLV Med") is a legally separate non-profit organization that is included as a System Related Organization. UNLV Medicine was incorporated as a not-for-profit corporation on April 14, 2017, under the name UNLV Medicine, Inc. The mission and goals of the corporation are to do and perform every act or acts necessary as an "affiliated group" with the School of Medicine to implement an academic medical center with all the legal rights and authority granted to such a center under state and federal law, develop an effective clinical practice environment to support the teaching, education, training and clinical research missions of the School of Medicine and its physicians. During the year ended June 30, 2018, UNLV Med distributed $25,361 to the System for restricted purposes for salaries and Dean's support. Complete financial statements for UNLV Med can be obtained from Stephanie Shepherd, System Controller at NSHE, 2601 Enterprise Rd., Reno, NV 89512.

NOTE 2 – Summary of Significant Accounting Policies:

The significant accounting policies followed by the System are described below to enhance the usefulness of the financial statements to the reader.

BASIS OF PRESENTATION

For financial statement reporting purposes, the System is considered a special purpose government engaged only in business-type activities. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB, including Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*.

The financial statements required by Statement No. 35 are the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. Financial reporting requirements also include Management's Discussion and Analysis of the System's financial position and results of operations.

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when incurred. All significant transactions between various divisions and campuses of the System have been eliminated. The financial statements are presented using the economic resources measurement focus.

CASH AND CASH EQUIVALENTS

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. Cash held by State Treasurer represents the funds from certain state appropriations, which were enacted to provide the System with the funds necessary for the construction of major assets. Such amounts are controlled by the Nevada Public Works Board. These amounts are included in cash and cash equivalents in the Statement of Cash Flows.

INVESTMENTS

Investments are stated at fair value. Fair value of investments is determined from quoted market prices, quotes obtained from brokers or reference to other publicly available market information. Interests in private equity partnerships and commingled funds are based upon the latest valuations provided by the general partners or fund managers of the respective partnerships and funds adjusted for cash receipts, cash disbursements and securities distributions through June 30. The System believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because the private equity partnerships and private commingled funds are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for such investments existed. Investment transactions are recorded on the date the securities are purchased or sold (trade-date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned.

INVENTORIES

Inventories consist primarily of bookstore and agricultural inventories, and other items held for sale and are stated at lower of estimated cost or market. Cost is calculated primarily on the first-in, first-out method.

PLEDGES

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-Exchange Transactions,* private donations are recognized when all eligibility requirements are met, provided that the pledge is verifiable, the resources are measurable and collection is probable. Pledges receivable are recorded at net present value using the appropriate discount rate. An allowance for uncollectible pledges is estimated based on collection history and is netted against the gross pledges receivable.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 2 – Summary of Significant Accounting Policies (continued):

CAPITAL ASSETS

Capital assets are defined as assets with an initial unit cost of $5 in the year ended June 30, 2018 and an estimated useful life in excess of one year. Such assets are stated at cost at the date of acquisition or fair market value at date of donation in the case of gifts. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are capitalized and depreciated. Interest in the amount of $3,207 was capitalized during the year ended June 30, 2018. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Assets	Year
Buildings and improvements	40
Land improvements	10 to 15
Machinery and equipment	3 to 11
Library books	5
Leasehold improvements	shorter of useful life or lease term
Intangible assets	10

Collections are capitalized at the acquisition value at the date of donation. The System's collections are protected, preserved and held for public exhibition, education or research and include art and rare book collections which are considered inexhaustible and are therefore not depreciated.

UNEARNED REVENUE

Unearned revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees and fees for housing and dining services, and advanced ticket sales for athletic and other events.

COMPENSATED ABSENCES

The System accrues annual leave for employees at rates based upon length of service and job classification and compensatory time based upon job classification and hours worked. Such accrued expenses have been classified as a component of employee compensation and benefits in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

FEDERAL REFUNDABLE LOANS

Certain loans to students are administered by the System campuses, with funding primarily supported by the federal government. The System's Statement of Net Position include both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

PENSIONS

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

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflow of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of NSHE's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Plan assets are measured at market value.

NOTE 2 – Summary of Significant Accounting Policies (continued):

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then. The System has pension related, other post-employment benefits related and loss on bond refunding balances of $64,715, $15,701 and $14,303, respectively, at June 30, 2018. Pension related deferred outflows of resources are discussed in depth in Note 17 and other post-employment benefits related deferred outflows of resources are discussed in depth in Note 18. A loss on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. System Related Organizations have Intra-equity sales of future revenues of $363 at June 30, 2018.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time. The System has pension related, other post-employment benefits related and gain on bond refunding balances of $29,202, $30,448 and $255, respectively, at June 30, 2018, while the System Related Organizations have split-interest agreements and unearned lease revenue of $5,319 and $6,722, respectively, at June 30, 2018.

Pension related deferred inflows of resources are discussed in depth in Note 17. Other post-employment benefits related deferred inflows of resources are discussed in Note 18. A gain on bond refunding results from the difference in the reacquisition price and the carrying value of refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Endowment pledge donations, net, consist of future commitments to donate funds to support an endowment. Unearned lease revenue represents lease revenue that will be recognized in future periods.

NET POSITION

Net position is classified as follows:

Net investment in capital assets: This represents the total investment in capital assets, net of outstanding debt 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 invested in capital assets, net of related debt.

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

Restricted net position – expendable: Restricted expendable net position includes resources which must be expended in accordance with restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represents resources that are not subject to externally imposed restrictions. These resources are used for transactions relating to educational and general operations and may be used to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, restricted resources are applied first.

FAIR VALUE

The System follows the provisions of the fair value measurement standard which defines the fair value of assets, establishes a framework for measuring the fair value of assets, and outlines the required disclosures related to fair market value measurements. The standard defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

NOTE 2 – Summary of Significant Accounting Policies (continued):

The standard established a fair value hierarchy for disclosure that classifies inputs for valuation techniques into three levels as follow:

Level 1 – Observable inputs are readily available quoted prices (unadjusted) for *identical* assets or liabilities in active markets that a government can access at the measurement date. In the table below, the System's Level 1 assets consist of cash and cash equivalents, bonds, mutual funds and commingled funds with observable market prices. The System does not adjust quoted prices for these investments.

Level 2 – Inputs for the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – Inputs are unobservable inputs for an asset or liability in which there is little or no market data. Assets in this category generally include investments where independent pricing information was not obtainable for a significant portion of the underlying assets.

Net Asset Value ("NAV") – The amount of net assets attributable to each share of capital stock or partnership interest (other than senior equity securities, that is, preferred stock) outstanding at the close of the period.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

OPERATING AND NONOPERATING REVENUES AND EXPENSES

SYSTEM

Revenues and expenses are classified as operating if they result from providing services and producing and delivering goods. They also include other events that are not defined as capital and related financing, noncapital financing, or investing activities. Grants and contracts representing an exchange transaction are considered operating revenues.

Revenues and expenses are classified as nonoperating if they result from capital and related financing, noncapital financing, or investing activities. Appropriations received to finance operating deficits are classified as noncapital financing activities; therefore, they are reported as nonoperating revenues. Grants and contracts representing nonexchange receipts are treated as nonoperating revenues.

Functional classification of expenses is determined when an account is established and is assigned based on the functional definitions by the National Association of College and University Business Officers' Financial Accounting and Reporting Manual.

INTEGRATED CLINICAL SERVICES, INC.

Net patient service revenue is reported when services are provided to patients at the estimated net realizable amounts from patients, third-party payors including Medicare and Medicaid, and others for services rendered, including estimated retroactive audit adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Contractual adjustments are recorded as deductions from professional fee revenue to arrive at net professional revenues. Contractual adjustments include differences between established billing rates and amounts reimbursable under various contractual agreements. Normal differences between final reimbursements and estimated amounts accrued in previous year are recorded as adjustments of the current year's contractual and bad debt adjustments. Substantially all of the operating expenses are directly or indirectly related to patient care.

UNLV MEDICINE (SOM)

Net patient service revenue is reported when services are provided to patients at the estimated net realizable amounts from patients, third-party payors including Medicare and Medicaid, and others for services rendered, including estimated retroactive audit adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Contractual adjustments include differences between established billing rates and amounts reimbursable under various contractual agreements. Contractual adjustments are recorded as deductions from professional fee revenue to arrive at net patient service revenues. Substantially all of the Organization's operating expenses are directly or indirectly related to patient care activities.

NOTE 2 – Summary of Significant Accounting Policies (continued):

FOUNDATIONS

Donations, gifts and pledges are recognized as income when all eligibility requirements are met, provided that the promise to give is verifiable, the resources are measurable and collection is probable.

SCHOLARSHIP ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the institutions and the amount that is paid by students and/or third parties making payments on the students' behalf. Payments of financial aid made directly to students are classified as scholarships and fellowships expenses.

GRANTS-IN-AID

Student tuition and fees revenue include grants-in-aid charged to scholarships and fellowships and grants-in-aid for faculty and staff benefits charged to the appropriate expenditure programs to which the applicable personnel relate. Grants-in-aid for the year ended June 30, 2018 was $10,901.

TAX EXEMPTION

The System is an affiliate of a government unit in accordance with the Internal Revenue Service's Revenue Procedure 95-48 and is exempt from federal taxes. The discretely presented System Related Organizations are qualified tax-exempt organizations under the provisions of Section 501(c) (3) of the Internal Revenue Code and are exempt from federal and state income taxes on related income.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (GASB 75), which improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. GASB 75 is effective for fiscal years beginning after June 15, 2017. The System adopted GASB Statement No 75. in its year ended June 30, 2018. See Note 18 for additional disclosure on NSHE's implementation of GASB Statement No. 75

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities or all state and local governments. GASB 84 is effective for fiscal years beginning after December 15, 2018. The anticipated impact of this pronouncement is uncertain at this time.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishment of debt. The Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 is effective for fiscal years beginning after June 15, 2017. This Statement had no impact on the Systems financial statements for the fiscal year ending June 30, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases,* which addresses information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 is effective for fiscal years beginning after December 15, 2019. The anticipated impact of this pronouncement is uncertain at this time.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 2 – Summary of Significant Accounting Policies (continued):

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in government financial statements related to debt, including direct borrowings and direct placements. It will also clarify which liabilities government entities should include when disclosing information related to debt. This Statement will be effective for reporting periods beginning after June 15, 2018 and the impact is uncertain at this time.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify account for interest cost incurred before the end of a construction period. The Statement is effective for reporting periods beginning after December 15, 2019. The anticipated impact of this pronouncement is uncertain at this time.

NOTE 3 – System Cash and Cash Equivalents:

Cash and cash equivalents of the System are stated at cost, which approximates market, and consists of deposits in money market funds, which are not federally insured, and cash in the bank. At June 30, 2018, the System's deposits in money market funds totaled $212,471, and cash in bank was $4,512. Of these balances, $250 each year are covered by the Federal Depository Insurance Corporation (FDIC), the remaining deposits are uncollateralized and uninsured. Restricted cash represents the unexpended bond proceeds held for construction of major assets.

NOTE 4 – Disclosures About Fair Value of Financial Instruments:

Investments at Fair Value

The System's investment holdings as of June 30, 2018 categorized in accordance with the fair value hierarchy are summarized in the following table:

	Level 1 fair value	Level 2 fair value	Level 3 fair value	NAV	Total
Cash and cash equivalents	$217,960	$ -	$ -	$ -	$ 217,960
Charitable trusts	4,313	-	-	-	4,313
Domestic equity	198,374	-	-	19,663	218,037
Emerging market equity	1,380	-	-	6,404	7,784
Fixed income	135,655	550		129,450	265,655
International equity	131,592	-	-	33,353	164,945
Marketable alternatives	-	-	-	38,218	38,218
Multi-strategy	20,883	-	-	75,137	96,020
Private growth	-	-	-	32,664	32,664
Real assets	4,785	-	-	10,033	14,818
	$714,942	$550	$-	$344,922	$1,060,414

Disclosure of investments valued at NAV:

Assets included in the net asset value column in the above table represent assets held in the System's Operating and Endowment Fund and are classified as either private partnerships or marketable alternatives. Investment strategies within these classifications can be broken down into eight major investment categories:

- *Private Growth* – Strategies consist of private equity, private venture capital and private natural resources. Assets in this category are either illiquid or have significant redemption restrictions. Unfunded commitments of $24,358 to private equity/venture capital funds are outstanding as of June 30, 2018.
- *Marketable Alternatives* – Assets in the marketable alternative category have a broad mandate and/or incorporate hedging strategies and have significant redemptions restrictions.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 4 – Disclosures About Fair Value of Financial Instruments (continued):

- *Real Assets* – The System's holding in the real assets valued at NAV consists of funds which primarily invests in securities of publicly traded C-corporations, Master Limited Partnerships and certain private placement transactions.
- *Fixed Income* – The System's fixed income holdings valued at NAV consist of private and commingled funds with core fixed and short duration strategies.
- *Domestic Equity* – The System's holdings valued at NAV within the domestic equity category consists of one commingled fund with a broad mandate which seeks to outperform the S&P 500 index.
- *Multi-Strategy* – Assets in the multi-strategy valued at NAV consist of one fund which seeks to provide long-term capital growth by investing in domestic and foreign stocks, real assets, and bonds.
- *International Equity* – The System's holdings at NAV within the International equity category consist of private commingled funds primarily focused on value.
- *Emerging Market Equity* – The System's holdings at NAV within Emerging Market category consist of private commingled funds which look to achieve long-term capital appreciation while investing in equity securities or equity-linked instruments of companies located in emerging market countries.

The table below summarizes redemption restrictions for investments valued at NAV:

SUMMARY OF REDEMPTION RESTRICTIONS FOR INVESTMENTS VALUED AT NAV

	Redemption Frequency	**Days' Notice (if applicable)**	**Remaining Life for Partnership**
Marketable Alternatives	Daily, Monthly, Quarterly, Semi-Annually, Annually	90	N/A
Private equity/venture capital	Illiquid	N/A	7 to 12 years
Domestic Equity	Daily, Monthly, Quarterly	0-3	N/A
Fixed income	Daily, Monthly	Same Day	N/A
Emerging Market Equity	Daily, Weekly, Monthly	N/A	N/A
International Equity	Daily, Monthly	N/A	N/A
Real Assets	Daily, Monthly, Quarterly	0-110 days	N/A
Multi-Strategy	Daily	N/A	N/A

NOTE 5 – System Investments:

Board of Regents policies include the Statement of Investment Objectives and Policies for the Endowment and Operating Funds of the System. This policy governs the investment management of both funds. The Board of Regents is responsible for establishing the investment policies; accordingly, the Board of Regents has promulgated these guidelines in which they have established permitted asset classes and ranges. There was no significant change of policy this fiscal year. The System sold most of the assets in the endowment fund and purchased different assets. The asset allocation categories may change from year to year.

Investments are stated at fair value. The historical cost and market value (fair value) of System investments at June 30, 2018 is as follows:

	Cost	Market Value
Mutual funds publicly traded	$376,225	$491,187
Partnerships	36,746	51,534
Endowment cash and cash equivalents	976	976
Trusts	3,290	4,313
Private commingled funds	280,761	295,414
	697,998	843,424
Less: GBC Foundation Endowments	(6,958)	(6,958)
	$691,040	$836,466

As of June 30, 2018, the System had entered into various investment agreements with private equity partnerships and private commingled funds. Under the terms of certain of these investment agreements, the System is obligated to make additional investments as requested by these partnerships. Generally, partnership investments do not have a ready market and ownership interests in some of these investment vehicles may not be traded without the approval of the general partner or fund management. These investments are

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 5 – System Investments (continued):

subject to the risks generally associated with equities with additional risks due to leverage and the lack of a ready market for acquisition or disposition of ownership interests.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Combined Statements of Net Position.

Credit risk and interest rate risk

Certain securities with fixed income are subject to credit risk which is the risk that an issuer of an investment will not fulfill its obligations. Other securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk. Credit quality is an assessment of the issuer's ability to pay interest on the investment, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent rating agencies, for example Moody's Investors Service or Standard and Poor's. For the types of investments that are subject to rating, the System's policy for reducing its exposure to credit risk is to maintain a weighted average credit rating of AA or better, and never below A, for investments with credit risk within both the endowment and operating investment pools. With regard to the trusts included in endowment investments, the System is not the trustee of these investments and; therefore, it currently has no policies with regard to credit risk for these investments.

The credit risk profile for the System's operating and endowment investments at June 30, 2018 is as follows:

	Fair Value	Not Rated
Mutual funds publicly traded	$491,187	$491,187
Partnerships	51,534	51,534
Endowment cash and cash equivalents	976	976
Trusts	4,313	4,313
Private commingled funds	295,414	295,414
	843,424	843,424
Less: GBC Foundation Endowments	(6,958)	(6,958)
	$836,466	$836,466

Interest rate risk is the risk that the value of fixed income securities will decline because of changing interest rates. The prices of fixed income securities with a shorter duration to maturity tend to be more sensitive to changes in interest rates, and, therefore, more volatile than those with longer investment lives. The System's policy for reducing its exposure to interest rate risk is to have an average investment life of at least two years for fixed income securities within both the endowment and operating investment pools. With regard to the trusts included in endowment investments, the System is not the trustee of these investments and; therefore, it currently has no policies with regard to interest rate risk for these investments.

Investments included in the above table have been identified as having interest rate risk and are principally invested in mutual funds and private commingled funds. The segmented time distribution for these investments at June 30, 2018 is as follows:

	2018
Less than 1 year	$219,270
1 to 5 year	155,624
5 to 10 year	121,602
	$496,496

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of the custodian, the System may not be able to recover the value of the investments held by the custodian as these investments are uninsured. This risk typically occurs in repurchase agreements where one transfers cash to a broker-dealer in exchange for securities, but the securities are held by a separate trustee in the name of the broker-dealer. The System does not have a specific policy with regard to custodial credit risk.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 5 – System Investments (continued):

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investments within any one issuer. For the fixed income portion of the endowment pool, the System's policy for reducing its exposure to concentration of credit risk is to limit the investments within any one issuer to a maximum of 5% of the fixed income portfolio, provided that issues of the U.S. Government or agencies of the U.S. Government may be held without limitation and provided further that issues of agencies of the U.S. Government shall be limited to the extent set forth in the manager-specific guidelines. The System does not have a specific policy with regard to the operating pool or the remainder of the endowment pool. At June 30, 2018, there were no investments within any one issuer in an amount that would constitute a concentration of credit risk to the System.

Foreign currency risk

Foreign currency risk is the risk of investments losing value due to fluctuations in foreign exchange rates. The System does not directly invest in foreign currency investments and is, therefore, not subject to foreign currency risk. However, the System has $176,330 in mutual funds and commingled funds in both the operating and endowment pools that are primarily invested in international equities at June 30, 2018.

NOTE 6 – System Endowment Pool:

At June 30, 2018, $253,811 of endowment fund investments were pooled on a unit market value basis. As of June 30, 2018, the endowment pool was comprised of investments in mutual funds (9%), partnerships (19%), and private commingled (72%). Each individual endowment fund acquires or disposes of units on the basis of the market value per unit on the preceding quarterly valuation date. The unit market value at June 30, 2018 was $828.77. The System follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) with respect to prudent investing and spending of donor-restricted endowments.

The System utilizes a spending rule for its pooled endowments, which determines the endowment income to be distributed currently for spending. For the year ended June 30, 2018, the endowment spending policy, as approved by the Board of Regents, authorized a distribution maximum of 4.5% of the average unit market value for the previous twenty (20) calendar quarters. Under the provisions of these spending rules, during 2018, $22.53 was distributed to each time-weighted eligible unit for a total spending rule distribution of $9,212. The 2018 distributions were made from investment income of $614, and from cumulative gains of pooled investments of $9,826.

The System's policy is to retain the endowments' realized and unrealized appreciation with the endowment after the annual income distribution has been made. Such realized and unrealized appreciation retained in endowment investments was $164,603 at June 30, 2018 is reflected within the restricted expendable for scholarships, research and instruction net position category and is available to meet future spending needs subject to the approval of the Board of Regents.

Effective July 1, 2009 the Board of Regents has suspended distribution on all underwater accounts. At June 30, 2018, there were no accounts underwater.

NOTE 7 – System Accounts Receivable:

System accounts receivable consist primarily of amounts due from students for tuition and fees and from local and private sources for grant and contract agreements. System accounts receivable are presented on the accompanying Statement of Net Position net of allowances for uncollectible amounts of $45,623 as of June 30, 2018.

Accounts receivable:	2018
Student tuition and fees	$58,366
Sales and services	14,545
Local and private grants and contracts	10,397
Other	380
	83,688
Less: Allowance for doubtful accounts	(45,623)
Net accounts receivable	$38,065

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 8 – System Loans Receivable:

Loans receivable from students bear interest primarily between 3% and 15% per annum and are generally repayable in installments to the various campuses over a five to ten year period commencing nine months from the date of separation from the institution. Student loans made through the Federal Perkins Loan Program comprise substantially all of the loans receivable at June 30, 2018. A provision for possible uncollectible amounts is recorded on the basis of the various institutions' estimated future losses for such items. The loans receivable and corresponding allowance for uncollectible loan balances as of June 30, 2018 are as follows:

	2018
Loans receivable	$10,483
Less: Allowance for doubtful loans	(1,544)
Net loans receivable	8,939
Less current portion	(1,571)
Noncurrent loans receivable	$ 7,368

NOTE 9 – System Capital Assets:

System capital asset activity for the year ended June 30, 2018 is as follows:

	2018			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 93,735	$96,071	$(73,914)	$ 115,892
Land	152,585	10,788	(211)	163,162
Land improvements	288	-	-	288
Intangibles	642	-	-	642
Collections	11,775	167	(45)	11,897
Total capital assets not being depreciated	259,025	107,026	(74,170)	291,881
Capital assets being depreciated:				
Buildings	2,732,730	94,543	-	2,827,273
Land improvements	156,076	6,017	-	162,093
Machinery and equipment	373,742	26,479	(14,159)	386,062
Intangibles	44,680	1,829	-	46,509
Library books and media	122,217	1,778	(1,256)	122,739
Total	3,429,445	130,646	(15,415)	3,544,676
Less accumulated depreciation for:				
Buildings	(941,291)	(69,267)	(188)	(1,010,746)
Land improvements	(107,313)	(6,182)	-	(113,495)
Machinery and equipment	(282,194)	(24,328)	12,443	(294,079)
Intangibles	(29,925)	(4,581)	-	(34,506)
Library books and media	(116,905)	(2,399)	1,256	(118,048)
Total accumulated depreciation	(1,477,628)	(106,757)	13,511	(1,570,874)
Total capital assets being depreciated, net	1,951,817	23,889	(1,904)	1,973,802
Capital assets, net	$2,210,842	$130,915	$(76,074)	$2,265,683

In 2018, the total amount recognized as a loss on disposal of assets was immaterial.

NOTE 10 – System Long-Term Debt:

The long-term debt of the System consists of revenue bonds payable, certificates of participation, capital lease obligations, notes payable and other minor obligations.

The Board of Regents issues revenue bonds to provide funds for the construction and renovation of major capital facilities. In addition, revenue bonds have been issued to refund other revenue bonds. In general, the long-term debt is issued to fund projects that would not be funded through State appropriations, such as dormitories, dining halls and parking garages.

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NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 10 – System Long-Term Debt (continued):

System long-term debt activity for the year ended June 30, 2018 is as follows:

				2018				
	Annual Interest Rate	Fiscal Year Final Payment Date	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Current
Universities Revenue Bonds, Series 2008A	3.00% to 5.00%	2039	$60,135	$ 4,245	$ -	($1,355)	$2,890	$1,415
Universities Revenue Bonds, Series 2009A	2.00% to 5.25%	2039	18,140	2,770	-	(660)	2,110	680
Universities Revenue Bonds, Series 2010A	2.00% to 7.90%	2041	29,455	28,860	-	(26,575)	2,285	735
Universities Revenue Bonds, Series 2010B	4.00%	2018	3,275	705	-	(705)	-	-
Universities Revenue Bonds, Series 2011A	3.00% to 5.00%	2025	50,470	27,135	-	(5,455)	21,680	5,685
Universities Revenue Bonds, Series 2012A	2.00% to 5.00%	2033	27,375	25,965	-	-	25,965	-
Universities Revenue Bonds, Series 2012B	2.00% to 2.75%	2023	5,010	2,760	-	(590)	2,170	605
Universities Revenue Bonds, Series 2013A	2.00% to 5.00%	2033	40,035	33,415	-	(650)	32,765	1,325
Universities Revenue Bonds, Series 2013B	3.00% to 5.00%	2035	105,300	104,340	-	(5,215)	99,125	5,380
Universities Revenue Bonds, Series 2014A	4.00% to 5.00%	2044	49,995	47,895	-	(1,325)	46,570	1,390
Universities Revenue Bonds, Series 2015A	3.00% to 5.00%	2036	61,455	61,455	-	-	61,455	-
Universities Revenue Bonds, Series 2015B	2.00% to 3.00%	2027	7,480	7,480	-	(680)	6,800	695
Universities Revenue Bonds, Series 2016A	3.125% to 5.00%	2039	57,750	57,750	-	(100)	57,650	100
Universities Revenue Bonds, Series 2016B	2.50% to 5.00%	2036	13,580	13,580	-	-	13,580	480
Universities Revenue Bonds, Series 2017A	3.25% to 5.00%	2041	25,905	-	25,905	-	25,905	-
Community College Revenue Bonds, Series 2017A	3.00% to 5.00%	2047	70,915	-	70,915	-	70,915	2,200
Certificates of Participation, Series 2014A	2.00% to 5.00%	2045	34,220	32,755	-	(680)	32,075	700
Certificates of Participation, Series 2016A	2.00% to 5.00%	2047	63,095	63,095	-	(1,535)	61,560	2,540
Certificates of Participation, Series 2016B	1.65% to 4.72%	2047	50,405	50,405	-	(990)	49,415	1,010
Certificates of Participation, Series 2017A	3.00% to 5.00%	2047	28,890	-	28,890	-	28,890	860
Certificates of Participation, Series 2018A	4.00% to 5.00%	2049	12,475	-	12,475	-	12,475	-
SNSC Phase II Lease Revenue Bonds	7.58%	2023	8,460	3,955	-	(545)	3,410	585
Discounts				(8)	-	2	(6)	(2)
Premiums				39,308	8,469	(3,203)	44,574	3,265
Total Bonds Payable				607,865	146,654	(50,261)	704,258	29,648
Notes Payable				54,150	29,947	(10,230)	73,867	14,781
Total				$662,015	$176,601	$(60,491)	$778,125	$44,429

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 10 – System Long-Term Debt (continued):

System notes payable activity for the year ended June 30, 2018 is as follows:

			2018		
	Interest Rate	Date Issued	Final Payment Date	Original Amount	Outstanding Balance
Bank of America, CSN Promissory Note	1.88%	01/03/13	06/01/23	10,000	$ 5,234
JP Morgan Chase, UNR Achievement Center	Variable*	02/26/14	07/01/19	Maximum 12,000	1,183
JP Morgan Chase, UNR Fitness Center	Variable**	08/14/14	01/01/20	Maximum 16,000	4,866
Wells Fargo Bank, UNLV Hotel College Academic Bldg	Variable***	12/15/15	01/03/23	Maximum 19,900	13,157
Wells Fargo Bank, UNR MED Refunding	1.80%	04/21/16	01/02/26	7,570	6,715
Wells Fargo Bank, UNR Scoreboard	2.01%	05/05/16	03/01/21	3,305	1,641
Key Government Finance, Inc., UNR Fine Arts Building	2.02%	04/20/17	07/01/22	11,326	9,524
US Bank, UNLV SOM funding	Variable****	06/28/2017	06/28/2024	Maximum 19,000	14,700
ZionsBankcorp, UNLV Football facility	1.98%	11/9/2017	07/01/2023	15,297	15,297
Other notes payable	1.74% - 5.16%	Various	Various	Various	1,550
					$73,867

* The variable interest rate is calculated based on 67% of one-month LIBOR plus a spread of 0.96%. The rate is reset daily, and interest only accrues based on the outstanding principal.

** The variable interest rate is calculated based on 72% of one month LIBOR plus a spread of 1.23%. The rate is reset daily, and interest only accrues based on the outstanding principal. Excludes other fees paid to JP Morgan Chase associated with this financing.

***The variable interest rate is calculated based on 70% of one-month LIBOR plus a spread of 0.75%. The rate is reset monthly, and interest only accrues based on the outstanding principal.

**** The variable interest rate is equal to the one-month LIBOR rate plus a spread of 0.54%. The rate is reset monthly, and interest only accrues based on the outstanding principal.

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NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 10 – System Long-Term Debt (continued):

The revenue bonds are collateralized by tuition and fees, auxiliary enterprises revenues and certain other revenues as defined in the bond indentures. The Certificates of Participation are secured by any and all available revenues as defined in the bond indentures. There are a number of limitations and restrictions contained in the various bond indentures. The most restrictive covenants of the various bond indentures require the various divisions and campuses of the System to maintain minimum levels of revenues, as defined in the indentures. The System is in compliance with all covenants.

Scheduled maturities of long-term debt for the years ending June 30 are as follows:

	Principal	Interest	Total
2019	$ 44,429	$ 32,983	$ 77,412
2020	44,366	30,970	75,336
2021	42,435	28,834	71,269
2022	42,580	26,511	69,091
2023	41,937	24,977	66,914
2024-2028	154,463	102,075	256,538
2029-2033	151,807	69,464	221,271
2034-2038	123,480	38,968	162,448
2039-2043	75,987	19,303	95,290
2044-2048	55,952	4,937	60,889
2049-thereafter	689	0	689
Total	$778,125	$379,022	$1,157,147

NOTE 11 – System Obligations Under Capital Leases:

The System has entered into various non-cancellable lease agreements of land, buildings and improvements, and machinery and equipment expiring at various dates from fiscal year 2019 to 2056.

System obligations under capital leases were as follows for the year ended June 30, 2018:

	2018				
	Beginning Balance	Additions	Reductions	Ending Balance	Current
Capital lease obligations	$51,224	$70	$(1,326)	$49,968	$1,333

The following System property included in the accompanying combined financial statements was leased under capital leases as of June 30, 2018:

	2018
Buildings and improvements	$51,796
Machinery and equipment	885
Total	52,681
Less accumulated depreciation	(2,362)
Total	$50,319

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 11 – System Obligations Under Capital Leases (continued):

Future net minimum rental payments, which are required under the System leases for the years ending June 30, are as follows:

2019	$ 3,711
2020	3,729
2021	3,577
2022	3,518
2023	3,516
2024-2028	15,543
Thereafter	50,734
Total minimum lease payments	84,328
Less amount representing interest	(34,360)
Obligations under capital leases	$49,968

Total interest expense under the System capital leases and included in the accompanying combined financial statements was $51 during the year ended June 30, 2018. Depreciation of the capital lease assets is included in depreciation expense of the Statement of Revenues, Expenses and Changes in Net Position. Included in the capital lease obligations is a building lease for NSC with the State of Nevada.

NOTE 12 – Operating Leases:

The System has entered into various noncancelable operating lease agreements covering certain buildings and equipment. The lease terms range from one to ten years. The expense for operating leases was $7,259 for year ended June 30, 2018.

Future minimum lease payments on noncancelable operating leases for the years ending June 30 are as follows:

2019	$ 7,098
2020	5,566
2021	5,287
2022	4,930
2023	3,411
2024-2028	97
Total future minimum obligation	$26,389

NOTE 13 – Unemployment Insurance and Workers Compensation:

The System is self-insured for unemployment insurance and workers compensation. These risks are subject to various claim and aggregate limits, with excess liability coverage provided by an independent insurer. Liabilities are recorded when it is probable a loss has occurred, and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred, but not reported. The estimated liabilities are based upon an independent actuarial determination of the present value of the anticipated future payments.

Changes in unemployment and workers compensation for the year ended June 30, 2018 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Unemployment insurance	$2,997	$1,784	$(719)	$4,062
Workers compensation	3,000	3,300	(3,000)	3,300
Total	$5,997	$5,084	$(3,719)	$7,362

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 14 – System Other Noncurrent Liability Activity:

The activity with respect to System other noncurrent liabilities for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current
Refundable advances under federal loans program	$ 7,714	$ 586	$ (1,064)	$ 7,236	$ -
Compensated absences	49,837	39,870	(39,154)	50,553	35,068
Unearned revenue	41,755	56,643	(39,571)	58,827	58,200
Other noncurrent liabilities	822	152	(199)	775	-
Total	$100,128	$ 97,251	$(79,988)	$117,391	$93,268

NOTE 15 – Extinguishment of Debt:

In prior years, the System defeased outstanding bonds and obligations by placing the proceeds of new bonds into an irrevocable escrow account to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the liability for the defeased bonds are not included in the System's financial statements. At June 30, 2018, $59,640 of bonds outstanding were considered defeased.

In prior years, the System refinanced or defeased existing bonds for net cash flow savings or economic gain (present value of cash flow savings). At June 30, 2018, the System refinanced $26,575 of bonds outstanding.

NOTE 16 – Irrevocable Letter of Credit:

In connection with its worker's compensation liability coverage, the System is required to maintain a $200 standby letter of credit. An additional letter of credit was established in April 2004 in connection with the System's self-insured workers' compensation liability; the amount as of June 30, 2018 was $1,993. A letter of credit was established in July 2003 in connection with the SNSC Phase II Lease Revenue Bonds in the amount of $2,100. No advances were made under the letters of credit during the year ended June 30, 2018.

NOTE 17 – System Pension Plans:

Substantially all permanent employees of the System are covered by retirement plans. Classified employees are covered by the PERS, a cost-sharing multiple-employer public employee retirement system. Professional employees are covered under PERS or the System Retirement Plan Alternative, a defined contribution retirement plan qualified under Internal Revenue Code Section 401(a).

Under the System Retirement Plan Alternative, the System and participants have the option to make annual contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds.

System employees may elect to participate in the System Supplemental Retirement Plan, a defined contribution plan qualified under Section 403(b) of the Internal Revenue Code, subject to maximum contribution limits established annually by the Internal Revenue Service. The employee contributions are not matched by the System.

The System's contribution to all retirement plans for the year ended June 30, 2018 was approximately $110,494, equal to the required contribution for the year.

General Information about the PERS Cost Sharing Pension Plan

PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system, and was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 17 – System Pension Plans (continued):

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the PERS on or after January 1, 2010, there is a 2.5% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579.

Vesting

Members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

PERS basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2018 the Statutory Employer/employee matching rate was 14.5%. The Employer-pay contribution (EPC) rate was 28%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the System reported a liability of $383,226 for its proportionate share of the net pension liability. The System's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2018. The System's proportionate share is approximately 2.88%.

For the year ended June 30, 2018, the System recognized pension expense of $11,921. At June 30, 2018 the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$25,148
Changes of assumptions	25,424	-
Net difference between projected and actual earnings on investments	2,488	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	9,774	4,054
System contributions subsequent to the measurement date	27,030	-
	$64,716	$29,202

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 17 – System Pension Plans (continued):

In 2018, $27,030 was reported as deferred outflows of resources related to pensions resulting from System contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability. Other amounts reported as deferred inflows of resources will be recognized in pension expense as follows for the years ended June 30:

2019	$21,093
2020	(27,305)
2021	(7,051)
2022	19,226
2023	(9,942)
Thereafter	(4,505)
	$ (8,484)

Actuarial Assumptions

The PERS net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.75%
Payroll Growth	5.00%, including inflation
Investment Rate of Return	7.50%
Productivity pay increase	0.5%
Projected salary increases	4.25% to 9.15%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other assumptions	Same as those used in the June 30, 2016 funding Actuarial valuation

Mortality rates for healthy participants were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For disabled participants, mortality rates were based on the Headcount – Weighted RP-2014 Disabled Retiree Table, set forward four years.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the experience review completed in 2017.

The PERS policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the PERS.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2017:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

*As of June 30, 2017, PERS' long-term inflation assumption was 2.75%

Discount Rate

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2017, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 17 – System Pension Plans (continued):

Pension Liability Discount Rate Sensitivity

The following represents the System's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
NSHE's proportional share of the net pension liability	$579,330	$383,226	$220,358

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS comprehensive annual financial report that includes financial statements and required supplementary information. The report is available online at www.nvpers.org or may be obtained by writing to PERS at 693 W. Nye Lane, Carson City, NV 89703-1599.

NOTE 18 – System Postemployment Benefits Other than Pensions:

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, which requires the liability of employers and nonemployers contributing entities to employees for defined benefit OPEB to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees/ past periods of service, less the amount of the OPEB plan's fiduciary net position. The adoption of GASB Statement No. 75, resulted in an adjustment to the opening balance of NSHE's net position in the amount of $491,178 which is noted on the Statement of Revenues, Expenses and Change in Net Position for the fiscal year ending June 30, 2018.

Officers and employees of NSHE are provided with OPEB through the Nevada Public Employees' Benefits Program (PEBP)-- a cost-sharing multiple-employer defined benefit OPEB plan. The program is administered by the PEBP Board, whose ten members are appointed by the governor. NRS 287.023 provides officers and employees eligible to be covered by any group insurance, plan of benefits or medical and hospital service established pursuant to NRS 287 the option upon retirement to cancel or continue any such coverage. The cost to administer the program is financed through the contributions and investment earnings of the plan. The PEBP Board is granted the authority to establish and amend the benefit terms of the program. (NRS 287.043) PEBP issues a publicly available financial report that includes financial statements and the required supplementary information for the plan. That report may be obtained from Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701.

Benefits provided

Benefits other than pensions are provided to eligible retirees and their dependents through the payment of subsidies by the PEBP. Benefits include health, prescription drug, dental, and life insurance coverage. The "base" subsidy rates are set by PEBP and approved by the Legislature and vary depending on the number of dependents and the medical plan selected. These subsidy rates are subtracted from the premium to arrive at the "participant premium". The "years of service" subsidy rates are then used to adjust the "participant premium" based on years of service. The current subsidy rates can be found at pebp.state.nv.us. As required by statute, benefits are determined by the number of years of service at the time of retirement and the individual's initial date of hire. Officers and employees hired after December 31, 2011 are not eligible to receive subsidies to reduce premiums. The following individuals and their dependents are eligible to receive benefits from the Retirees' Fund:

Any PEBP covered retiree with state service whose last employer was the state or a participating local government entity and who:

- Was initially hired by the state prior to January 1, 2010 and has at least five years of public service: or
- Was initially hired by the state on or after January 1, 2010, but before January 1, 2012 and has at least fifteen years of public service: or
- Was initially hired by the state on or after January 1, 2010, but before January 1, 2012 and has at least five years of public service and has a disability: or
- Any PEBP covered retiree with state service whose last employer was not the state or a participating local government entity and who has been continuously covered under PEBP as a retiree since November 30, 2008.

State service is defined as employment with any Nevada State agency, the Nevada System of Higher Education and any State Board or Commission. Participating local government agency is defined as a county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency that has an agreement in effect with PEBP to obtain group insurance.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 18 – System Postemployment Benefits Other than Pensions (continued):

Contributions

The State Retirees' Health and Welfare Benefits Fund (Retirees' Fund) was established in 2007 by the Nevada Legislature as an irrevocable trust fund to account for the financial assets designated to offset the portion of current and future costs of health and welfare benefits paid on behalf of state retirees (NRS 287.0436). The money in the Retirees' Fund belongs to the officers, employees and retirees of the State of Nevada in aggregate; neither the State nor the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State, nor any single officer, employee or retiree of any such entity has any right to the money in the Retirees' Fund.

The authority for establishing an assessment to pay for a portion of the cost of premiums or contributions for the program is in statute. The Office of Finance shall establish an assessment that is to be used to pay for a portion of the cost of premiums or contributions for the Program for persons who were initially hired before January 1, 2012 and have retired with state service. The money assessed must be deposited into the Retirees' Fund and must be based upon a base amount approved by the Legislature each session to pay for a portion of the current and future health and welfare benefits for persons who retired before January 1, 1994, or for persons who retire on or after January 1, 1994, as adjusted by the years of service subsidy rates. (NRS 287.046) The required contribution rate for employers (the retired employees group insurance rate), as a percentage of covered payroll, for the fiscal year ended June 30, 2018 was 2.35%. NSHE contributions recognized as part of OPEB expense for the current fiscal year ended June 30, 2018 were $15,701.

OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2018, NSHE reported a liability of $489,199 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of January 1, 2018. NSHE's proportion of the collective net OPEB liability was based on the NSHE's share of contributions in the OPEB plan relative to the total contributions of all participating OPEB employers and members. At June 30, 2018, the State's proportion was 37.5906%.

For the year ended June 30, 2018, NSHE recognized OPEB expense of $29,063. At June 30, 2018, NSHE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience		
Changes of assumptions	$ -	$ 30,410
Net difference between projected and actual investment earnings on OPEB plan investments	-	38
Changes in proportion and differences between State contributions and proportionate share of contributions	-	-
State contributions subsequent to the measurement date	15,701	-
Total	$15,701	$30,448

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 18 – System Postemployment Benefits Other than Pensions (continued):

Of the total amount reported as deferred outflows of resources related to OPEB, $15,701 results from NSHE contributions subsequent to the measurement date and before the end of the fiscal year which are included as a reduction of the collective net OPEB liability in the year at June 30, 2018. This deferred outflow will be recognized as expense in fiscal 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	$ (8,055)
2020	(8,055)
2021	(8,055)
2022	(6,283)
Thereafter	-
Total	$ (30,448)

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Dependent upon pension system ranging from 1.00% to 10.65%, including inflation
Investment rate of return	3.58%, based on a 20-Year Municipal Bond Index
Healthcare cost trend rates	For medical and prescription drug benefits, this amount initially is at 6.5% and decreases to a 5.00% long-term trend rate after six years. For dental benefits and Part B Premiums, the trend rate is 4.00% and 4.5%, respectively.

Regular mortality rates were based on the RP-2000 Combined Healthy Mortality projected to 2014 with Scale AA, set back one year for females. Police/Fire mortality rates were based on the RP-2000 Combined Healthy Mortality projected to 2014 with Scale AA, set forward one year. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality projected to 2014 with Scale AA, set forward three years.

The actuarial assumptions used in the January 1, 2018 valuation were based upon certain demographic and other actuarial assumptions as recommended by Aon, in conjunction with the State and guidance from the GASB statement.

The Nevada Legislature established the Retirement Benefits Investment Fund (RBIF), effective July 1, 2007 with the purpose to invest contributions made by participating public entities, as defined by NRS 355.220 to enable such entities to support financing of OPEB at some time in the future. NRS 355.220(2) requires that any money in the RBIF must be invested in the same manner as money in the Public Employees' Retirement System of Nevada Investment Fund is invested. See Note 17 for a description of the PERS Board Investment policy. As of June 30, 2018, the balance of the investments held by the Fund was $1,602,029 and the net position restricted for other postemployment benefits was $1,597,327.

Discount rate

The discount rate used to measure the total OPEB liability was 3.58%, which is consistent with a 20-Year Municipal Bond Index. The Bond Buyer General Obligation 20-Bond Municipal Bond Index is used for the determination of the discount rate. The assets in the trust as of June 30, 2017 are less than the expected benefit payments in the first year; therefore, the crossover period is assumed to be in the first year, which provides additional support for using the discount rate at the 20-Year Municipal Bond Index rate. The Retiree Plan's fiduciary net position as of June 30, 2018, was projected to be available to make all projected future benefit payments of current active and inactive employees. The OPEB plan is funded on a pay-as-you-go basis, and therefore the discounted rate is equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index rate of 3.58%.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 18 – System Postemployment Benefits Other than Pensions (continued):

Sensitivity of the NSHE's proportionate share of the collective net OPEB liability to changes in the discount rate

The following presents the NSHE's proportionate share of the collective net OPEB liability, as well as what the NSHE's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current discount rate:

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
NSHE's proportionate share of the collective net OPEB liability	$541,548	$489,199	$443,848

Sensitivity of NSHE's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates

The following presents NSHE's proportionate share of the collective net OPEB liability, as well as what NSHE's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
NSHE's proportionate share of the collective net OPEB liability	$457,844	$489,199	$526,175

OPEB plan fiduciary net position

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

Payables to the OPEB plan

At June 30, 2018, NSHE reported payables to the defined benefit OPEB plan of $1,174 for statutorily required employer contributions which had been assessed on employee salaries but not yet remitted to the Retirees' Fund.

NOTE 19 – System Commitments and Contingent Liabilities:

The System is a defendant or co-defendant in legal actions. Based on present knowledge and advice of legal counsel, System management believes that, except as provided below, there is a low probability that any liability in those legal actions, in excess of insurance coverage, will materially affect the System's net financial position, changes in net position or cash flows of the System. The System and the State of Nevada are defendants in various lawsuits, collectively referred to as the Little Valley Fire Cases. The cases relate to a prescribed burn conducted by the Nevada Division of Forestry in October 2017 on land partially owned by NSHE/UNR. Embers from the fire escaped and burned 23 structures. A jury returned a verdict in August 2018 finding liability on behalf of the Nevada Division of Forestry, but no liability on behalf of NSHE/UNR. However, oral arguments occurred in November 2018 before the Nevada Supreme Court and the case is not yet final.

The System has an actuarial study of its workers' compensation losses completed every other year. The study addresses the reserves necessary to pay open claims from prior year and projects the rates needed for the coming year. The System uses a third party administrator to adjust its workers' compensation claims.

The System is self-insured for its unemployment insurance liability. The System is billed by the State each quarter based on the actual unemployment benefits paid by the State. Each year the System budgets resources to pay for the projected expenditures. The amount of future benefits payments to claimants and the resulting liability to the System cannot be reasonably determined as of June 30, 2018 but no significant reduction in force or staffing cuts are anticipated.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 19 – System Commitments and Contingent Liabilities (continued):

The System receives Federal grants and awards, and amounts are subject to change based on outcomes of Federal audits. Management believes any changes made will not materially affect the net position, changes in net position or cash flows of the System.

The estimated cost to complete property authorized or under construction at June 30, 2018 is $154,551. These costs will be financed by State appropriations, private donations, available resources and/or long-term borrowings.

NOTE 20 – Risk Management:

The System is an entity created by the Constitution of the State of Nevada. The System transfers its tort liabilities to the Tort Claims Fund of the State of Nevada (State). The State purchases an excess liability policy in the amount of $15,000 excess of a $2,000 self-insured retention (SIR).

The System purchases the following commercial insurance:

Coverage for direct physical loss or damage to the System's property with limits of $500,000 per occurrence and a $500 per occurrence deductible with an aggregate deductible of $1,000.

Worker's compensation (foreign and domestic) with statutory limits excess of a $750 SIR.
Crime & Fidelity (employee dishonesty) with limits of $1,250 and a deductible of $100.

Medical malpractice with limits of $1,000 per occurrence and $3,000 aggregate.
Allied health malpractice with limits of $1,000 per occurrence and $3,000 aggregate.

The System purchases other commercial insurance for incidental exposures where prudent. The amount of claim settlements did not exceed the insurance coverage for any of the past three years. The System is charged an assessment to cover its portion of the State's cost of the Tort Claims fund.

NOTE 21 – Subsequent Events:

The System evaluated subsequent events through November 13, 2018, the date of issuance, and has determined there were no subsequent events to report.

NOTE 22– Functional Classification of System Expenses:

The following is the functional classifications of expenses as reported on the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2018.

	2018
Instruction	$ 647,450
Research	133,307
Public service	66,565
Academic support	180,897
Institutional support	178,244
Student services	160,806
Operation and maintenance of plant	129,875
Scholarships and fellowships	98,164
Auxiliary enterprises	95,245
Depreciation	106,757
Total	$1,797,310

NOTE 23 – System Related Organizations:

As described in Note 1, the System Related Organizations columns in the financial statements include the financial data of the System's discretely presented campus foundations, ICS, and UNLV Medicine. Due to the condensed nature of this information, the individual line items may not necessarily agree with the financial statements of the System Related Organization, although the totals agree with the financial statements. Condensed combining financial data of the System Related Organizations is as follows:

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COMBINED STATEMENTS OF NET POSITION (in $1,000's)

NOTE 23 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET POSITION AS OF JUNE 30, 2018

	UNR Foundation	UNR AAUN	Integrated Clinical Services, Inc.	DRI Foundation	DRI Research Park	TMCC Foundation	WNC Foundation	GBC Foundation	CSN Foundation	NSC Foundation
ASSETS										
Current Assets										
Cash and cash equivalents	$ 64,208	$ 91	$ 4,944	$ 1,079	$ 1	$ 3,670	$ 106	$ 1,191	$ 374	$ 1,385
Short-term investments	211,851	7,827	1,390	-	-	285	58	322	3,325	1,400
Other current assets	18,468	461	3,159	-	-	301	10	127	89	718
Total Current Assets	294,527	8,379	9,493	1,079	1	4,256	174	1,640	3,788	3,503
Noncurrent Assets										
Investments	-	-	-	-	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-	3,294	7,755	-	1,226
Endowment investments	17,806	-	-	-	-	474	-	-	2,650	-
Capital assets, net	11	48	160	486	-	-	-	-	-	-
Other noncurrent assets	22,624	186	-	-	-	103	-	383	28	2,744
Total Noncurrent Assets	40,441	234	160	486	-	577	3,294	8,138	2,678	3,970
TOTAL ASSETS	334,968	8,613	9,653	1,565	1	4,833	3,468	9,778	6,466	7,473
DEFERRED OUTFLOWS OF RESOURCES										
Intra-entity sales of future revenues	-	-	-	-	-	-	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-
LIABILITIES										
Current Liabilities										
Due to affiliates	15,138	322	1,726	619	-	-	-	18	-	-
Current portion of long-term debt	-	-	-	-	-	-	-	-	-	-
Other current liabilities	1,349	5	1,926	11	3	3,918	3,352	1	2	-
Total Current Liabilities	16,487	327	3,652	630	3	3,918	3,352	19	2	-
Noncurrent Liabilities										
Long-term debt	-	-	-	-	-	-	-	-	-	-
Other noncurrent liabilities	775	-	3,500	-	105	-	-	-	-	-
Total Noncurrent Liabilities	775	-	3,500	-	105	-	-	-	-	-
TOTAL LIABILITIES	17,262	327	7,152	630	108	3,918	3,352	19	2	-
DEFERRED INFLOWS OF RESOURCES										
Split-interest agreements	1,322	-	-	-	-	-	-	-	-	-
Deferred lease revenue	-	-	-	-	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,322	-	-	-	-	-	-	-	-	-
NET POSITION										
Net investment in capital assets	11	48	160	486	-	-	-	-	-	-
Restricted - Nonexpendable	157,573	2,609	-	-	-	479	-	4,509	2,679	1,252
Restricted - Expendable	143,361	4,760	-	-	-	-	58	4,120	2,557	6,043
Unrestricted	15,439	869	2,341	449	(107)	436	58	1,130	1,228	178
TOTAL NET POSITION	$ 316,384	$ 8,286	$ 2,501	$ 935	$ (107)	$ 915	$ 116	$ 9,759	$ 6,464	$ 7,473

COMBINED STATEMENTS OF NET POSITION (in $1,000's)

NOTE 23 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
NET POSITION AS OF JUNE 30, 2018 (continued)

	UNLV Foundation	UNLV Research Foundation	Rebel Golf Foundation	UNLV Alumni Association	UNLV Rebel Football Foundation	UNLV Rebel Soccer Foundation	UNLV Singapore Unlimited	UNLVMED	Total System Related Organizations
ASSETS									
Current Assets									
Cash and cash equivalents	$ 15,387	$ 179	$ 2	$ 320	$ 115	$ 170	$ 5,943	$ 2,582	$ 101,747
Short-term investments	47,703	2,089	5,882	2,134	1,270	333	-	-	285,869
Other current assets	20,695	185	-	97	-	-	3	14,981	59,294
Total Current Assets	83,785	2,453	5,884	2,551	1,385	503	5,946	17,563	446,910
Noncurrent Assets									
Investments	64,902	-	-	-	-	-	-	-	64,902
Restricted investments	-	-	-	-	-	-	-	-	12,275
Endowment investments	173,920	-	-	-	121	765	-	-	195,736
Capital assets, net	311	4,125	-	54	4	-	-	4,783	9,982
Other noncurrent assets	43,572	2,638	-	66	-	-	-	-	72,344
Total Noncurrent Assets	282,705	6,763	-	120	125	765	-	4,783	355,239
TOTAL ASSETS	366,490	9,216	5,884	2,671	1,510	1,268	5,946	22,346	802,149
DEFERRED OUTFLOWS OF RESOURCES									
Intra-entity sales of future revenues	-	-	-	-	-	-	-	363	363
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-	-	363	363
LIABILITIES									
Current Liabilities									
Due to affiliates	-	-	-	-	-	-	5	2,669	20,497
Current portion of long-term debt	-	-	-	-	-	-	-	-	-
Other current liabilities	902	325	-	9	2	-	5	4,250	16,060
Total Current Liabilities	902	325	-	9	2	-	10	6,919	36,557
Noncurrent Liabilities									
Long-term debt	-	-	-	-	-	-	-	-	-
Other noncurrent liabilities	1,012	-	-	-	-	-	-	15,304	20,696
Total Noncurrent Liabilities	1,012	-	-	-	-	-	-	15,304	20,696
TOTAL LIABILITIES	1,914	325	-	9	2	-	10	22,223	57,253
DEFERRED INFLOWS OF RESOURCES									
Split-interest agreements	3,997	-	-	-	-	-	-	-	5,319
Deferred lease revenue	-	6,722	-	-	-	-	-	-	6,722
TOTAL DEFERRED INFLOWS OF RESOURCES	3,997	6,722	-	-	-	-	-	-	12,041
NET POSITION									
Net investment in capital assets	157	3,963	-	54	4	-	-	3,200	8,083
Restricted - Nonexpendable	144,572	-	-	-	47	727	-	-	314,447
Restricted - Expendable	211,490	-	-	14	74	38	-	380	372,895
Unrestricted	4,360	(1,794)	5,884	2,594	1,383	503	5,936	(3,094)	37,793
TOTAL NET POSITION	$ 360,579	$ 2,169	$ 5,884	$ 2,662	$ 1,508	$ 1,268	$ 5,936	$ 486	733,218

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 23 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	UNR Foundation	UNR AAUN	Integrated Clinical Services, Inc.	DRI Foundation	DRI Research Park	TMCC Foundation	WNC Foundation	GBC Foundation	CSN Foundation	NSC Foundation
Operating Revenues										
Patient revenue	$ -	$ -	8,005	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contract revenue	-	-	5,598	-	-	-	-	-	-	-
Contributions	25,137	127	-	1,037	-	631	1,911	934	888	1,462
Campus support	7,224	-	-	118	27	176	-	18	-	-
Other operating revenues	1,408	-	1,208	356	3	491	95	10	314	120
Total Operating Revenues	33,769	127	14,811	1,511	30	1,298	2,006	962	1,202	1,582
Operating Expenses										
Program expenses, System Related Organizations	(334)	(791)	(6,398)	-	-	(995)	(1,503)	(40)	(704)	(2,912)
Depreciation	(25)	(2)	(17)	-	-	-	-	-	-	-
Other operating expenses	(5,228)	(28)	(3,991)	(406)	(27)	(279)	(481)	(120)	-	(556)
Total Operating Expenses	(5,587)	(821)	(10,406)	(406)	(27)	(1,274)	(1,984)	(160)	(704)	(3,468)
Operating Income (Loss)	28,182	(694)	4,405	1,105	3	24	22	802	498	(1,886)
Nonoperating Revenues (Expenses)										
Intergovernmental revenue	-	-	1,840	-	-	-	-	-	-	-
Payments to System campuses and divisions	(32,714)	-	(2,323)	(1,190)	-	-	-	(821)	(691)	-
Other nonoperating revenues (expenses)	16,819	618	750	-	-	(27)	19	591	324	-
Total Nonoperating Revenues (Expenses)	(15,895)	618	267	(1,190)	-	(27)	19	(230)	(367)	-
Income (Loss) before other revenue (expenses)	12,287	(76)	4,672	(85)	3	(3)	41	572	131	(1,886)
Other Revenues (Expenses)										
Additions to permanent endowments	11,772	171	(2,500)	-	-	-	-	127	31	84
Other Foundation expenses	-	-	-	300	-	-	-	-	-	-
Total Other Revenues (Expenses)	11,772	171	(2,500)	300	-	-	-	127	31	84
Increase (Decrease) in Net Position	24,059	95	2,172	215	3	(3)	41	699	162	(1,802)
NET POSITION										
Net position - beginning of year	292,325	8,191	329	720	(110)	918	4,602	9,060	6,302	9,275
Change in Accounting Policy	-	-	-	-	-	-	(4,527)	-	-	-
Net position - end of year	$ 316,384	$ 8,286	$ 2,501	$ 935	$ (107)	$ 915	$ 116	$ 9,759	$ 6,464	$ 7,473

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's) (CONTINUED)

NOTE 23 - System Related Organizations (continued):

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM RELATED ORGANIZATIONS
REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	UNLV Foundation	UNLV Research Foundation	Rebel Golf Foundation	UNLV Alumni Association	UNLV Rebel Football Foundation	UNLV Rebel Soccer Foundation	UNLV Singapore Unlimited	UNLVMED	Total System Related Organizations
Operating Revenues									
Patient revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 40,675	$ 48,680
Contract revenue	-	-	-	-	-	-	-	15,227	20,825
Contributions	48,032	144	423	1,180	131	926	-	-	82,963
Campus support	3,246	-	-	-	-	-	-	-	10,809
Other operating revenues	899	267	249	364	111	-	36	11,473	17,404
Total Operating Revenues	52,177	411	672	1,544	242	926	36	67,375	180,681
Operating Expenses									
Program expenses, System Related Organizations	(1,472)	-	(267)	(1,019)	(123)	(121)	-	(18,274)	(34,953)
Depreciation	(64)	(126)	-	(28)	(3)	-	-	(673)	(938)
Other operating expenses	(20,323)	(630)	(210)	(691)	(14)	-	(87)	(23,145)	(56,216)
Total Operating Expenses	(21,859)	(756)	(477)	(1,738)	(140)	(121)	(87)	(42,092)	(92,107)
Operating Income (Loss)	30,318	(345)	195	(194)	102	805	(51)	25,283	88,574
Nonoperating Revenues (Expenses)									
Intergovernmental revenue	-	-	-	-	-	-	-	-	1,840
Payments to System campuses and divisions	(59,315)	-	(413)	-	(1,806)	-	-	(24,620)	(123,893)
Other nonoperating revenues (expenses)	17,989	30	401	267	157	(45)	-	(177)	37,716
Total Nonoperating Revenues (Expenses)	(41,326)	30	(12)	267	(1,649)	(45)	-	(24,797)	(84,337)
Income (Loss) before other revenue (expenses)	(11,008)	(315)	183	73	(1,547)	760	(51)	486	4,237
Other Revenues (Expenses)									
Additions to permanent endowments	4,619	-	-	-	-	-	-	-	14,304
Other Foundation expenses	-	-	-	-	-	-	60	-	360
Total Other Revenues (Expenses)	4,619	-	-	-	-	-	60	-	14,664
Increase (Decrease) in Net Position	(6,389)	(315)	183	73	(1,547)	760	9	486	18,901
NET POSITION									
Net position - beginning of year	366,968	2,484	5,701	2,589	3,055	508	5,927	-	718,844
Change in Accounting Policy	-	-	-	-	-	-	-	-	(4,527)
Net position - end of year	$ 360,579	$ 2,169	$ 5,884	$ 2,662	$ 1,508	$ 1,268	$ 5,936	$ 486	$ 733,218

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 23 - System Related Organizations (continued):

UNR Foundation:

Cash and cash equivalents at June 30, 2018, consists of:

Cash	$ 2,419
Treasury bill	10,726
Money market funds	51,063
	$64,208

The fair value of investments at June 30, 2018, are as follows:

Equity Investments	$ 845
Commingled funds	210,455
Certificates of deposit	7,969
Corporate bonds	8,122
U.S. Government Securities	2,266
	$229,657

At June 30, 2018, the Foundation investments had the following maturities:

		Investment Maturities (in Year)		
	Fair Value	Less than 1	1 – 5	6 – 10
Equity investments	$ 845	$ 845	$ -	$ -
Commingled funds	210,455	210,455	-	-
Certificates of deposit	7,969	545	7,424	-
Corporate bonds	8,122	-	8,121	-
U.S. Government securities	2,266	6	1,960	300
	$229,657	$211,851	$17,505	$ 300

The Foundation's investment policy for cash and cash equivalents is to exercise sufficient due diligence to minimize investing cash and cash equivalents in instruments that will lack liquidity. The Foundation, through its Investment Managers considers the operating funds to be two discrete pools of funds: a short-term pool and an intermediate-term pool. The short-term pool shall be funded in an amount sufficient to meet the expected daily cash requirements of the Foundation. The goals of the investments are to maintain the principal in the account while maximizing the return on the investments. The short-term pool is staggered in 30, 60, and 90 day investments. Appropriate types of investments are money market funds, certificates of deposit, commercial paper, U.S. Treasury bills and notes, mortgage backed securities (U.S. Government) and internal loans to the University of Nevada, Reno secured by a promissory note with an appropriate interest rate. The intermediate-term pool is invested in fixed income securities generally having an average maturity of three year or less in order to take advantage of higher yields.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 23 - System Related Organizations (continued):

It is the policy of the investment program to invest according to an asset allocation strategy that is designed to meet the goals of the Endowment Investment Objective. The strategy will be based on a number of factors, including:

- The projected spending needs;
- The maintenance of sufficient liquidity to meet spending payments;
- Historical and expected long-term capital market risk and return behaviors;
- The relationship between current and projected assets of the Endowment and its spending requirements.

This policy provides for diversification of assets in an effort to maximize the investment return and manage the risk of the Endowment consistent with market conditions. Asset allocation modeling identifies asset classes the Endowment will use and the percentage each class represents in the total fund. Due to the fluctuation of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. It is anticipated that an extended period of time may be required to fully implement the asset allocation policy, and that periodic revisions will occur.

Investment Program Strategy

As a result of the above process, the Board has adopted the following assets allocation targets and ranges, exclusive of amounts transferred to the Endowment's operating accounts:

Asset Allocation Targets and Ranges

	Min Wt.	*Target Wt.*	*Max Wt.*
Global Equities	*17%*	*20%*	*23%*
Global Low Volatility Equity	*7%*	*9%*	*11%*
Private Markets	*5%*	*12%*	*15%*
Fixed Income	*27%*	*32%*	*37%*
Core US Fixed Income	*12%*	*15%*	*18%*
High Yield Fixed Income	*5%*	*7%*	*9%*
Alternative Debt	*5%*	*10%*	*15%*
Real Estate	*8%*	*12%*	*15%*
Real Assets	*10%*	*15%*	*20%*
Cash	*0%*	*0%*	*5%*

Investment Risk Factors

There are many factors that can affect the value of investments. Some factors, such as credit risk and concentrations of credit risk may affect fixed income securities, which are particularly sensitive to credit risks and changes in interest rates. The Investment Committee of the Foundation has policies regarding acceptable levels of risk. The committee meets quarterly to review the investments and has policies regarding acceptable levels of risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. The Foundation restricts investment of cash and cash equivalents and investments to financial institutions with high credit standing, and the Foundation currently purchases certificates of deposit of less than $250 per bank or institution. Commercial paper is limited to a maximum of 10% of the total cash and cash equivalents available. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents and investments.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. None of the investments held by the Foundation are rated by a nationally recognized statistical rating organization.

Fixed income securities to obligations of the U.S. Government are not considered to have credit risk.

NOTE 23 - System Related Organizations (continued):

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Foundation's investment policy limits the maturities of U.S. Treasury instruments and certificates of deposit to no more than 90 days unless the rate justifies the return and the current liquidity requirements are met.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Foreign investments are managed by the Investment Manager, and the Foundation has policies in place to address foreign currency risk.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Foundation's deposits exceed FDIC limits and as a result may not be insured and returned to the Foundation. All cash deposits are primarily on deposit with two financial institutions and several investment companies. The Foundation does not have a deposit policy for custodial credit risk. As of June 30, 2018, the Foundation's bank balances totaled $64,208. Of this balance, $1,172 was covered by depository insurance and/or collateralized and $49,286 is held by State Street Government Securities and subject to their investment policies. The remaining $13,750 was uninsured and uncollateralized and, as a result, was subject to custodial credit risk at June 30, 2018.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments consist primarily of comingled funds. Debt and equity securities other than open-end mutual funds are uncollateralized.

Redemption Notice

Certain commingled investments classified as current have notice requirements before the investment can be redeemed; these requirements range from 1-30 days. Other commingled investments have set dates upon which they can be redeemed; these investments have been classified as long-term based on these dates.

Commitments

As of June 30, 2018, the Foundation has committed to acquire approximately $19.3 million in commingled funds.

Fair Value Measurements

The Foundation has valued their investments based on the following level of inputs:

Level 1 - Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs which are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes agency mortgage-backed debt securities and derivative contracts.

Level 3 – Unobservable inputs are supported by little or no market activities and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation. This category generally includes private equity, real estate and commingled investments where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Net asset value ("*NAV")* - The amount of net assets attributable to each unit outstanding at the close of the period.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 23 - System Related Organizations (continued):

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measure at fair value.

- *Commingled funds* – Valued at NAV.
- *Residual interest in irrevocable trust* – Assets held in commingled funds are valued at NAV. Assets held in trust represents the Foundation's beneficial interest in real estate, where fair value is estimated based on appraised value.
- *Equity investments, certificates of deposit and U.S. Government securities* – Valued at the closing price reported on the active market on which the security is traded, if available.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation believes it valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Assets measured at fair value on a recurring basis at June 30, 2018 are:

	Level 1	Level 3	NAV	Total
Investments				
Commingled funds	$66,301	$ -	$144,154	$210,455
Equity Securities	845	-	-	845
Certificates of deposit	7,969	-	-	7,969
Corporate bonds	8,122	-	-	8,122
U.S. Government Securities	2,266	-	-	2,266
	$85,503	$ -	$144,154	$229,657
Residual interest in trusts				
Commingled funds	$ -	$ -	$ 584	$ 584
Real estate	-	-	1,263	1,263
	$ -	$ -	$ 1,847	$ 1,847

The Foundation does not hold any investments using Level 2 or 3 inputs.

UNLV Foundation:

The UNLV Foundation discloses its deposits with financial institutions, investments, and reverse repurchase agreements in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3*.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in prior years. Investment expenses of $811 for the year ended June 30, 2018, were netted against interest and dividends on the accompanying Statements of Support and Revenues, Expenses and Changes in Net Position. Investments are recorded on the date of the trade.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 23 - System Related Organizations (continued):

Investments include the following at June 30, 2018:

Mutual funds	$ 32,072
Certificates of deposit	2,674
Equities	14,044
Collateralized securities	26,646
U.S. government obligations	44,475
U.S. corporate bonds	28,772
Alternative investments	130,893
Non-U.S. corporate bonds	6,949
Total marketable securities at fair value	$286,525

As of June 30, 2018, the UNLV Foundation is committed to acquire approximately $16 in additional alternative investments in future periods related to the UNLV Foundation's investment in Special Situation Partners.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the UNLV Foundation will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2018, the total balance for the UNLV Foundations cash and money market funds was $15,387. Of this balance, $468 was covered by the Federal Deposit Insurance Corporation, and $14,920 was uninsured.

Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations. The UNLV Foundation reduces its exposure to credit risk with policy guidelines that instruct money managers to purchase securities rated investment grade or better. However, up to 25% of the fixed-income portfolios may be allocated to below investment grade. The credit ratings of fixed income investments at June 30, 2018 are as follows:

	Total	AAA	AA	A	BBB	Below Investment Grade
Collateralized securities	$26,646	$22,530	$3,948	$ 169	$ -	$ -
U.S. corporate bonds	28,772	-	128	5,640	19,513	3,491
Non-U.S. corporate bonds	6,949	-	529	2,836	2,725	858
	$62,367	$22,530	$4,605	$8,645	$22,238	$4,349

Fixed income securities or obligations of the U.S. government are not considered to have credit risk.

In accordance with GASB Statement No. 40, U.S. government obligations, mortgage-backed securities, cash, and money market funds backed by the full faith and credit of the federal government are not included in the above table. Alternative investments are not rated by industry rating agencies.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The UNLV Foundation's policy guidelines on maturity parameters state that the fixed-income portfolio's average weighted duration is to remain within 20% of the benchmark duration.

For investments in donor-restricted endowment funds, the UNLV Foundation uses the Barclays Aggregate Bond Index average as the benchmark; maturity as of June 30, 2018, was 8.20 years. The fixed-income portfolio's average maturity was 7.91 years. Interest rates range from 2.66% to 3.25%.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 23 - System Related Organizations (continued):

For investments in donor-restricted expendable funds, the UNLV Foundation uses the Barclays Aggregate Index average as the benchmark; maturity as of June 30, 2018, was 8.5 years. The fixed income-portfolio's average maturity was 8.3 years. Interest rates range from 0.00% to 9.80%.

	Maturity Under 1 Year	Maturity 1 – 5 Years	Maturity 5 – 10 Years	Maturity Over 10 Years	Total
Mutual funds	$28,774	$ 3,298	$ -	$ -	$ 32,072
Certificates of deposit	99	2,575	-	-	2,674
Collateralized securities	791	6,814	2,067	16,975	26,646
U.S. government obligations	14,344	17,041	7,332	5,758	44,475
U.S. corporate bonds	3,226	16,931	4,290	4,325	28,772
Non-U.S. corporate bonds	469	3,855	1,425	1,200	6,949
Investment in securities at fair value	$47,703	$50,514	$15,114	$28,258	$141,588

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. All non-U.S. corporate bonds are traded in U.S. dollars. The UNLV Foundation investment managers have policies that address foreign currency risk.

In accordance with GASB Statement No. 40, U.S. government obligations, mortgage-backed securities, cash, and money market funds backed by the full faith and credit of the federal government are not included in the above table. Alternative investments are not rated by industry rating agencies.

Fair Value Measurements

The Foundation has valued their investments based on the following level of inputs:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2 – Observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs which are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes agency mortgage-backed debt securities and assets held in charitable remainder trusts.

Level 3 – Unobservable inputs that are supported by little or no market activities and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using price models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation. This category generally includes private equity, real estate and commingled investments where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Net asset value ("*NAV")* - The amount of net assets attributable to each share of capital stock (other than senior equity securities; that is, preferred stock) outstanding at the close of the period.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of observable inputs.

NOTES TO THE FINANCIAL STATEMENTS (in $1,000's)

NOTE 23 - System Related Organizations (continued):

The following is a description of the valuation methodologies used for assets measured at fair value:

- *Alternative investments* – Valued at NAV.
- *Real estate* – Assets held in commingled funds are valued at NAV. Assets held in trust represents the Foundation's beneficial interest in real estate, where fair value is estimated based on appraised value.
- *Mutual funds, U.S. corporate bonds, non-U.S. corporate bonds, equities, certificates of deposit and U.S. Government securities* – Valued at the closing price reported on the active market on which the security is traded, if available.
- *Assets held in charitable remainder trusts* – Assets held in trust represents the Foundation's beneficial interest in equities held in the trusts, fair value of the equities is based on closing prices reported on the active market on which the security is traced. The Foundation's interest in those assets is estimated based on models using various estimates from management, including date assets will be received.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Assets measured at fair value on a recurring basis at June 30, 2018 are:

	Level 1	Level 2	Level 3	NAV	Total
Investments					
Alternative investment	$ -	$ -	$ -	$130,893	$130,893
Mutual funds	32,072	-	-	-	32,072
Collateralized securities	-	26,646	-	-	26,646
U.S. corporate bonds	28,772	-	-	-	28,772
Non-U.S. corporate bonds	6,949	-	-	-	6,949
Equities	14,044	-	-	-	14,044
Certificate of deposit	2,674	-	-	-	2,674
U.S. Government obligations	44,475	-	-	-	44,475
	$128,986	$26,646	$ -	$130,893	$286,525
Investment in real estate	$ -	$ -	$9,000	$ -	$ 9,000
Assets held in charitable remainder trusts					
Equities	$ -	$ -	$4,906	$ -	$ 4,906

Assets measured at fair value on a recurring basis at June 30, 2018 are:

	Level 1	Level 2	Level 3	NAV	Total
Investments					
Alternative investment	$ -	$ -	$ -	$125,747	$125,747
Mutual funds	30,793	-	-	-	30,793
Collateralized securities	-	20,672	-	-	20,672
U.S. corporate bonds	30,341	-	-	-	30,341
Non-U.S. corporate bonds	7,494	-	-	-	7,494
Equities	12,890	-	-	-	12,890
Certificate of deposit	2,477	-	-	-	2,477
U.S. Government obligations	40,211	-	-	-	40,211
	$124,206	$20,672	$ -	$125,747	$270,625
Investment in real estate	$ -	$ -	$7,600	$ -	$7,600
Assets held in charitable Remainder trusts					
Equities	$ -	$ -	$6,132	$ -	$ 6,132

REQUIRED SUPPLEMENTARY INFORMATION

NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (in $1,000's)
Public Employees' Retirement System of Nevada
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2010	2009
System's proportion of the net pension liability	2.88%	2.89%	2.83%	2.81%	(Historical information prior to the implementation of GASB 67/68 is not required)				
System's proportionate share of the net pension liability	$383,226	$389,352	$324,708	$292,841					
System's covered-employee payroll	$179,694	$171,007	$165,653	$162,250					
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	213.27%	227.68%	196.02%	180.49%					
PERS fiduciary net position as a percentage of the total pension liability	290.88%	260.10%	302.03%	322.16%					

* The amounts reported for each fiscal year were determined as of June 30 of the prior fiscal year.

NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF SYSTEM CONTRIBUTIONS FOR THE NET PENSION LIABILITY (in $1,000's
Public Employees' Retirement System of Nevada
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2010	2009
Contractually required contribution	$ 27,030	$ 34,456	$ 33,124	$ 29,901	(Historical information prior to the implementation of GASB 67/68 is not required)				
Contributions in relation to the contractually required contribution	(27,030)	(43,152)	(35,756)	(29,901)					
Contribution deficiency (excess)	$ -	$ (8,696)	$ (2,632)	$ -					
System's covered-employee payroll	$ 187,737	$ 179,694	$ 171,007	$ 165,653					
Contributions as a percentage of covered-employee payroll	14.40%	19.17%	19.37%	18.05%					

NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (in $1,000's)
State of Nevada Retirees' Health Welfare Benefits Plan
Last 10 Years

	2018	2017	2016	2015	2014	2013	2012	2010	2009
System's proportion of the net OPEB liability	37.59%	(Historical information prior to the implementation of GASB 74/75 is not required)							
System's proportionate share of the net OPEB liability	489,754								
System's covered-employee payroll	625,454								
System's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	78.30%								
State of Nevada's Retiree's Health and Welfare Plan fiduciary net position as a percentageof the total OPEB liability	0.00%								

NEVADA SYSTEM OF HIGHER EDUCATION
SCHEDULE OF SYSTEM CONTRIBUTIONS FOR THE NET OPEB LIABILITY (in $1,000's)
State of Nevada Retirees' Health Welfare Benefits Plan
Last 10 Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2010	2009
Contractually required contribution	$ 15,689	(Historical information prior to the implementation of GASB 74/75 is not required)							
Contributions in relation to the contractually required contribution	(15,702)								
Contribution deficiency (excess)	$ (13)								
System's covered-employee payroll	$ 667,622								
Contributions as a percentage of covered-employee payroll	2.35%								

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

Valuation Date	January 1, 2018
Methods and Assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry Age Normal - Level % of Salary
Asset Valuation Method	Market Value of Assets
Retirement Age**	63
Mortality	Regular: RP-2000 Combined Healthy Mortality projected to 2014 with Scale AA, set back one year for females Police/Fire: RP-2000 Combined Healthy Mortality projected to 2014 with set forward one year

**Weighted average retirement age based on January 1, 2018 census data and retirement rates provided in the "Actuarial Assumptions and Methods" section of the report

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SUPPLEMENTAL INFORMATION

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING SCHEDULE OF NET POSITION (in $1,000's)
AS OF JUNE 30, 2018

	UNR	System Admin	DRI	TMCC
ASSETS				
Current Assets				
Cash and cash equivalents	$ 18,058	$ 90,683	$ 5,293	$ 4,589
Restricted cash and cash equivalents	-	-	134	13,302
Short-term investments	109,931	27,987	23,895	24,841
Accounts receivable, net	14,188	69	2,844	1,852
Receivable from U.S. Government	29,974	478	3,977	1,886
Receivable from State of Nevada	5,964	2,060	634	583
Pledges receivable, net	1,741	-	-	-
Current portion of loans receivable, net	1,250	-	-	-
Due from related institutions	420	-	428	-
Due from System Related Organizations	17,284	-	619	496
Inventories	4,942	-	-	17
Deposits and prepaid expenditures, current	1,271	549	-	19
Other current assets	-	-	-	46
Total Current Assets	205,023	121,826	37,824	47,631
Noncurrent Assets				
Cash held by State Treasurer	5,732	347	-	681
Restricted cash and cash equivalents	28,141	-	-	-
Due from related institutions	-	-	-	-
Due from System Related Organizations	3,349	-	-	-
Receivable from State of Nevada	43,410	109	-	313
Endowment investments	135,981	9,563	31,907	11,005
Deposits and prepaid expenditures	-	-	-	-
Loans receivable, net	5,117	-	-	-
Capital assets, net	876,472	16,891	59,246	65,158
Other noncurrent assets	-	76	-	-
Total Noncurrent Assets	1,098,202	26,986	91,153	77,157
TOTAL ASSETS	1,303,225	148,812	128,977	124,788
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	21,976	1,834	1,933	3,069
OPEB related	5,207	323	401	652
Loss on bond refunding	9,563	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	36,746	2,157	2,334	3,721
LIABILITIES				
Current Liabilities				
Accounts payable	20,430	1,122	689	1,011
Accrued payroll and related liabilities	24,922	10,587	2,274	2,987
Unemployment insurance and workers' compensation	2,491	73	174	381
Due from related institutions	3,399	(15,767)	834	422
Due to State of Nevada	191	-	321	-
Due to Sytem Related Organizations	292	-	-	-
Current portion of compensated absences	10,660	1,194	3,449	1,579
Current portion of long-term debt	19,791	-	875	160
Current portion of obligations under capital leases	95	-	193	-
Accrued interest payable	7,275	-	39	212
Unearned revenue	22,653	-	2,526	1,305
Funds held in trust for others	937	-	814	72
Other current liabilities	407	-	-	-
Total Current Liabilities	113,543	(2,791)	12,188	8,129
Noncurrent Liabilities				
Refundable advances under federal loan programs	4,702	-	-	-
Compensated absences	6,336	685	688	300
Long-term debt	371,533	-	3,522	17,159
Obligations under capital leases	914	-	266	-
Due to other Institutions - LT	-	3,094	-	-
Unearned revenue	-	-	-	-
Net pension liability	138,938	10,710	12,286	18,675
Net OPEB Liability	162,231	10,074	12,494	20,329
Other noncurrent liabilities	-	152	-	-
Total Noncurrent Liabilities	684,654	24,715	29,256	56,463
TOTAL LIABILITIES	798,197	21,924	41,444	64,592
DEFERRED INFLOWS OF RESOURCES				
Pension related	11,956	922	1,057	1,607
OPEB Related	10,097	627	778	1,265
Gain on bond refunding	255	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	22,308	1,549	1,835	2,872
NET POSITION				
Net investment in capital assets	519,497	13,797	54,525	47,839
Restricted - Nonexpendable	39,137	7,136	20,977	5,133
Restricted - Expendable - Scholarships, research and instruction	90,935	3,934	16,448	6,523
Restricted - Expendable - Loans	5,889	28	-	53
Restricted - Expendable - Capital projects	75,873	462	765	18,588
Restricted - Expendable - Debt service	19,058	-	-	40
Unrestricted	(230,923)	102,139	(4,683)	(17,131)
TOTAL NET POSITION	$ 519,466	$ 127,496	$ 88,032	$ 61,045

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

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING SCHEDULE OF NET POSITION (in $1,000's) (CONTINUED)
AS OF JUNE 30, 2018

WNC	GBC	UNLV	CSN	NSC	Eliminations	TOTAL
$ 1,642	$ 2,213	$ 42,627	$ 9,083	$ 3,956	$ -	$ 178,144
-	-	-	-	-	-	13,436
5,600	5,960	319,476	55,567	12,046	-	585,303
914	1,315	10,277	5,817	789	-	38,065
25	609	36,719	3,549	429	-	77,646
279	318	11,122	2,203	452	580	24,195
-	-	-	-	-	-	1,741
2	-	319	-	-	-	1,571
26	80	97	-	107	(1,158)	-
-	-	967	-	-	-	19,366
-	-	2,070	394	-	-	7,423
8	87	7,626	1,524	-	-	11,084
-	-	-	-	-	-	46
8,496	10,582	431,300	78,137	17,779	(578)	958,020
-	237	46,758	528	-	-	54,283
-	-	35,485	75,946	-	-	139,572
-	-	3,094	-	-	(3,094)	-
-	-	15,978	-	-	-	19,327
-	136	6,554	3,506	-	-	54,028
266	680	55,356	6,405	-	-	251,163
-	-	419	149	-	-	568
-	-	2,251	-	-	-	7,368
28,127	36,430	930,715	184,269	68,375	-	2,265,683
-	-	-	-	-	-	76
28,393	37,483	1,096,610	270,803	68,375	(3,094)	2,792,068
36,889	48,065	1,527,910	348,940	86,154	(3,672)	3,750,088
1,570	1,364	22,674	9,271	1,024	-	64,715
255	260	6,538	1,749	316	-	15,701
-	-	4,740	-	-	-	14,303
1,825	1,624	33,952	11,020	1,340	-	94,719
152	347	19,799	4,725	720	-	48,995
1,144	1,147	34,988	8,337	1,658	-	88,044
129	246	2,988	764	116	-	7,362
169	163	5,203	5,816	339	(578)	-
-	-	-	-	-	-	512
-	-	2,882	-	-	-	3,174
718	436	13,416	3,016	600	-	35,068
-	158	20,078	3,367	-	-	44,429
-	-	-	-	1,045	-	1,333
-	1	5,176	1,645	-	-	14,348
-	1,149	25,267	4,004	1,296	-	58,200
153	59	2,756	196	19	-	5,006
-	-	-	-	-	-	407
2,465	3,706	132,553	31,870	5,793	(578)	306,878
-	-	2,534	-	-	-	7,236
15	211	5,343	1,354	553	-	15,485
-	406	263,955	77,121	-	-	733,696
-	-	-	-	47,455	-	48,635
-	-	-	-	-	(3,094)	-
-	-	627	-	-	-	627
9,507	8,292	127,072	51,906	5,840	-	383,226
7,963	8,087	203,680	54,485	9,856	-	489,199
-	-	-	-	623	-	775
17,485	16,996	603,211	184,866	64,327	(3,094)	1,678,879
19,950	20,702	735,764	216,736	70,120	(3,672)	1,985,757
818	714	8,339	3,406	383	-	29,202
496	503	12,677	3,391	614	-	30,448
-	-	-	-	-	-	255
1,314	1,217	21,016	6,797	997	-	59,905
28,284	35,706	681,446	184,269	16,356	-	1,581,719
254	680	12,057	2,456	-	-	87,830
(250)	343	52,845	7,891	665	-	179,334
187	300	641	-	(107)	-	6,991
69	1,664	70,726	7,089	-	-	175,236
-	152	11,515	-	4,552	-	35,317
(11,094)	(11,075)	(24,148)	(65,278)	(5,089)	-	(267,282)
$ 17,450	$ 27,770	$ 805,082	$ 136,427	$ 16,377	$ -	$ 1,799,145

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

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (
FOR THE YEAR ENDED JUNE 30, 2018

	UNR	System Admin	DRI	TMCC
Operating Revenues				
Student tuition and fees (net of scholarship allowance of $172,752)	$ 137,489	$ -	$ -	$ 17,462
Federal grants and contracts	99,201	1,784	24,234	5,004
State grants and contracts	20,330	185	2,408	1,512
Local grants and contracts	1,497	-	415	-
Other grants and contracts	17,525	36	4,661	5
Sales and services of educational departments (including $31,416 from System Related Organizations)	43,639	2,400	422	611
Sales and services of auxiliary enterprises (net of scholarship allowance of $6,959)	43,211	-	-	1,402
Interest earned on loans receivable	227	-	-	-
Other operating revenues	2,962	8,071	1,360	217
Total Operating Revenues	366,081	12,476	33,500	26,213
Operating Expenses				
Employee compensation and benefits	(387,340)	(18,617)	(33,576)	(49,234)
Utilities	(10,872)	(1,176)	(862)	(917)
Supplies and services	(151,277)	(18,121)	(9,103)	(11,897)
Scholarships and fellowships	(19,115)	(376)	-	(7,839)
Depreciation	(35,801)	(3,723)	(4,539)	(3,856)
Other operating expenses	-	-	-	-
Total Operating Expenses	(604,405)	(42,013)	(48,080)	(73,743)
Operating Income (Loss)	(238,324)	(29,537)	(14,580)	(47,530)
Nonoperating Revenues (Expenses)				
State appropriations	183,727	23,538	7,393	34,828
Transfers to/from System Administration	(66)	1,226	(122)	942
Gifts (including $48,000 from System Related Organizations)	23,474	-	839	723
Investment income (loss), net	19,002	1,108	3,859	2,451
Gain (loss) on disposal of capital assets	(491)	(1)	(12)	8
Interest expense	(12,211)	(95)	(332)	(265)
Other nonoperating revenues	(97)	(213)	-	(465)
Federal grants and contracts	22,505	26	-	8,289
Total Nonoperating Revenues	235,843	25,589	11,625	46,511
Income (Loss) Before Other Revenue (Expenses)	(2,481)	(3,948)	(2,955)	(1,019)
Other Revenues (Expenses)				
State appropriations restricted for capital purposes	46,749	156	424	860
Capital grants and gifts (including $42,647 from System Related Organizations)	6,696	-	-	497
Additions/(Deductions) to permanent endowments (including ($2,143) to System Related Organizations)	48	(2,301)	-	66
Total Other Revenues	53,493	(2,145)	424	1,423
Increase (Decrease) in Net Position	51,012	(6,093)	(2,531)	404
NET POSITION				
Net position - beginning of year	631,338	143,704	103,109	81,053
Cumulative effect of change in Accounting Principle GASB 75	(162,884)	(10,115)	(12,546)	(20,412)
Net position - end of year	$ 519,466	$ 127,496	$ 88,032	$ 61,045

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

NEVADA SYSTEM OF HIGHER EDUCATION
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

WNC	GBC	UNLV	CSN	NSC	Eliminations	TOTAL
$ 5,211	$ 5,616	$ 200,872	$ 52,573	$ 12,096	$ -	$ 431,319
3,157	1,536	51,449	5,774	2,205	(7,973)	186,371
1,589	587	20,867	3,495	988	(1,049)	50,912
-	-	349	-	-	-	2,261
7	958	3,323	-	2	-	26,517
276	388	88,328	1,859	87	-	138,010
960	352	49,543	1,630	101	-	97,199
-	-	57	-	-	-	284
131	41	7,122	900	86	-	20,890
11,331	9,478	421,910	66,231	15,565	(9,022)	953,763
(20,579)	(18,735)	(490,073)	(122,979)	(24,114)	-	(1,165,247)
(562)	(690)	(13,093)	(3,143)	(510)	-	(31,825)
(7,739)	(3,791)	(150,710)	(39,879)	(7,748)	9,022	(391,243)
(3,046)	(2,675)	(36,212)	(28,965)	(3,992)	-	(102,220)
(2,612)	(1,811)	(39,836)	(12,101)	(2,478)	-	(106,757)
-	-	-	-	(18)	-	(18)
(34,538)	(27,702)	(729,924)	(207,067)	(38,860)	9,022	(1,797,310)
(23,207)	(18,224)	(308,014)	(140,836)	(23,294)	-	(843,547)
13,521	14,040	224,259	98,654	17,220	-	617,180
748	667	(8,082)	3,598	1,089	-	-
1,638	608	23,828	670	3,034	-	54,814
615	515	26,940	3,239	664	-	58,393
(26)	-	381	-	-	-	(141)
-	(7)	(8,610)	(111)	(2,354)	-	(23,985)
(520)	1	346	(664)	203	-	(1,409)
3,740	2,519	42,115	38,463	6,397	-	124,054
19,716	18,343	301,177	143,849	26,253	-	828,906
(3,491)	119	(6,837)	3,013	2,958	-	(14,641)
495	515	32,946	5,636	1,000	-	88,781
-	-	37,076	75	140	-	44,484
-	-	-	8	-	-	(2,179)
495	515	70,022	5,719	1,140	-	131,086
(2,996)	634	63,185	8,732	4,098	-	116,445
28,442	35,255	946,402	182,400	22,175	-	2,173,878
(7,996)	(8,119)	(204,505)	(54,705)	(9,896)	-	(491,178)
$ 17,450	$ 27,770	$ 805,082	$ 136,427	$ 16,377	$ -	$ 1,799,145

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Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Board of Regents
Nevada System of Higher Education

We have audited, 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, the financial statements of the business-type activities and the aggregate discretely presented component units of The Nevada System of Higher Education (the "System"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated November 13, 2018.

Our report includes a reference to other auditors who audited the financial statements of: Desert Research Institute Foundation; Desert Research Institute Research Parks LTD; Truckee Meadows Community College Foundation; Western Nevada College Foundation; University of Nevada, Las Vegas Research Foundation; University of Nevada, Las Vegas Rebel Golf Foundation; University of Nevada, Las Vegas Alumni Association; College of Southern Nevada Foundation; and Nevada State College Foundation, as described in our report on the System's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of: Truckee Meadows Community College Foundation; Western Nevada College Foundation; University of Nevada, Las Vegas Research Foundation; University of Nevada, Las Vegas Rebel Golf Foundation; University of Nevada, Las Vegas, Alumni Association; College of Southern Nevada Foundation; and Nevada State College Foundation were not audited in accordance with *Government Auditing Standards.*

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002, that we consider to be significant deficiencies in the System's internal control.

Compliance and other matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

System's response to findings

The System's response to our findings, which is described in the accompanying schedule of findings and questioned costs, was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the System's response.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Reno, Nevada
November 13, 2018

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FINDING 2018-001 Workday and the New Year-End Close Process

Criteria
Internal control environments which are operating optimally, provide for a timely and complete year-end close.

Condition:
The Nevada System of Higher Education ("System") presents a combined financial statement of the eight institutions and System Administration, which make up the reporting organization. The financial statements also include the 18 system- related organizations as aggregate discretely presented component units. System Administration combines the financial information of each institution and the system-related organizations to prepare this financial statement. In fiscal 2018, the institutions and System Administration did not meet planned timelines for the year-end close or the preparation of that financial statement. Closing journal entries continued to take place through the end of October when in prior years, the typical close date was mid-September. This, in turn, delayed completion of the financial statement and, ultimately, the year-end audit process by approximately two weeks. Further, initial drafts of the combined financial statement contained errors and omissions. While delays due to the ERP implementation issues and the first year close in the ERP system were to be expected, the timing of key close processes and reviews exacerbated the delays and the initial errors and omissions. These errors and omissions were ultimately resolved and no material financial statement misstatements occurred in the final version.

Context
In order the facilitate the needs of the Board of Regents as well as the State of Nevada who combine this financial statement into their own, the System's financial reporting package had historically been completed, audited and published by the end of October. Fiscal 2018 represented the System's first year-end close in Workday, the System's new financial management system. The entire process from close, to financial statement preparation and audit was delayed as the System navigated through this new process.

Cause
The System has completed its first year- end close under Workday and was met with unanticipated delays in the current year due partly to learning the new process as well as not having a protocol for finalizing closing journal entries and other timing considerations. This led to closing entries being posted significantly after year-end which required changes to the in-process combined financial statement several times. This, in turn, delayed the combined financial statement being submitted for audit.

Effect
The delay in the close at each institution led to transactions being recorded significantly after year-end, which caused the financial statement preparation to be delayed. Ultimately, the final published financial statement was issued two weeks later than usual.

Recommendation
The System should ensure that a new process and schedule is put in place to facilitate a timely close in the new Workday environment.

Views of Responsible Officials (unaudited)
Management concurs.

FINDING 2018-002 Accuracy of the Schedule of Expenditures of Federal Awards

Criteria
2 CFR 200.510 (b) states that "The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with 2 CFR 200.502."

Condition:
The System presents a Schedule of Expenditures of Federal Awards ("SEFA") as a supplemental schedule in its annual financial reporting package. The SEFA is a subset of the System's annual expenditures representing the fiscal year 2018 expenditure of federal grants and contracts of approximately $575 million. In addition to being a part of the financial reporting package, the SEFA serves as the primary basis for the auditor's selection of major programs to test in the annual Uniform Guidance audit. Therefore, appropriate major program determination by the auditor is dependent on the completeness and accuracy of the information in the SEFA. When submitted for audit, the SEFA was inaccurate as it was duplicated certain expenditures at two institutions when a grant which was originally received by one institution was transferred to another NSHE institution, and thereby, recorded twice. Further, the classification grants in the Research and Development Cluster was incorrect, which caused the cluster to be overstated by approximately $20 million. Further, the SEFA did not agree to the federal award expenditure data submitted by each of the System's eight institutions including System Administration.

Context
The System's SEFA was not accurately prepared and needed a number of corrections before it was fairly stated.

Cause
The SEFA is prepared at the System level using data provided by each institution without a detailed supervisory review performed by each institution to verify the accuracy of the information being reported. Information prepared at the institution level was also not properly compiled at the System level to ensure proper classification on the SEFA of federal award amounts.

Effect
The initial SEFA prepared by the System was inaccurate.

Recommendation
The System should ensure that a process is in place for the proper preparation and supervisory review of the SEFA in order to verify the accuracy of the data reported.

Views of Responsible Officials (unaudited)
Management concurs.

APPENDIX B

STATE FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

This appendix contains general information concerning the financial, economic and demographic conditions in the State. In addition, certain economic information regarding Washoe County, where UNR is located, and Clark County, where UNLV is located, has also been included. This information is provided so that prospective investors will be aware of factors which have affected development and growth within the State in the past. The information was obtained from the sources indicated and is limited to the time periods indicated. The System makes no representation as to the accuracy or completeness of the data obtained from sources other than the System. Except as indicated, the information is historic in nature; it is not possible to predict whether the trends shown will continue in the future.

The State has not participated in the preparation of this Official Statement, nor has it reviewed its contents. Information *about the State included in this Official Statement has been obtained through its website and other public documents.*

General

Nevada is called the "Silver State" because of the vast quantities of silver mined from the Comstock Lode in the 19th Century. Nevada is one of the eight mountain states, bordered by California, Oregon, Idaho, Utah, and Arizona. The State lies in the Great Basin, an arid region east of the Sierra Nevada Mountains, where annual rainfall averages less than ten inches. Nevada's topography consists of a series of parallel north-south valleys separated by high mountain ranges. The State's land area equals 110,000 square miles, of which almost 85% is under federal ownership or management.

Certain Financial Information - State General Fund

Annual Reports. The State Controller prepares comprehensive annual financial reports setting forth the financial condition of the State as of June 30 of each fiscal year. The comprehensive annual financial report is the official financial report of the State and is prepared following GAAP. The most recent State comprehensive annual financial report is as of June 30, 2018. Copies of the State's comprehensive annual financial reports (including the State's audited basic financial statements) are available at the State Controller's website at www.controller.nv.gov.

Budget Procedure. The State is constitutionally required to maintain a balanced budget. The Nevada Constitution also requires an affirmative vote of not less than two-thirds of the members of both houses of the State Legislature to pass a measure which (a) creates, generates or increases any public revenue in any form, including, but not limited to, taxes, fees, assessments and rates or (b) makes changes in the computation bases for taxes, fees, assessments and rates.

On or before July 1 of each even-numbered year, the Governor must impanel an economic forum (the "Economic Forum") comprising three members appointed by the Governor, one member nominated by the majority leader of the Senate, and one member nominated by the speaker of the Assembly. The Economic Forum updates projections for state revenue collections (for unrestricted uses) for the final year of the biennium in which it is impaneled and establishes revenue forecasts for the next biennium. State law requires the written report of the Economic Forum's forecasts of future State General Fund revenue that currently must be made on or before December 3 of each even-numbered year and May 1 of each odd-numbered year. State law also requires the Economic Forum to hold additional meetings, on or before June 10 of each even-numbered year and December 10 of each odd-numbered year. At each of these meetings, the Economic Forum receives an update on the status of actual State General Fund revenue collections compared to the Economic Forum's most recent forecast. The Economic Forum also considers information on current economic indicators such as employment, unemployment, personal income and any other indicators deemed appropriate by the Economic Forum. The chair of the Economic Forum is required to provide a report of each meeting to the Interim Finance Committee and the information presented to the Interim Finance Committee must be made available on the website of the State Legislature. A seven-member Technical Advisory Committee (the "TAC") advises the Economic Forum as requested. The most recent Economic Forecast was released on May 1, 2019. The Economic Forecast provides revised revenue estimates for fiscal year 2019 as well as for the following two years.

State statutes require all State Executive Branch agencies and departments to submit their two-year budgets to the Budget Division by the September 1 prior to the biennial meeting of the State Legislature. The Budget Division holds hearings in October on the submitted budgets and the Governor reviews the proposals in November. In mid-January, the two-year budget is finalized and submitted to the State Legislature at least fourteen days before the start of each biennial regular session. The Judicial and Legislative Branch agencies, as well as PERS, submit their two-year budgets directly to the State Legislature.

The State Legislature holds hearings and approves or modifies the two-year budget. The budget is enacted through a General Appropriations Act, which authorizes expenditures from unrestricted revenues, and an Authorized Expenditures Act, which authorizes expenditures from revenues collected for a specific purpose. The General Appropriations Act must be balanced to the May Economic Forum forecast of General Fund revenues. The budget may be modified by other appropriations acts enacted by the State Legislature. The Interim Finance Committee is authorized to modify budgets to fund necessary expenditures between the legislative sessions in amounts determined by statute or as approved by the State Legislature.

The budget prepared by the Governor must provide for a reserve of not less than 5% of all proposed General Fund operating appropriations and authorizations. The State Controller is also required to deposit a portion of the unrestricted balance of the State General Fund to a reserve for the stabilization of the operation of the State. See "The Account to Stabilize the Operation of State Government" below.

The Account to Stabilize the Operation of State Government. The Account to Stabilize the Operation of State Government (the "Stabilization Account") is an account in the State General Fund created pursuant to NRS 353.288. Money from the Stabilization Account may be appropriated only if (i) total actual revenue of the State falls short of the total anticipated revenue for the biennium in which the transfer will be made by 5% or more, as determined by the

Legislature, or by the Interim Finance Committee if the State Legislature is not in session, or (ii) the Legislature, or the Interim Finance Committee if the Legislature is not in session, and the Governor declare that a fiscal emergency exists. In addition, the money in the Stabilization Account may be allocated directly by the Legislature to be used for any other purpose.

Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance, budgetary basis, exceeds 7% of the General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency.

The 2009 Legislature passed legislation requiring the State Controller to transfer 1% of the total anticipated revenue projected for that fiscal year by the Economic Forum in May of odd-numbered years, as adjusted by any legislation enacted by the State Legislature that affects State revenue for that fiscal year, to the Stabilization Account at the beginning of each fiscal year. This transfer was scheduled to commence with the fiscal year beginning July 1, 2011. Due to the economic downturn, this transfer was deferred by the 2011, 2013 and 2015 Regular Sessions of the State Legislature and commenced in fiscal year 2018.

The maximum balance allowed in the Stabilization Account is 20% of the total of all appropriations from the State General Fund for the operation of all departments, institutions and agencies of the State Government and for the funding of schools and authorized expenditures from the State General Fund for the regulation of gaming for the fiscal year in which that revenue will be transferred to the Stabilization Account.

The 2017 Regular Session of the State Legislature also authorized a 10% retail excise tax for the sale of recreational marijuana in addition to any sales and use tax levied on the sale. The proceeds of the marijuana retail excise tax are to be deposited into the Stabilization Account. The legislatively approved estimate for the 10% retail excise tax revenue is $26.5 million in fiscal year 2018 and $37.1 million in fiscal year 2019.

Based on the General Fund ending fund balance for Fiscal Year 2018 of $424.8 million, a transfer of $55.8 million was made to the Stabilization Account in Fiscal Year 2019. The Executive Budget includes transfers to the Stabilization Account in the amount of $44.1 and $45.5 for Fiscal Years 2020 and 2021, respectively. Based on the projected transfers, the Stabilization Account balance at the end of the 2019-2021 biennium will be $415.2 million.

General Fund. The purpose of the State General Fund is to finance the ordinary operations of the State and to finance those operations not provided for in other funds. Included are all transactions pertaining to the approved current operating budget, its accompanying revenue, expenditures and encumbrances, and its related asset, liability, and fund equity accounts. The State has numerous other funds, including Special Revenue Funds, Enterprise Funds, Internal Service Funds and Fiduciary Funds. Moneys on deposit in the Special Revenue Funds are used primarily to fund highway projects, Bond Bank Program transactions, and some of the activities of the State’s regulatory agencies. Money on deposit in the Enterprise Funds is used primarily to fund housing projects, the Water Pollution Control Revolving Fund, the Safe Drinking Water Revolving Fund, the prepaid college tuition program and unemployment compensation.

The General Fund tables which follow have been obtained from the sources listed below. *They reflect General Fund revenues, and appropriations, and General Fund projections from the sources listed below on a budgetary basis.* The data depicting General Fund unappropriated balances reflect revenue collections and State agency expenditure information, Economic Forum forecasts with legislative adjustments, and Department of Administration revisions or projections. They are not presented in accordance with GAAP.

As used by the State, the term "General Fund unappropriated balance" represents unobligated and unencumbered funds available for appropriation by the State Legislature. Unspent appropriated moneys are not reflected as part of General Fund unappropriated balance until, there being no further obligations against the appropriation, the unexpended portion is returned to the General Fund as a reversion. Reversions are reflected as income contributed to the unappropriated balances. Reversions may not take place for several years after their appropriation, although usually they occur after the appropriated amounts are available for one year. At no time are outstanding appropriations included in General Fund unappropriated balances. This format is standard procedure for both the State Budget Division and the State Legislature.

State General Fund Revenue Sources. The State relies upon sales and use taxes, gaming taxes, business payroll and commerce taxes, insurance premium taxes, live entertainment taxes, cigarette taxes and real property transfer taxes for the bulk of its General Fund revenues. The State is constitutionally prohibited from having a personal income tax. Other taxes common in many states but not levied in Nevada are franchise, corporate income, special intangible, capital stock, chain store, inventory, stock transfer, and gift taxes.

Portions of the operating budgets for the various local taxing units in Nevada are funded with ad valorem taxes. Provisions for debt service payable with ad valorem taxes are made prior to determining operating budgets. Total ad valorem taxes levied by all overlapping units within the boundaries of any county (*i.e.*, the State, and any county, city, town, school district, or special district) may not exceed the statutory limitation of $3.64 per $100 of assessed valuation of property being taxed (subject to the exception for $0.02 of the state-wide property tax rate per $100 of assessed valuation that need not be counted against the $3.64 statutory cap). In the case of severe financial emergency in a particular local government as determined by the State Department of Taxation and the State Tax Commission, the State Tax Commission may order the levy of a combined overlapping tax rate of not more than $5.00 per $100 of assessed valuation.

Certain revenue enhancements enacted during the 2009 Regular and the 2010 Special Sessions of the State Legislature increased collections in fiscal year 2010 and fiscal year 2011, but were scheduled to sunset on June 30, 2011. However, some of the enhancements were extended by the 2011 and 2013 Regular Sessions of the State Legislature and several of the enhancements were made permanent by the 2015 Regular Session of the State Legislature. The 2017 Regular Session of the State Legislature temporarily extended the allocation to the General Fund of the additional revenues generated from the governmental services tax.

The following taxes provide the State's General Fund with its major sources of income. See the table entitled "State General Fund Revenues" below for a history of the various general fund revenues described below.

Sales and Use Taxes. The State receives a 2% sales tax on all taxable sales and taxable items of use. Certain sales are exempt from State sales taxation, including but not limited to, domestic fuel, prescription drugs, food for home consumption and aircraft and major components thereof, based in Nevada. See "Sales and Use Tax" below. Current State law provides for a collection allowance provided to a taxpayer for collecting and remitting sales and use taxes of 0.25%, as well as a General Fund commission retained by the Department of Taxation for collecting and distributing the sales and use taxes generated by local option taxes of 1.75%.

Gaming Taxes. Nevada's gaming establishments are subject to several different taxes at the State level. The most important among these is the monthly gaming percentage fee, which accounts for the majority of gaming tax revenues. Other taxes and fees levied by the State on gaming include license renewals and quarterly and annual license fees based upon the number of slot machines and operational table games, investigative fees, race wire fees, penalties, and interest. See "Gaming and Tourism" below.

Modified Business Tax. The State levies a tax, known as the modified business tax, against applicable payrolls, less a deduction for employee healthcare expenses, for the privilege of conducting business in Nevada. The modified business tax is a tax levied against applicable business payrolls less a deduction for employee healthcare expenses. The rate varies depending on how a business is classified.

Commerce Tax. The 2015 Legislature enacted a levy on the gross revenue of a business which is earned in the State of Nevada effective July 1, 2015. The first $4,000,000 per year in gross revenues earned in the State of Nevada is exempt from the tax which is known as the commerce tax. The rate varies based on the industry in which the business is primarily engaged with the industry groupings based on the North American Industry Classification System (NAICS) codes. The rates range from 0.051% to 0.331% of the gross revenue earned in the State of Nevada exceeding $4,000,000 depending on the primary industry category (NAICS code) assigned to the business. The tax is to be computed for each state fiscal year with the tax return and payment due 45 days after the end of the fiscal year. Businesses which are required to pay the commerce tax are entitled to a credit of 50% of their commerce tax liability against their modified business tax. Businesses are required to use the credit in the same fiscal year as the commerce tax is paid.

The legislation also provides in an even numbered fiscal year that if the combined revenues from the taxes imposed by the modified business tax and the commerce tax exceed the anticipated revenues for those taxes projected by the Economic Forum by more than 4%, as adjusted by any legislation enacted by the Legislature that affects state revenue for that fiscal year, the Department of Taxation shall determine the modified business tax rate for both financial and mining and non-financial entities which would have generated a combined revenue of 4% more than the amount anticipated. The modified business tax rates for financial and mining and non-financial entities are then to be reduced in the proportion that the actual amount collected from each tax for the preceding fiscal year bears to the total combined amount collected from both the financial and mining and non-financial modified business taxes for the preceding year. The rates determined from this calculation go into effect on July 1 of the odd-numbered year immediately following the year in which the determination is made. The revised rates are to be rounded to the nearest one-thousandth of a percent. The revised rate for the modified business tax for non-financial institutions cannot go below 1.17% and if the revised rate for the modified business tax for non-financial entities is at or below 1.17%, the calculations are no longer required and the rates for both financial and mining institution and non-financial institution entities are not to be adjusted further.

Insurance Premium Taxes. The State levies a tax on insurance companies doing business in Nevada. The tax rate is 3.5% of premiums written on policies and contracts covering property, subjects or risks located, resident or to be performed in this State. If qualified, the tax rate for Risk Retention Groups is 2%.

Live Entertainment Taxes. The State imposes a live entertainment tax on certain gaming and non-gaming establishments providing entertainment. For events that occurred prior to September 30, 2015, the tax rate was 10% of the admission charge and amounts paid for food, refreshments and merchandise when the live entertainment was provided at a facility with a maximum occupancy of less than 7,500 persons. The tax rate was 5% of the admission charge when the live entertainment was provided at a facility with a maximum occupancy equal to or greater than 7,500 persons with no tax collected on food, refreshments or merchandise. The 2015 Regular Session of the State Legislature made changes to the structure of the base for the live entertainment tax by removing the occupancy thresholds and the tax on amounts paid for food, refreshments and merchandise. The legislation also established a single tax rate of 9% on the admission charge effective October 1, 2015.

Cigarette Taxes. Through June 30, 2015, the State imposed a tax of 80 cents per package of 20 cigarettes, 70 cents of which was retained by the State. The collection allowance provided to a taxpayer for collecting and remitting cigarette taxes was 0.25%. The 2015 Regular Session of the State Legislature increased the cigarette tax from 80 cents to $1.80 per package of 20 cigarettes of which $1.70 is retained by the State, effective July 1, 2015. The collection allowance provided to a taxpayer for collecting and remitting cigarette taxes remains at 0.25%.

Real Property Transfer Taxes. The State levies a tax on the value of transfers of real property. The tax is paid on a quarterly basis based on a rate of $1.30 per $500 of value.

Liquor Taxes. The State imposes a liquor tax, which is an excise tax levied upon the volume of alcoholic beverages for the privilege of importing, possessing, storing or selling liquor. The tax rate varies based on alcohol content. The collection allowance provided to a taxpayer for collecting and remitting sales and use taxes is currently 0.25%.

Business Licenses. The 2009 Legislature increased the Business License Fee by $100 to $200 for fiscal years 2010 and 2011 and broadened the categories of businesses required to submit filings and pay the fees. This revenue enhancement was scheduled to expire on June 30, 2011, but was extended by both the 2011 Legislature and the 2013 Legislature. The fee was scheduled to revert to $100 on July 1, 2015. However, the 2015 Legislature made the increase in the business license fee permanent for all types of businesses, except for corporations. The fee for corporations was increased to $500 effective July 1, 2015. Entities that operate a facility where craft shows, exhibitions, trade shows, conventions, or sporting events take place may pay the Business License Fee for participants not having a business license at the rate of 1.25 times the number of unlicensed entities times the number of days of the event, or a flat annual fee of $5,000.

Net Proceeds of Minerals Taxes. The State imposes a mineral tax based on net proceeds at rates ranging from a minimum of 2% to a maximum of 5%. Local governments, school districts and the Consolidated Bond Interest and Redemption Fund receive revenue equal to the amount derived from the application of the respective property tax rate where the mine is located. Revenue above those amounts accrues to the State General Fund. The Legislature required the advance payment on the net proceeds of minerals tax in fiscal year 2009 based upon estimated net proceeds for the current calendar year. The advanced payment provision of the net proceeds of minerals tax was extended by the 2011, 2013 and 2015 Regular Sessions of the State Legislature. The prepayment provision sunsetted on June 30, 2016.

Room Taxes. The 2009 Legislature passed Initiative Petition 1, which collects up to an additional 3% in room tax in Clark County and Washoe County to be used for the funding of elementary and secondary education. While the room tax does not go to the State's General Fund, it gets applied to a purpose which relieves the amount of General Fund revenues that might otherwise be applied towards education.

Medical Marijuana Taxes. Nevada voters approved medical marijuana by ballot initiative in 2000. The 2013 Legislature directed the Division of Public and Behavioral Health in the Department of Health and Human Services to develop regulations and authorize the creation of licensed and registered establishments to produce, test, and dispense medical marijuana and marijuana-infused products. Registered patients who were Nevada residents were allowed to possess no more than 2.5 ounces of usable marijuana in a single 14-day period. The 2013 Legislature enacted an excise tax imposed on medical marijuana at the rate of 2% at the cultivation facility, 2% at the production facility, and 2% at the medical marijuana dispensary, effective April 1, 2014. The tax at the dispensary was in addition to the state and local sales and use taxes that were otherwise imposed on the sale of tangible personal property. Statutory law provides that 25% of the revenue is distributed to the Division of Public and Behavior Health for carrying out the provisions of the medical marijuana act and 75% of the revenue is distributed to the State Distributive School Account. The 2017 State Legislature changed the tax structure for medical marijuana, as further described below in "—Recreational Marijuana Taxes". Medical marijuana establishments became operational in 2015. Total medical marijuana excise tax collections were $761,848 and $3,714,180 in FY 2016 and FY 2017, respectively.

Adult-Use Recreational Marijuana Taxes. While the possession and use of both medical and recreational marijuana remain illegal under the federal law, Nevada voters approved recreational marijuana by ballot initiative in 2016, allowing adults age 21 or older to purchase, possess, and consume up to one ounce of marijuana or up to one-eighth of an ounce of concentrated marijuana for recreational purposes. The measure imposed a new 15% excise tax on marijuana sales paid by cultivation facilities designed to allocate revenue from the tax, licensing fees, and penalties to the Department of Taxation and local governments to cover costs related to the measure, with any remaining revenue allocated to the State Distributive School

Account. The ballot initiative was written to legalize recreational sales on January 1, 2018. In May 2017, the Department of Taxation approved regulations for implementing the ballot initiative early allowing recreational sales to begin on July 1, 2017.

The 2017 State Legislature made several changes to the medical marijuana program. As of July 1, 2017, the medical marijuana establishment program is administered by the Department of Taxation, while the Division of Public and Behavioral Health maintains administration of the medical marijuana patient cardholder registry. The 2017 State Legislature changed the tax structure for medical marijuana from a 2% excise tax on each type of sale (cultivation, production, and dispensary) to a 15% excise tax on the wholesale value, paid by the cultivator which prevents the need for marijuana establishments to have separate inventories for medical and adult-use recreational marijuana.

If the marijuana is sold to an adult-use recreational consumer, an additional 10% retail excise tax is levied which does not apply if the sale is to a medical marijuana cardholder.

The legislatively approved estimate for the 15% wholesale tax revenue is $23.8 million in fiscal year 2018 and $32.4 million in fiscal year 2019. For fiscal year 2018, the 15% wholesale excise tax revenue is $3.4 million above the estimate. Revenue from the 15% wholesale excise tax is allocated to the Department of Taxation and local governments to cover costs related to the program, with any remaining revenue allocated to the State Distributive School Account. The legislatively approved estimate for the 10% retail excise tax revenue is $26.5 million in fiscal year 2018 and $37.1 million in fiscal year 2019. Revenue from the 10% retail excise tax will go to the reserve for the stabilization of the operation of the State. See "The Account to Stabilize the Operation of State Government and Other Contingency Accounts" above.

Recent and Current State Budgets

Certain information regarding actual State general fund revenues (and projected revenues) is set forth below. This table shows actual revenues for fiscal years 2014 through 2018, and the revenue forecast for fiscal years 2019 and 2020 based on the Economic Forum Forecast. These estimates and projections are based on various assumptions and must not be construed as statements of fact. The assumptions may be affected by numerous factors, including future economic conditions in the State and the nation, and there can be no assurance that the estimates will be achieved. Periodic reports on certain revenues during the fiscal year are issued by the Department of Taxation and the Gaming Control Board.

State General Fund Revenues
(in thousands)

	Actual					Economic Forum Forecast[1]	
Fiscal Year Ended June 30	2014	2015	2016	2017	2018	2019	2020
General Fund Revenue Sources							
Sales Tax	$967,706	$1,033,454	$1,077,004	$1,133,715	$1,189,227	$1,282,288	$1,347,104
Gaming Taxes	718,816	722,548	733,420	760,093	785,515	813,222	809,352
Modified Business Tax	384,886	411,914	566,263	623,646	655,635	688,167	677,754
Insurance Taxes	264,552	293,922	310,223	359,741	395,700	424,039	460,724
Live Entertainment Tax	154,136	145,827	128,531	129,306	125,409	127,733	129,294
Mining Taxes and Fees[2]	26,222	51,734	34,744	25,264	63,522	51,479	53,373
Cigarette Tax	79,629	92,774	153,033	180,677	160,665	162,407	158,650
Real Property Transfer Tax	60,047	64,214	75,795	83,957	103,390	102,067	105,083
Liquor Tax	41,839	42,707	43,944	43,868	44,195	45,526	45,882
Business License Fees	72,166	75,360	103,046	104,858	109,298	112,278	113,000
Commerce Tax	n/a	n/a	143,508	197,827	201,927	215,284	222,470
Passenger Carrier Tax	n/a	n/a	11,899	23,101	21,773	30,221	29,284
Other Taxes	81,679	82,456[3]	87,650[3]	86,200	67,728	69,033	31,866
OTHER REVENUE[4]	215,298	267,573	254,018	243,892	265,941	277,568	277,499
TOTAL[5]	$3,066,946	$3,296,894	$3,749,082	$3,996,145	$4,189,925	$4,401,312	$4,461,335

(1) May 1, 2017, Economic Forum Forecast, Legislative Adjusted.
(2) Advance payment required in fiscal years 2014-2015.
(3) Includes liquor tax, business license tax and other taxes.
(4) Includes licenses, fees and fines and interest earnings.
(5) Numbers may not total due to rounding.

Source: State Department of Administration.

The following table reflects General Fund appropriations and estimates of appropriations for the fiscal years shown.

State General Fund Appropriations
(in thousands)

Fiscal Year Ended June 30	Actual Appropriations 2014	2015	2016	2017	2017 Legislatively Approved Appropriations[1] 2018	2019
Constitutional Agencies	$100,492	$102,504	$132,235	$161,621	$157,901	$187,497
Finance & Administration	39,333	52,966	46,408	41,910	37,724	38,281
Education	1,781,561	1,802,174	1,942,464	2,024,681	2,068,781	2,072,136
Human Services	997,488	1,054,158	1,041,953	1,135,381	1,213,637	1,283,125
Commerce & Industry	47,374	47,754	66,884	53,832	57,289	58,355
Public Safety	289,613	293,172	311,884	323,002	352,580	358,884
Infrastructure	23,483	21,239	33,539	37,699	40,272	37,857
Special Purpose Agencies	5,094	5,231	5,652	5,881	8,589	13,147
TOTAL[2]	$3,284,438	$3,379,199	$3,581,018	$3,784,009	$3,936,773	$4,049,283

(1) Legislature-approved appropriations, including supplemental appropriations approved by the Legislature. Subject to revision.
(2) Totals may not add due to rounding.

Source: Nevada Legislative Appropriations Report, November 2013, November 2015, November 2017 and Governor's Finance Office.

The following table sets forth the State General Fund Unappropriated Balances for fiscal years 2013-2017.

State General Fund Unappropriated Balances[1]
(in thousands)

Fiscal Year Ending June 30	2014	2015	2016	2017	2018
General Fund Resources:					
Unappropriated General Fund Balance - July 1	$ 299,967	$ 183,544	$ 241,750	$ 418,535	$ 434,085
Unrestricted General Fund Reversions	48,299	78,843	84,712	156,641	73,633
Unrestricted General Fund Revenue					
General Fund Revenue	3,066,946	3,296,894	3,749,082	3,996,145	4,189,925
Transfer from Fund to Stabilize the Operation of State Government	84,737	28,061	0	25,000	5,000
Transfers and Reversions from Various Accounts	0	65,155	0	0	13,954
Tax Credit Programs	0	(12,411)	(55,239)	(115,639)	(171,213)
Total Unrestricted General Fund Revenue [2]	$3,151,683	$3,377,699	$3,693,843	$3,905,506	$4,037,666
Restricted General Fund Revenue					
Unclaimed Property - Millennium Scholarship	7,600	7,600	7,600	7,600	7,600
Quarterly Slot Tax - Problem Gambling	1,411	1,393	1,358	1,333	1,319
Live Entertainment Tax – Nevada Arts Council	0	0	150	150	150
Total Restricted General Fund Revenue	9,011	8,993	9,108	9,083	9,069
General Fund Resources	$3,508,960	$3,649,079	$4,029,413	$4,489,765	$4,554,453
Appropriations / Transfers					
Unrestricted Appropriations / Transfers					
Operating Appropriations	($3,277,621)	($3,319,446)	($3,558,058)	($3,738,711)	($3,936,673)
Supplemental Operating Appropriations	0	(66,405)	(20)	(82,652)	0
Operating Appropriations Transfers Between fiscal year 12 & 13	0	0	0	0	0
Operating Appropriations Transfers Between fiscal year 14 & 15	(6,310)	6,310	0	0	0
Operating Appropriations Transfers Between fiscal year 15 & 16	0	(2,271)	2,271	0	0
Operating Appropriations Transfers Between fiscal year 16 & 17	0	0	20,062	16,705	0
Operating Appropriations Transfers Between fiscal year 17 & 18	0	0	(36,632)	0	(38,020)
Other Reversions/Adjustments	0	0	0	0	514
One-Time Appropriations	(7,426)	(657)	0	(157,776)	(43,850)
Restoration of Fund Balances	0	0	(13,600)	(9,500)	0
BA 2631 E229	0	0	(135)	0	0
General Fund Payback - Line of Credit	0	0	0	0	0
Cost of Regular and Special Sessions of Legislatures	0	(18,000)	(16,593)	(18,000)	0
Total Unrestricted Appropriations / Transfers	($3,291,357)	($3,400,469)	($3,602,705)	($3,989,935)	($4,018,029)
Restricted Transfers					
Millennium Scholarship	($7,600)	($7,600)	(7,600)	(7,600)	(7,600)
Problem Gambling	(1,411)	(1,393)	(1,358)	(1,333)	(1,319)
Nevada Arts Council		0	(150)	(150)	(150)
Disaster Relief Account	(1,500)	(1,500)	0	(1,000)	(2,000)
Fund to Stabilize the Operation of the State Government	(28,061)	0	0	(63,936)	(103,473)
Total Restricted Transfers	($ 38,572)	($ 10,493)	($ 9,108)	($ 74,019)	($ 114,541)
Adjustments to Fund Balance	$ 4,513	$ 3,613	$ 935	$ 8,274	$ 2,960
Total Appropriations / Transfers	($3,325,416)	($3,407,349)	($3,610,878)	($4,055,680)	($4,129,611)
Unappropriated General Fund Balance June 30 [2]	$ 183,544	$ 241,730	$ 418,535	$ 434,085	$ 424,842
5% Minimum Ending Fund Balance	$ 164,197	$ 170,023	$ 180,850	$ 198,117	$ 198,715
Difference	$ 19,348	($ 71,707)	$ 237,685	$ 235,968	$ 226,127

(1) Totals may not add due to rounding.
(2) Unaudited results, subject to revision.

Source: Nevada Legislative Appropriations Report, November 2015, November 2017, and Governor's Finance Office.

Population and Age Distribution

Historical State population figures, by county, are shown in the following table. According to the U.S. Census figures, the State's population increased 13% between the years 2010 and 2018.

Nevada Population by County

	1990	2000	2010	2018
Carson City	40,443	52,457	55,274	56,057
Churchill	17,938	23,982	24,877	25,628
Clark	741,459	1,375,765	1,951,269	2,251,175
Douglas	27,637	41,259	46,997	49,070
Elko	33,530	45,291	48,818	54,326
Esmeralda	1,344	971	783	969
Eureka	1,547	1,651	1,987	1,951
Humboldt	12,844	16,106	16,528	16,989
Lander	6,266	5,794	5,775	6,065
Lincoln	3,775	4,165	5,345	5,255
Lyon	20,001	34,501	51,980	55,551
Mineral	6,475	5,071	4,772	4,690
Nye	17,781	32,485	43,946	47,856
Pershing	4,336	6,693	6,753	6,858
Storey	2,526	3,399	4,010	4,227
Washoe	254,667	339,486	421,407	460,237
White Pine	9,264	9,181	10,030	10,678
TOTAL	1,201,833	1,998,257	2,700,551	3,057,582

Sources: United States Department of Commerce, Bureau of Census (1970-2010 as of April 1st), and Nevada State Department of Taxation (2018 estimates as of July 1, 2018). Estimated populations are subject to periodic revision.

The following table sets forth a projected comparative age distribution profile for Clark County, Washoe County, the State and the United States as of January 1, 2019:

Age Distribution

	Percent of Population			
Age	**Clark County**	**Washoe County**	**State**	**United States**
0-17	23.2%	21.8%	22.7%	22.5%
18-24	8.6	8.7	8.5	9.5
25-34	14.2	14.5	14.0	13.5
35-44	13.9	12.4	13.3	12.6
45-54	13.3	12.5	13.0	12.7
55-64	11.8	13.1	12.4	12.9
65-74	9.3	10.9	10.0	9.7
75 and Older	5.7	6.1	6.1	6.6

Source: Claritas, © 2019 Environics Analytics (EA).

Income

The following table sets forth annual per capita personal income levels of the Las Vegas-Paradise MSA (which consists of Clark County), the Reno-Sparks MSA (which consists of Washoe County and Storey County), the State and the United States.

Per Capita Personal Income Groups

Year	Las Vegas-Paradise MSA	Reno MSA	State	United States
2013	$38,423	$43,988	$39,576	$44,851
2014	40,459	46,409	41,654	47,060
2015	42,665	50,651	44,247	48,985
2016	43,005	52,018	44,783	49,883
2017	44,217	55,460	46,557	51,731
2018	n/a	n/a	48,225	53,712

(1) County figures posted November 2018; state and national figures posted March 2019. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

The following two tables reflect Median Household Effective Buying Income ("EBI"), and also the percentage of households by EBI groups. EBI is defined as "money income" (defined as follows) less personal tax and nontax payments. "Money income" is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as "disposable" or "after-tax" income.

Median Household Effective Buying Income Estimates[1]

Year	Clark County	Washoe County	State of Nevada	United States
2015	$43,603	$43,766	$44,110	$45,448
2016	45,634	48,459	46,230	46,738
2017	47,610	48,320	47,914	48,043
2018	48,977	54,436	50,009	50,620
2019	51,313	55,290	51,985	52,468

(1) The difference between consecutive years is not an estimate of change from one year to the next; combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Source: © The Nielsen Company, *SiteReports*, 2015-2017; and Claritas, © 2018-2019 Environics Analytics (EA).

Percent of Households by Effective Buying Income Groups – 2019 Estimates

Effective Buying Income Group	Clark County Households	Washoe County Households	State of Nevada Households	United States Households
Under $24,999	20.3%	18.7%	20.0%	21.4%
$25,000 - $49,999	28.5	26.5	28.1	26.4
$50,000 - $74,999	21.0	20.1	20.9	19.7
$75,000 - $99,999	14.5	14.9	14.7	14.8
$100,000 - $124,999	6.9	8.0	7.1	6.3
$125,000 - $149,999	3.4	4.3	3.6	3.8
$150,000 or more	5.4	7.5	5.6	7.6

Source: Claritas, © 2019 Environics Analytics (EA)..

Employment

The following tables set forth labor force and employment data for the State.

Average Annual Labor Force Summary

Calendar Year	2014	2015	2016	2017	2018	2019(2)
Total Labor Force	1,388.8	1,407.3	1,424.1	1,458.3	1,500.4	1524.7
Unemployment	110.0	95.2	81.7	73.7	68.4	63.1
Unemployment Rate(3)	7.9%	6.8%	5.7%	5.1%	4.6%	4.1%
Total Employment	1,278.8	1,312.1	1,342.5	1,384.6	1,432.0	1,461.5

(1) All figures are subject to change.
(2) Averaged figures through July 31, 2019.
(3) The annual average U.S. unemployment rates for the years 2014 through 2018 are 6.2%, 5.3%, 4.9%, 4.4%, and 3.9%, respectively.

Sources: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation; and U.S. Bureau of Labor, Bureau of Labor Statistics.

Industrial Employment[1]
State of Nevada
(Estimates in Thousands)

Industry Classification[2]	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**[2]
Natural Resources and Mining	14.4	14.3	13.7	14.2	14.5	14.3
Construction	63.3	70.2	76.3	83.2	89.7	95.3
Manufacturing	41.5	42.1	43.6	47.9	55.5	58.7
Trade (wholesale and retail)	172.4	177.7	178.1	181.4	184.7	184.8
Transportation, Warehousing & Utilities	58.0	60.8	63.7	67.2	70.7	72.9
Information	13.7	13.9	14.4	15.2	15.6	15.1
Financial Activities	57.1	60.1	62.7	65.5	68.2	69.0
Professional and Business Services	156.5	166.8	176.6	181.9	190.6	198.2
Education and Health Services	115.7	120.9	127.5	133.5	140.6	143.0
Leisure and Hospitality (casinos excluded)	144.5	151.4	159.3	165.0	169.6	168.3
Casino Hotels and Gaming	191.1	189.5	186.4	184.8	183.8	180.9
Other Services	35.6	36.6	40.1	40.9	42.0	41.0
Government	152.5	154.7	157.5	160.6	161.0	158.4
Total all industries[3]	1,216.3	1,258.9	1,299.9	1,341.3	1,386.5	1,399.9

(1) Based on calendar year non-seasonally adjusted data as of July 2019. Subject to revision.
(2) Averaged figures through July 31, 2019.
(3) Totals may not add due to rounding.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

Sales and Use Tax

The sales and use tax rates in effect within the State include a 2.00% State general fund sales and use tax, a 2.60% local school support tax, and a 2.25% city-county relief tax levied in each county of the State. In addition, if approved by county voters, additional sales and use taxes may be authorized for transportation, tourism, flood control and infrastructure purposes. The Legislature also authorizes sales and use taxes to be levied pursuant to special acts from time to time. The sales and use tax rates in effect within the State range from 6.850% to 8.265%.

Taxable Sales[1]
State of Nevada

Fiscal Year[2]	State Total	Percent Change
2015	$50,347,535,591	--
2016	52,788,295,421	4.8%
2017	56,547,741,530	7.1
2018	58,947,823,520	4.2
2019	62,561,025,875	6.1

(1) Subject to revision.
(2) Fiscal year runs from July 1 to the following June 30.

Source: State of Nevada – Department of Taxation.

Gaming and Tourism

Gaming. The economy of the State is substantially dependent upon a tourist industry based on legalized casino gambling and related forms of entertainment. Gaming has been legal in Nevada since 1931 and is controlled and regulated by the State. Control is vested in a five-member Gaming Commission and a three-member Gaming Control Board. All of the board and commission members are appointed by the Governor. These bodies investigate and approve all licenses, establish operating rules, and collect gaming taxes due the State. The following table sets forth a five-year history of gross taxable gaming revenues and total gaming taxes collected on a State-wide basis.

Gross Taxable Gaming Revenues and Total Gaming Taxes[1]

	Gross Taxable Gaming Revenue[2]		State Gaming Collection[3]	
Fiscal Year Ended June 30	State Total	Percent Change	State Total	Percent Change
2015	$10,511,495,144	--	$909,857,085	--
2016	10,612,521,986	0.96%	876,040,147	(3.72)%
2017	10,964,590,686	3.32	874,777,727	(0.14)
2018	11,330,605,257	3.34	866,305,681	(0.97)
2019	11,358,393,335	0.25	919,517,317	6.14

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.
(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).
(3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to State funds other than the State's General Fund.

Source: State of Nevada, Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states, as well as the tribal casinos, across the United States. Other states may authorize gaming in the future in one form or another. The different forms of gaming include casino gaming, racetrack or riverboat gambling, internet gaming and lotteries. Historically, the availability of these forms of gaming in other states has not had a significant impact on gaming in the State. Nonetheless, the Commission cannot predict the impact of legalization of gaming in other states or other countries on the future economy of the State.

Tourism. In addition to gaming-related tourism, the State has large resort areas, with nearby skiing as well as sunbathing, near Lake Tahoe, Reno, Las Vegas, and elsewhere. Ghost towns, rodeos, trout fishing, water skiing, and deer hunting are other attractions located throughout the State.

Warehousing

Reno and Las Vegas are the two major trade centers of the State. Reno is the principal distribution center for northwestern Nevada and northeastern California. Las Vegas serves southern Nevada and nearby areas of California, Utah, and Arizona. Warehousing, a growing industry in the State, was established because of Nevada's strategic location and its freeport tax exemption for goods in transit. Nevada's Freeport Law, established by Constitutional amendment in 1960, provides tax-free warehousing on goods stored, assembled, disassembled, bound, joined, processed, divided, cut, broken in bulk, relabeled, or repacked while in transit through the State. There is no limit, and the law is believed to be among the most liberal of its kind. The area also has an established Foreign Trade Zone.

Federal Activities

Operations and facilities of the Federal Government in the State have been significant, beginning with Hoover Dam in the 1930's, an Army Air Force gunnery school (later Nellis AFB) during World War II, and the subsequent creation of the Nevada Test Site. The Federal Government currently owns or manages approximately 85% of the land in the State.

Hoover Dam. Hoover Dam, operated by the federal Bureau of Reclamation, is a multiple-purpose development. The dam controls floods and stores water for irrigation, municipal and industrial uses, hydroelectric power generation, and recreation. Hoover Dam is still one of the world's largest hydroelectric installations with a capacity of more than 2,000,000 kilowatts. Hoover Dam also is a major tourist attraction in Clark County.

Nellis Air Force Base. Nellis Air Force Base, a part of the U.S. Air Force Air Combat Command, is located adjacent to the City of Las Vegas. The base itself covers more than 14,000 acres of land, while the total land area occupied by Nellis Air Force Base and its ranges is over three million acres. The base hosts numerous military programs as well as civilian workers. It is the home base of the "Thunderbirds," the world famous air demonstration squadron.

Nevada National Security Site. The Nevada National Security Site ("NNSS"), previously the Nevada Test Site, was established in 1950 as the nation's proving ground for nuclear weapons testing. In recent years, under the direction of the Department of Energy's Nevada Operations Office, NNSS use has diversified into many other areas such as hazardous chemical spill testing, emergency response training, conventional weapons testing, and waste management projects that can best be conducted in this remote desert area. The NNSS has been designated as an Environmental Research Park where scientists and students can conduct research on environmental issues. Located 65 miles northeast of Las Vegas, the NNSS is a massive outdoor laboratory and national experimental center. NNSS comprises 1,350 square miles, surrounded by thousands of additional acres of land withdrawn from the public domain for use as a protected wildlife range and for a military gunnery range, creating an unpopulated area of some 5,470 square miles. Federal employees and independent contractors are employed at NNSS.

Others. Other federal government agencies adding to the State economy are the National Park Service (Lake Mead National Recreation Area and the Great Basin National Park in Ely), a Naval Air Station (which includes the Navy Fighter Weapons School ("TOPGUN")) located at Fallon, Nevada, and Hawthorne Army Depot which stores conventional munitions and ensures munitions readiness.

Mining

Nevada's mining industry production consists of metals, industrial minerals, oil and gas, and geothermal energy. The total value of Nevada mineral commodity production in 2018 reached \$8.4 billion per the State of Nevada Division of Minerals. Gold is the primary source of mining revenue in the State and in 2018, gold commodity value was a total of \$7.1 billion (5.58 million troy ounces). Gold production has remained steady in the 5 to 5.6 million ounce-per-year range for the past ten years. Nevada continues to be the nation's top gold producing state, contributing 83% of the total U.S. gold production in 2018 of 6.75 million ounces, as reported by the U.S. Geological Survey. The next highest mineral commodity value in Nevada in 2018 was copper at a total of \$428.2 million. Other industrial mineral production commodities include silver, aggregates, barite, diatomite, dolomite, gypsum, lime and limestone, lithium compounds, magnesium compounds, molybdenite, opals, perlite, salt, silica sand, and specialty clays.

Transportation

Reno and Las Vegas, the State's two major population centers, are approximately 400 miles apart. Both cities have airports designated as international ports of entry. Two major railroads cross Nevada while short lines serve as feeders. There are nine federal highways in Nevada, two of which are part of the interstate system. Interstate 15, connecting Salt Lake City and San Diego, passes through Las Vegas and provides convenient access to the Los Angeles area. Interstate 80 connects Salt Lake City with the San Francisco Bay area and passes through the Reno-Sparks area. U.S. Highway 95 and 93 are major routes north from Las Vegas, through Reno and Ely, Nevada, respectively. South of Las Vegas, U.S. 95 extends to the Mexican border, generally following the Colorado River, and U.S. 93 crosses Hoover Dam into Arizona.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following is a brief summary of certain provisions of the Bond Resolution and is qualified in its entirety by the provisions of the Bond Resolution itself. Copies of the Bond Resolution are available from the sources listed in "INTRODUCTION – Additional Information."

Definitions

As used in the Bond Resolution, the following terms shall, for all purposes, have the following meanings unless the context clearly requires otherwise.

"Board" means the Board of Regents of the Nevada System of Higher Education.

"Bond Fund" means the special and separate account designated as the "Nevada System of Higher Education, Universities Revenue Bonds, Interest and Bond Retirement Fund."

"Bond Requirements" means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds, and any additional bonds and securities payable from Pledged Revenues and heretofore or hereafter issued or any designated portion thereof, as such become due.

"Bond Year" means the 12 months commencing on July 2 of any calendar year and ending on July 1 of the next succeeding calendar year.

"Bonds" means the Nevada System of Higher Education, Universities Revenue Bonds, 2019A.

"Chief Financial Officer" means the de jure or de facto financial officer of the System bearing that title, or his or her successor in functions, including the Chief Financial Officer or any appointed interim or acting chief financial officer.

"Comparable Bond Year" means the Bond Year which commences one day after the commencement of the Fiscal Year with which the Bond Year is associated. For example, for the Fiscal Year commencing on July 1, 2020, and ending on June 30, 2021, the Comparable Bond Year commences on July 2, 2020, and ends on July 1, 2021.

"Construction Account" means the means the special and separate account designated as Construction Account and created in the Bond Resolution.

"Facilities" means all student housing, dining and parking facilities, whether or not presently existing, owned by University of Nevada, Las Vegas or by the System on behalf of University of Nevada, Las Vegas situated on the campus of UNLV, and all student housing, dining and parking facilities, whether or not presently existing, owned by University of Nevada, Reno or by the System on behalf of the University of Nevada, Reno, situated on the campus of UNR, and other income-producing buildings, structures, improvements and other appurtenances relating thereto, if any, located at or pertaining to any of the Universities, and to which the Net

Pledged Revenues pertain by an extension hereafter thereto of the lien and pledge herein provided.

"Federal Securities" means bills, certificates of indebtedness, notes, bonds, or similar securities which are direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

"Fiscal Year" means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year.

"Gross Revenues" or "Gross Pledged Revenues" means all the Pledged Revenues.

"Issuer" means the Nevada System of Higher Education, the state university constituting a body corporate and politic, and a political subdivision of the State, the seat of which is located at the City of Reno, Nevada.

"Net Pledged Revenues" or "Net Revenues" means now all the Pledged Revenues and is synonymous with Gross Pledged Revenues; but in the case of any future extension of the pledge and lien provided in the Bond Resolution to secure the payment of the Bonds and any other securities payable from Pledged Revenues, to any revenues (other than the Student Fees, other than UNR Facilities Revenues, UNLV Facilities Revenues and other than any grants from the federal government, the State, or other donor for the payment of Bond Requirements) from any other income-producing Facilities of the Issuer or the Board or other available source, the term "Net Pledged Revenues" or "Net Revenues" may then include the gross revenues of such Facilities remaining after provision is made for the payment of the operation and maintenance expenses of such Facilities from the income of such other income producing Facilities.

"Operation and maintenance expenses" means all reasonable and necessary current expenses of the Issuer or the Board, or both, as the case may be, paid or accrued, of operating, maintaining and repairing any Facilities pertaining to Pledged Revenues, and may at the Board's option include, without limitation:

(a) Legal and overhead expenses of the various departments directly related and reasonably allocated to the administration of the Facilities;

(b) Fidelity bond and insurance premiums pertaining to the Facilities, or a reasonably allocable share of a premium of any blanket bond or policy pertaining to such Facilities;

(c) The reasonable charges of any paying agent, or commercial bank, trust bank, or other depository bank pertaining to any securities issued by the Issuer or by the Board and pertaining to any such Facilities;

(d) Contractual services, professional services, salaries, administrative expenses, and costs of labor pertaining to the Facilities;

(e) The costs incurred by the Board in the collection of all or any part of the Pledged Revenues, including, without limitation, revenues pertaining to any such Facilities;

(f) Any costs of utility services furnished to the Facilities by the Issuer or otherwise; and

(g) Reasonable allowances for the depreciation of furniture and equipment for the Facilities; but

(i) excluding any allowance for depreciation, except as otherwise provided in subparagraph (g) of this paragraph;

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

(iii) excluding any accumulation of reserves for capital replacements;

(iv) excluding any reserves for operation, maintenance, or repair of any Facilities;

(v) excluding any allowance for the redemption of any bond or other security evidencing a loan or other obligation or the payment of any interest thereon;

(vi) excluding any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing Facilities, or any combination thereof; and

(vii) excluding any other ground of legal liability not based on contract.

With respect to the UNLV Facilities Revenues and the UNR Facilities Revenues, operation and maintenance expenses of the special event facilities, housing, dining and parking facilities will exclude salaries pertaining to and the costs of utility services furnished to such facilities.

"Outstanding" means all the Bonds or any such other securities payable from Pledged Revenues or otherwise pertaining to the Universities, as the case may be, theretofore and thereupon being executed and delivered:

(a) except any Bond or other security canceled by the Issuer, or on the Issuer's behalf, at or before such date;

(b) except any Bond or other security for the payment or the redemption of which monies and Federal Securities (including the known minimum yield from such Federal Securities) at least sufficient to pay when due its Bond Requirements to the date of its maturity or any Redemption Date, whichever date is earlier, if any, shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose; and

(c) except any Bond or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered.

Any Bonds held by the Issuer shall not be deemed to be Outstanding for any purpose.

"Parity Lien Bonds" means the Outstanding 2009A Bonds, 2010A Bonds, 2011A Bonds, 2012A Bonds, 2012B Bonds, 2013A Bonds, 2013B Bonds, 2014 Bonds, 2015A Bonds, 2015B Bonds, 2016A Bonds, 2016B Bonds, 2017A Bonds and the Bonds and any additional bonds or securities hereafter issued payable from Pledged Revenues on a parity with the 2009A Bonds, the 2010A Bonds, the 2011A Bonds, the 2012A Bonds, the 2012B Bonds, the 2013A Bonds, the 2013B Bonds, the 2014 Bonds, the 2015A Bonds, the 2015B Bonds, the 2016A Bonds, the 2016B Bonds, the 2017A Bonds and the Bonds.

"Paying Agent" means U.S. Bank National Association, designated in the Bond Resolution by the Issuer as the paying agent and registrar for the Bonds, and any successor named pursuant to Section 908 of the Bond Resolution.

"Permitted Investments" means any investment permitted for bond proceeds by the laws of the State.

"Pledged Revenues" means the Student Fees, the UNR Facilities Revenues and UNLV Facilities Revenues, and all grants, if any, conditional or unconditional, from the federal government, the State, or other donor for the payment of any Bond Requirements, or Net Revenues, if any, to be derived from the operation of any income-producing Facilities of the Issuer or the Board or from other available sources and to which the pledge and lien provided in the Bond Resolution hereafter are extended; and "Pledged Revenues" indicates a source or sources of revenues and does not necessarily indicate all or any portion of such revenues in the absence of further qualification.

"Rebate Fund" means the special and separate account designated as the "Nevada System of Higher Education, Universities Revenue Bonds, Rebate Fund", formerly the "University and Community College System of Nevada, Subordinate Lien Universities Revenue Bonds, Rebate Fund" and formerly the "University of Nevada System, Universities Revenue Bonds, Series July 1, 1989, Rebate Fund."

"Revenue Fund" means the special and separate account designated as the "Nevada System of Higher Education, Universities Student Fees and Other Pledged Revenues Gross Revenue Fund", formerly the "University and Community College System of Nevada, Universities Student Fees and Other Pledged Revenues Gross Revenue Fund".

"Student Fees" means the gross fees from students attending either of the existing Universities for the regular academic year of two semesters (but excluding any summer school student), which fees are commonly designated as the Capital Improvement Fee, the Student Union Capital Improvement Fee, the General Fund Fee and the General Improvement Fee, and if hereafter authorized by law, all additional student fees, if any, to which the pledge and lien provided in the Bond Resolution for the payment of securities authorized by the Project Act and the Bond Act are hereafter extended.

"Subordinate bonds," "subordinate securities" or "Subordinate Lien Bonds" means any bonds or securities hereafter issued and payable from Pledged Revenues and having a lien thereon subordinate and junior to the lien thereon of the Parity Lien Bonds.

"Tax Code" means the federal Internal Revenue Code of 1986, as amended, as in effect on the date of delivery of the Bonds, and all applicable regulations thereunder.

"Universities" means collectively the University of Nevada, Las Vegas, the campus of which is situated in the environs of the City of Las Vegas, and the University of Nevada, Reno, the campus of which is situated in the City of Reno, Nevada. "Universities" includes all additional universities constructed and otherwise acquired hereafter by the Issuer, if any.

"UNLV Facilities Revenues" means gross revenues derived from or otherwise pertaining to the operation of certain special event facilities located on the University of Nevada, Las Vegas campus and known as the Thomas and Mack Center, the Cox Pavilion and the Sam Boyd Stadium and the operation of all University of Nevada, Las Vegas student housing, University of Nevada, Las Vegas dining facilities and University of Nevada, Las Vegas parking facilities, whether or not presently existing, after the deduction of the operation and maintenance expenses of such special event facilities and such housing, dining and parking facilities (other than salaries and the costs of utility services).

"UNR Facilities Revenues" means gross revenues derived from or otherwise pertaining to the operation of all University of Nevada, Reno student housing, dining and parking facilities, whether or not presently existing, after the deduction of the operation and maintenance expenses of such housing, dining and parking facilities (other than salaries and costs of utility services).

Disposition of Bond Proceeds

Net proceeds from the sale of the Bonds will be deposited in the Bond Fund and the Construction Account and used to pay costs of the Project as provided below. First, there shall be credited to the Bond Fund all monies received by the Issuer, if any, as accrued interest on the Bonds from the date of the Bonds to the date of their delivery to the initial purchaser of the Bonds, to apply to the payment of interest on the Bonds as the same becomes due after their delivery. Second, all moneys remaining from the proceeds of the Bonds shall be credited to the Construction Account to pay the Cost of the Project (as defined in the Bond Resolution) and incidental costs, including, without limitation, costs of issuance of the Bonds and capitalized interest for a period not to exceed one year from completion of the Project, if any. See "SOURCES AND USES OF FUNDS."

Flow of Funds

So long as any Bonds shall be Outstanding, the entire Gross Revenues derived from the Student Fees, the UNR Facilities Revenues, the UNLV Facilities Revenues and any other Pledged Revenues, shall be set aside and credited immediately to the Revenue Fund.

Under the Bond Resolution, the Revenue Fund will be administered and the moneys on deposit therein will be applied in the following manner and order:

(a) First, there will be credited to the bond funds for the Parity Lien Bonds and any bonds hereafter issued on a parity therewith (i) semi-annually, on each interest payment date, the amount necessary to pay the next maturing installment of interest on the Parity Lien Bonds and any bonds hereafter issued on a parity therewith, and (ii) semi-annually, on each interest payment date, one-half of the amount necessary to pay the next maturing installment of principal of the Parity Lien Bonds and any bonds hereafter issued on a parity therewith, except to the extent any other moneys are available.

(b) Second, the Issuer shall deposit Net Pledged Revenues into the rebate funds for the Parity Lien Bonds and any bonds hereafter issued on a parity therewith, as required under Section 148 of the Tax Code, as required by the bond resolutions for the Parity Lien Bonds and any bonds issued hereafter on a parity therewith.

(c) Third, any monies remaining in the Revenue Fund may be used by the Issuer for payment of the bond requirements of any Subordinate Lien Bonds, including reasonable reserves for such securities, as the same accrue.

(d) After the payments required in subsections (a) through (c) described above have been made, on January 2 or July 2 of each year or whenever in the Bond Year all payments required to be made have been made, any remaining Net Pledged Revenues in the Revenue Fund may be used for any lawful purpose, as the Board may from time to time determine.

No payment need be made into the Bond Fund if the amount in such fund is at least equal to the entire amount of the Outstanding Parity Lien Bonds to their respective maturities or designated redemption dates.

If at any time the Issuer shall for any reason fail to pay into the Bond Fund the full amount above stipulated, then an amount shall be paid into the Bond Fund from the first Net Pledged Revenues thereafter received and not required to be applied as heretofore set forth.

Rate Maintenance Covenant

The Issuer in accordance with the provisions of the Bond Resolution, must adopt, from time to time revise, and continue in effect a schedule of Student Fees and possibly other charges, grants, and other Pledged Revenues pertaining to the Universities so that the amount of Net Pledged Revenues budgeted for receipt in each Fiscal Year is at least sufficient to pay in the Comparable Bond Year an amount, including the proceeds of the General Fund Fee and the General Improvement Fee (as defined in the Bond Resolution) equal to 150%, and excluding the proceeds of the General Fund Fee and the General Improvement Fee equal to 110%, of the Bond Requirements (excluding any reserves therefor) of the Bonds and any other Outstanding securities payable from the Net Pledged Revenues in that Bond Year. The rate maintenance covenant is subject to compliance by the Issuer with any legislation of the United States, the State, or other governmental body, or any regulation or other action taken by the federal government, any State agency, or any political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation, or action limits or otherwise inhibits the amounts of any fees and other charges due to the Issuer for the use of or otherwise pertaining to the Universities including, without limitation, increases in the amounts of such fees or other charges (or a combination thereof).

Additional Securities

The Bond Resolution permits the Issuer to issue additional obligations payable from Net Pledged Revenues and having a lien thereon on a parity with the lien thereon of the Bonds under certain circumstances. The Issuer has covenanted not to issue additional obligations payable from Net Pledged Revenues and having a lien thereon which is superior to the lien of the Parity Lien Bonds or superior to the lien of any bonds or other securities issued with a lien on a parity with the Parity Lien Bonds.

Additional bonds or other securities payable from the Net Pledged Revenues and having a lien thereon on a parity with the lien of the Bonds may be issued subject to the limitation discussed above; provided, however, that no such additional securities (other than refunding securities) shall be issued unless:

(a) At the time of the adoption of the instrument authorizing the issuance of the additional securities, the Issuer is not in default in making any payments required to be made by the Bond Resolution or the bond resolutions for the other Parity Lien Bonds;

(b) The Net Pledged Revenues derived in either the Fiscal Year immediately preceding, or any 12 consecutive months of the 18 months immediately preceding, the date of issuance of the proposed securities, has been sufficient to pay an amount at least equal to 150% of the combined maximum annual principal and interest requirements (excluding amounts payable by virtue of optional redemption, but taking into account mandatory sinking fund redemptions) to be paid during any one Bond Year ending on or before July 1, 2049, of the Outstanding Parity Lien Bonds, and the securities proposed to be issued (excluding any reserves therefor); and

(c) The Net Pledged Revenues, excluding from those revenues the proceeds of the General Fund Fees and the General Improvement Fees pertaining to the Universities, derived for the Fiscal Year immediately preceding, or any 12 consecutive months of the 18 months immediately preceding, the date of issuance of the additional parity securities, has been sufficient to pay an amount at least equal to 110% of the combined maximum annual principal and interest requirements to be paid during any one Bond Year ending on or before July 1, 2049, of the Outstanding Parity Lien Bonds, and the securities proposed to be issued (excluding any reserves therefor).

In any computation of the earnings test set forth in subparagraph (c) above (but not in any computation of the earnings test set forth in subparagraph (b) above), the amount of Net Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of loss or gain, respectively, estimated by the Chief Financial Officer resulting from any change in any Student Fees based on the number of full time students (or the equivalent thereof) during the next preceding Fiscal Year, as if the schedule of modified Student Fees had been in effect during the entire next preceding Fiscal Year, if the change shall have been made by the Board prior to such computation of the designated earnings test but made in the same Fiscal Year as the computation or in the next preceding Fiscal Year.

In addition, in any computation of the earnings test set forth in subparagraph (c) above (but not in any computation of the earnings test set forth in subparagraph (b) above), the amount of Net Pledged Revenue for the next preceding Fiscal Year may be increased by the revenues to be generated by the facilities constructed with the additional securities in the first fiscal year immediately succeeding the last fiscal year following the issuance of such additional parity securities in which interest on the additional parity securities is provided from the proceeds thereof as estimated by an independent consulting engineer or the Chief Financial Officer.

In addition, in any computation of the earnings test set forth in subparagraph (c) above (but not in any computation of the earnings test set forth in subparagraph (b) above), there also will be deducted from or added to the amount of any operation and maintenance expenses pertaining to any income-producing Facilities of the Universities and pertaining to any Pledged Revenues any estimated decrease or increase, respectively, in such expenses that will result from the expenditure of the funds to be derived from the issuance and sale of the additional bonds or other additional securities.

Finally, in any computation of the earnings test set forth in subparagraphs (b) and (c) above, the respective annual Bond Requirements (including the amount of any prior redemption premiums due on any redemption date as of which the Issuer shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of securities for payment) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Bond Years with monies held in trust or in escrow for the purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

Refunding Securities

Refunding securities enjoying complete parity with then Outstanding unrefunded Bonds may be issued only if either (a) the refunding securities are issued in compliance with the requirements listed under “Additional Securities” above (excluding from any computation the bonds to be refunded) or (b) the refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by such refunding securities and by the Outstanding securities not refunded on and prior to the last maturity date or last redemption date, if any, whichever time is earlier, of such unrefunded securities, and the lien of any refunding securities on Pledged Revenues is not raised to a higher priority than the lien thereon of the securities thereby refunded, or (c) the lien on the Pledged Revenues for payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded.

Investments

Any moneys on deposit in the Revenue Fund or the Bond Fund not needed for immediate use may be invested or reinvested by the Treasurer of the Issuer or his designee in:

(i) time or demand deposits of any commercial bank appropriately secured according to the laws of the State and otherwise to the extent permitted by the Bond Resolution;

(ii) Federal Securities, as provided in the Bond Resolution; and

(iii) other Permitted Investments.

However, capitalized interest and accrued interest deposited into the Bond Fund may only be invested in direct obligations of the United States or in obligations guaranteed by the United States.

Federal Securities purchased as an investment or reinvestment of moneys in any such accounts shall be deemed at all times to be a part of the account and held in trust therefor. Except as provided in the Bond Resolution, any interest or other gain in any account from any investments or reinvestments in Federal Securities and from any investment or reinvestment in Federal Securities and from any deposits of moneys in any commercial bank shall be credited to the account, and any loss in any account resulting from any such investments and reinvestments in Federal Securities and from any such deposits in a commercial bank shall be charged or debited to the account.

Amendment of the Bond Resolution

The Bond Resolution may be amended, changed or modified without the consent of any holders of Outstanding Bonds as may be required: (a) by its provisions; (b) for the purpose of curing any ambiguity or formal defect or omission therein; (c) in connection with the issuance and delivery of additional bonds or other securities payable from the Net Pledged Revenues, or (d) in connection with any other change therein which is not to the prejudice of the owners of the Bonds.

The Bond Resolution otherwise may be amended or supplemented upon the written consent of the owners of at least 66% in aggregate principal amount of the Outstanding Bonds and any outstanding refunding bonds issued to refund the Bonds; but no such amendment shall have the effect of permitting: (1) a change in the maturity or in the terms of redemption of any installment of principal or interest of any Outstanding Bond; (2) a reduction of the principal, interest rate or prior redemption premium payable in connection with any Bond without the consent of the holder of the Bond; (3) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Bond Resolution; (4) a reduction of the principal amount or percentage of the Bonds, the consent of the holders of which is required for any such amendment or other modification; (5) the establishment of priorities between Outstanding Bonds; or (6) the material and prejudicial effect on the rights or privileges of the holders of less than all of the Bonds then Outstanding.

The Bond Resolution requires notice of certain amendments to be mailed upon the terms and conditions set forth in the Bond Resolution.

Default

The following are “events of default” under the Bond Resolution: (1) failure to pay when due and payable the principal of the Bonds or any prior redemption premium due in connection therewith at maturity or upon prior redemption, or any installment of interest when due and payable; (2) the Issuer for any reason is rendered incapable of fulfilling its obligations under the Bond Resolution; (3) the Issuer fails to carry out and to perform (or in good faith begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, to any Facilities, to the Universities or any combination thereof, continuing 60 days after notice of such failure has been given to the Issuer by the initial purchaser of the Bonds or by the holders of

10% or more in aggregate principal amount of the Bonds; (4) the entry of a decree or order (with the consent or acquiescence of the Issuer) appointing a receiver or receivers for the Pledged Revenues or any Facilities, or, if such decree was entered without the consent of the Issuer, if it is not vacated, discharged or stayed on appeal within 60 days after entry; (5) a default by the Issuer in the due and punctual performance of any other of the covenants, conditions, agreements, and provisions contained in the Bonds or in the Bond Resolution to be performed (except with respect to the provisions of the Continuing Disclosure Undertaking, which shall not constitute a default under the Bond Resolution), if such default continues for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the Issuer by the initial purchaser of the Bonds or by the holders of 10% or more in principal amount of the Bonds then Outstanding.

Upon the happening and continuance of any event of default, the holders of not less than 10% in aggregate principal amount of the Bonds then Outstanding may proceed against the Issuer to protect and enforce the rights of any bondholder under the Bond Resolution by suit, action or special proceedings, in equity or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained therein or by an award of execution of any power granted in the Bond Resolution or for the enforcement of any proper legal or equitable remedy as such bondholders may deem most effectual to protect and enforce such rights.

Defeasance

When all Bond Requirements of the Bonds or any other securities payable from Net Pledged Revenues have been duly paid, the pledge and lien and all obligations under the Bond Resolution shall thereby be discharged and the Bonds and any other securities payable from Pledged Revenues shall no longer be deemed to be Outstanding. The Issuer may provide for such payment by placing in escrow or in trust with a trust bank (exercising trust powers) an amount sufficient, together with the known minimum yield available therefor from Federal Securities in which such amount wholly or in part may be initially invested, to meet all Bond Requirements of the issue as the same become due to the fixed maturity dates of the securities or to any prior redemption date or dates as of which the Issuer shall have obligated itself to exercise its prior redemption option by the call of the securities for payment.

Tax Covenant

The Issuer covenants for the benefit of the registered owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the Issuer or any facilities financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the Issuer in fulfilling the above covenant under the Tax Code have been met.

Other Covenants

The Bond Resolution contains other covenants by the Board dealing with the Bonds. These other covenants include provisions relating to, among other matters, restrictions upon the disposition of the Facilities, maintenance of insurance coverages on the Facilities and continued efficient operation and maintenance of the Facilities. The Issuer covenants to collect all rents, rates, fees and other charges pertaining to the Net Pledged Revenues as soon as reasonable, and to prescribe and enforce rules and regulations for the payment of such charges and to provide methods of collection and penalties in connection therewith. The Issuer will covenant that it will cause to be established and maintained such rules and regulations as may be necessary to assure reasonable occupancy and use of any Facilities and services afforded thereby and, if necessary to enforce a rule requiring reasonable occupancy and use of any such Facilities. As long as any of the Bonds are Outstanding, the Issuer has agreed not to grant any franchise or license to any competing facilities.

The Issuer will employ experienced and competent management personnel for any Facilities, who shall have full control over the Facilities and shall operate the Facilities for the Issuer subject to the reasonable control and direction of the Board. In the event of default on the part of the Issuer in paying the Bond Requirements of the Bonds and any other securities payable from Pledged Revenues promptly as each falls due, or in the keeping of any covenants contained in the Bond Resolution, and if such shall continue for a period of 60 days, or if the Net Pledged Revenues in any Fiscal Year should fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds and any other securities (including all reserves specified therefor) payable from Pledged Revenues in the Comparable Bond Year, the Issuer will retain a firm of competent management engineers skilled in the operation of such facilities to assist in the management of the Facilities so long as such default continues or so long as the Net Pledged Revenues are less than the amount above designated.

In addition, any holder of the Bonds has the right to inspect, at all reasonable times, the records concerning the Facilities, the Issuer and the Pledged Revenues. The Board will keep proper books of record and account pertaining to the Issuer showing complete and correct entries of all transactions relating to Pledged Revenues and to any Facilities.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2019A Bonds. The 2019A 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 bond certificate will be issued for each maturity of the 2019A Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 3.5 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 a Standard & Poor's 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 www.dtcc.com.

Purchases of 2019A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019A 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 2019A 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 2019A Bonds, except in the event that use of the book-entry system for the 2019A Bonds is discontinued.

To facilitate subsequent transfers, all 2019A 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 2019A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019A 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 2019A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2019A Bond documents. For example, Beneficial Owners of 2019A Bonds may wish to ascertain that the nominee holding the 2019A 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 2019A 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 the 2019A 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 System 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 2019A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2019A 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 detail information from the System or the Paying Agent 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 Paying Agent or the System, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the System or the Paying Agent, 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 2019A Bonds at any time by giving reasonable notice to the System or the Registrar and Paying

Agent. Under such circumstances, in the event that a successor depository is not obtained, 2019A Bond certificates are required to be printed and delivered.

The System may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2019A 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 System believes to be reliable, but the System takes no responsibility for the accuracy thereof.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Nevada System of Higher Education
2601 Enterprise Road
Reno, Nevada 89512

$______________
Nevada System of Higher Education
Universities Revenue Bonds
Series 2019A

Ladies and Gentlemen:

We have acted as bond counsel to the Nevada System of Higher Education (the "System") in connection with the issuance of its "Nevada System of Higher Education, Universities Revenue Bonds, Series 2019A" (the "Bonds"), in the aggregate principal amount of $___________ pursuant to an authorizing resolution adopted and approved by the Board of Regents of the System on __________, 2019 (the "Resolution"). In such capacity, we have examined the System's certified proceedings and such other documents and such law of the State of Nevada (the "State") and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Resolution.

Regarding questions of fact material to our opinions, we have relied upon the System's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds are valid and binding, special, limited obligations of the System payable solely from the Net Pledged Revenues and from funds and accounts pledged therefor under the Resolution.

2. The Resolution creates a valid lien on the Net Pledged Revenues pledged therein for the security of the Bonds on a parity with the Parity Lien Bonds and superior to the Subordinate Lien Bonds, if any, to be issued. The Resolution also creates a valid lien on the Bond Fund. Except as described in this paragraph, we express no opinion regarding the priority of the lien securing the Bonds on the Net Pledged Revenues or on the funds and accounts created by the Resolution.

3. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the

representations contained in the System's certified proceedings and in certain other documents and certain other certifications furnished to us.

4. Under the laws of the State in effect as of the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the County pursuant to the Bonds and the Bond Ordinance may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Nevada System of Higher Education (the "Issuer") in connection with the issuance of the Nevada System of Higher Education, Universities Revenue Bonds Series 2019A, in the aggregate principal amount of $__________________ (the "Bonds"). The Bonds are being issued pursuant to the bond resolution of the Board of Regents of the Issuer adopted on ___________, 2019 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC").

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board in compliance with the Rule.

"Material Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. The MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at http://emma.msrb.org.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC 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 Issuer shall, or shall cause the Dissemination Agent to, not later than the March 31st following the end of the Issuer's fiscal year of each year, commencing on March 31, 2020 following the end of the Issuer's fiscal year ending June 30, 2019, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). 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 Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send or cause to be sent a notice in substantially the form attached as Exhibit A to the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If 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.

(b) An update of the type of information identified in Exhibit B hereto, which is contained in the tables in the Official Statement with respect to the Bonds(excluding projections, forecasts and budgeted information which are not required to be updated).

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 are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall provide or cause to be provided, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults, if material;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers, or their failure to perform;

(f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;

(g) Modifications to rights of bondholders, if material;

(h) Bond calls, if material, and tender offers;

(i) Defeasances;

(j) Release, substitution or sale of property securing repayment of the Bonds, if material;

(k) Rating changes;

(l) Bankruptcy, insolvency, receivership or similar event of the obligated person[1];

(m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

[1] For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms if material;

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) Incurrence of a Financial Obligation of the obligated person, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

(p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an obligated person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder 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 to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, 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.

DATE: _______________, 2019.

NEVADA SYSTEM OF HIGHER EDUCATION

____
Chief Financial Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Nevada System of Higher Education

Name of Bond Issue: Nevada System of Higher Education,
Universities Revenue Bonds Series 2019A

CUSIP:

Date of Issuance: _______________, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution adopted on ___________, 2019 and the Continuing Disclosure Certificate executed on ___________, 2019 by the Issuer. The Issuer anticipates that the Annual Report will be filed by ______________________.

Dated: ______________________

NEVADA SYSTEM OF HIGHER EDUCATION

By:____

Title:_______________________________________

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

(See page _ of the Official Statement)

APPENDIX G

OFFICIAL NOTICE OF BOND SALE

$18,925,000*
NEVADA SYSTEM OF HIGHER EDUCATION
UNIVERSITIES REVENUE BONDS
SERIES 2019A (THE "BONDS")

PUBLIC NOTICE IS HEREBY GIVEN that the Chief Financial Officer of the Nevada System of Higher Education (the "Chief Financial Officer") or his designee, as directed by the Board of Regents (the "Board"), acting on behalf of the Nevada System of Higher Education (the "Issuer") in the State of Nevada (the "State"), on

Thursday, October 10, 2019
in the System Administration Office
Nevada System of Higher Education
2601 Enterprise Road
Reno, Nevada 89512

will cause to be received electronically via PARITY, a Division of Thomson Financial Municipals Group, Inc. (the "PARITY System"), as described under "BID PROPOSALS" below, bids for the bonds particularly described below. Bids delivered via the PARITY System must be received by 8:30 a.m., local time, for the Bonds, (or at such other date, time and place as is announced by the Issuer prior to the bid opening via PARITY).

BOND PROVISIONS

ISSUE: The Bonds in the aggregate principal amount of $18,925,000* will be dated as of the date of delivery, and will be in fully registered form, maturing in denominations equal to the principal amount maturing in each year. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Copies of the resolution authorizing the Bonds (the "Bond Resolution"), adopted by the Board on September 6, 2019, are available for public inspection at the office of the Chief Financial Officer (see "OFFICIAL STATEMENT" below). Reference should be made to the Bond Resolution for further detail.

MATURITIES: The Bonds will mature serially on July 1 in the years and in the amounts as set forth in the maturity schedule set forth in the preliminary official statement dated September 27, 2019 (the "Preliminary Official Statement") relating to the Bonds (the "Maturity Schedule") are subject to adjustment as provided under "ADJUSTMENT OF MATURITIES" below.

BIDDERS ARE ADVISED THAT A REVISED MATURITY SCHEDULE MAY BE RELEASED VIA THOMSON MUNICIPAL NEWS OR BLOOMBERG PRIOR TO THE BID OPENING.

* Preliminary, subject to change.

ADJUSTMENT OF MATURITIES: The aggregate principal amount and the principal amount of each maturity of the Bonds (before inclusion into a term Bond, if any) are subject to adjustment by the Issuer, after the determination of the best bid. Changes to be made will be communicated to the successful bidder at the time of award of the Bonds to the successful bidder. Such changes will not reduce or increase the aggregate principal amount of the Bonds (or each maturity) by more than $100,000 or ten percent (10%), whichever is greater. The price bid (i.e., par plus the premium bid) by a successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder for may not withdraw its bid as a result of any changes made within these limits. The price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the Issuer (excluding any bond insurance premium), by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts submitted by the bidder electronically via the PARITY System (see "TERMS OF SALE" below).

To facilitate any adjustment in the principal amounts and price bid, the successful bidder is required to indicate by electronic transmission to Andrew Clinger, the Chief Financial Officer at aclinger@nshe.nevada.edu and John Peterson at john@jnaconsultinggroup.com no later than one-half hour after the bid opening, the amount of any original issue premium on each maturity of the Bonds for which a bid was submitted by the bidder, the amount received from the sale of the Bonds for which a bid was submitted by the bidder to the public that will be retained by such successful bidder as its compensation, and in the case of a bid submitted with bond insurance, the cost of the insurance premium.

MANDATORY SINKING FUND REDEMPTION OF BONDS: A bidder may request that the Bonds maturing on and after July 1, 2030 be included in one or more term Bonds. Amounts included in a single term Bond (i) must consist of consecutive maturities, (ii) must bear the same rate of interest, and (iii) must include the entire principal amount listed in the Maturity Schedule (as adjusted) for any maturity included in the term Bond (i.e., the principal amount maturing in any year may not be divided between a serial maturity and a mandatory sinking fund redemption). Any such term Bond will be subject to mandatory sinking fund redemption in installments in the same amounts and on the same dates as the Bonds would have matured if they were not included in a term Bond or Bonds. Bonds redeemed pursuant to the mandatory sinking fund redemption provisions will be redeemed at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date in the manner and as otherwise provided in the Bond Resolution. Any election to designate Bonds as being included in a term Bond must be made electronically via the PARITY System (see "BID PROPOSALS" below).

OPTIONAL PRIOR REDEMPTION OF BONDS: The Bonds (or portions thereof in the amount of $5,000 or any integral multiple thereof), maturing on and after July 1, 2030 will be subject to redemption prior to their respective maturities, without premium, at the option of the Issuer as directed by the Chief Financial Officer or the Chancellor, on and after July 1, 2029, in whole or in part at any time from such maturities as are selected by the Chief Financial Officer or the Chancellor and if less than all the Bonds of a maturity are to be redeemed, the Bonds of such maturity are to be redeemed by lot, at a price equal to the principal amount of each Bond, or portion thereof so redeemed, plus accrued interest thereon to the redemption date.

INTEREST RATES AND LIMITATIONS: The following interest limitations, unless otherwise indicated, are applicable with respect to the Bonds:

A. Interest shall be payable on July 1, 2020 and semiannually thereafter on January 1 and July 1 in each year.

B. The interest rate on any Bond and the True Interest Cost for the Bonds (see "BASIS OF AWARD" below) may not exceed by more than 3% the "Index of Revenue Bonds" most recently published in The Bond Buyer before the bids are received.

C. Each interest rate must be stated in a multiple of 1/8th or 1/20th of 1% per annum for the Bonds.

D. Only one interest rate may be stated for any maturity of the Bonds (i.e., all Bonds of the same maturity shall bear the same rate of interest).

E. Each Bond as initially issued shall bear interest from its date to its stated maturity date at the interest rate stated in the bid. No individual Bonds may bear more than one rate of interest. A zero rate of interest may not be named.

It is permissible to bid different interest rates for the Bonds, but only as stated in the bid and subject to the above limitations. If any Bond is not paid upon presentation at maturity, it will draw interest at the same rate until the principal thereof is paid in full.

PAYMENT: The principal of the Bonds shall be payable at the office of U.S. Bank National Association, as Paying Agent, to the registered owner thereof (i.e., Cede & Co.) as shown on the registration records of U.S. Bank National Association, as Registrar, upon maturity thereof, or call therefor, and upon presentation and surrender of such Bonds at the office of the Paying Agent. Payment of interest on any Bond shall be made to the registered owner thereof (i.e., Cede & Co.) by check or draft mailed by the Paying Agent, on or before each interest payment date, to the registered owner thereof (i.e., Cede & Co.) at his address as it appears on the registration records of the Registrar (or by such other arrangement as may be mutually agreed to by the Paying Agent and DTC). All such payments of principal and interest (the "Bond Requirements") shall be made in lawful money of the United States of America.

TRANSFER AND EXCHANGE: The Bonds will be initially registered to Cede & Co. and may not be transferred or exchanged except in the circumstances provided in the Bond Resolution (e.g., inability of DTC to continue to serve as depository for the Bonds).

BOOK ENTRY/TRANSFER AND EXCHANGE: The Bonds will be issued in registered form and one bond certificate for each maturity of Bonds will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book entry system will be employed, evidencing ownership of the Bonds in principal amounts of

$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Paying Agent by wire transfer or in same day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the Issuer nor the Paying Agent will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

BOND INSURANCE, RATING LETTERS: The Bonds may be insured at the bidders' option and expense. The Issuer also reserves the right to insure the Bonds at the Issuer's option and expense. Regardless of whether any of the Bonds are insured, the Issuer will pay the rating fees for Moody's Investors Service and S&P Global Service.

ENABLING ACTS: Pursuant to Sections 396.809 through 396.885, Nevada Revised Statutes ("NRS"), as amended, cited in Section 396.809 thereof as the "University Securities Law" (the "Bond Act"), and all laws supplemental thereto, the Board, on the behalf and in the name of the Issuer, is authorized to issue bonds for the construction, land and other acquisition, rehabilitation and improvement of facilities required or desired by the university master plan at the University of Nevada, Las Vegas, including the construction, acquisition, improvement and equipment of an engineering building (the "Project").

BOND RESOLUTION: The Bond Resolution (see "ISSUE" above) will provide, among other matters, the form, terms and conditions of the Bonds, the manner and terms of their issuance, the manner of their execution, the method of paying them, the security therefor, the disposition of the gross Student Fees (hereinafter defined) and other Net Pledged Revenues (hereinafter defined), any grants for the payment of Bond Requirements, and any other revenues to which the pledge and lien to secure the payment of the Bonds may hereafter be extended (herein sometimes collectively designated as the "Pledged Revenues"), and other details concerning the Pledged Revenues, the Bonds, the Project for which they are issued (see "ENABLING ACTS" above) and the Issuer itself, including, without limitation, covenants and agreements in connection therewith, reference to the proposed form of which resolution is made for further detail. Copies of the proposed form of the Bond Resolution are available upon request from those persons listed under "OFFICIAL STATEMENT" below.

SECURITY: In the opinion of Sherman & Howard L.L.C. ("Bond Counsel"), the Bonds will not constitute a debt or an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, and will not be considered or held to be general obligations of the Issuer; the Bonds shall not be considered to be obligations of the State, general, special or otherwise; but they shall constitute special obligations of the Issuer and shall be payable and collectible solely out of and shall be secured by an irrevocable pledge of the Net Pledged Revenues, which shall be so pledged, subject to the prior lien of obligations with respect to certain revenue bonds (as described in "BOND LIENS" below); and the owner thereof may not look to any general or other fund for the payment of the Bond Requirements of the Bonds except the special funds pledged therefor.

NET PLEDGED REVENUES: The term "Net Pledged Revenues" or "Net Revenues" means the income derived from (a) the gross fees from students attending the University of Nevada, Reno and the University of Nevada, Las Vegas (collectively, the "Universities"), commonly designated as the Capital Improvement Fee, the Student Union Capital Improvement Fee, the General Improvement Fee and the General Fund Fee, and if hereafter authorized by law, all additional student fees, if any, to which the pledges and liens provided in the bond resolution authorizing the issuance of an issue of bonds are extended, (b) gross revenues derived from or otherwise pertaining to the operation of a certain special event facilities located on the University of Nevada, Las Vegas campus and known as the Thomas and Mack Center, the Cox Pavilion and the Sam Boyd Stadium and the operation of all Issuer-owned student housing, dining and parking facilities, whether or not presently existing, situated on the University of Nevada, Las Vegas campus, after the deduction of the operation and maintenance expenses of such special event facilities, housing, dining and parking facilities (other than salaries and the costs of utility services), (c) the gross revenues derived from or otherwise pertaining to the operation of all Issuer-owned student housing, dining and parking facilities, whether or not presently existing, situated on the University of Nevada, Reno campus, after the deduction of the operation and maintenance expenses of such housing, dining and parking facilities (other than salaries and the cost of utility services), (d) all grants, conditional or unconditional, from the federal government, the State or other donors for the payment of any bond requirements of any parity securities or subordinate securities, and (e) all other net revenues, if any, to be derived from the operation of income-producing facilities of the Issuer pertaining to the Universities or from other available sources to which the pledge and lien provided in the Bond Resolution are extended after its adoption. The term "Pledged Revenues" indicates a source or sources of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

BOND LIENS: The Issuer has outstanding the following bonds with a pledge on the Net Pledged Revenues which is on a parity with the lien thereon of the Bonds: the "Nevada System of Higher Education, Universities Revenue Bonds, Series 2009A" (the "2009A Bonds"); the "Nevada System of Higher Education, Universities Revenue Bonds, Series 2010A" (the "2010A Bonds"); the "Nevada System of Higher Education, Universities Revenue Bonds, Series 2011A" (the "2011A Bonds"); the "Nevada System of Higher Education, Universities Revenue Bonds, Series 2012A" (the "2012A Bonds"); the "Nevada System of Higher Education, Universities Revenue Bonds, Series 2012B" (the "2012B Bonds"), the "Nevada System of Higher Education, Universities Revenue Bonds, Series 2013A" (the "2013A Bonds"); the "Nevada System of Higher Education, Universities Revenue Bonds, Series 2013B" (the "2013B Bonds"); the "Nevada System of Higher Education, Universities Revenue Bonds, Series 2014A" (the "2014A Bonds"); the "Nevada System of Higher Education, Universities Revenue Bonds, Series 2015A" (the "2015A Bonds"); the "Nevada System of Higher Education, Universities Revenue Bonds, Series 2015B" (the "2015B Bonds") the "Nevada System of Higher Education, Universities Revenue Bonds, Series 2016A" (the "2016A Bonds"); the "Nevada System of Higher Education, Universities Revenue Bonds, Series 2016B" (the "2016B Bonds") and the "Nevada System of Higher Education, Universities Revenue Crossover Refunding Bonds, Series 2017A" (the "2017A Bonds" and collectively with the Bonds, the 2009A Bonds, the 2010A Bonds, the 2011A Bonds, the 2012A Bonds, the 2012B Bonds, the 2013A Bonds, the 2013B

Bonds, the 2014A Bonds, the 2015A Bonds, the 2015B Bonds, the 2016A Bonds and the 2016B Bonds, the "Parity Lien Bonds").

ADDITIONAL SECURITIES: Bonds and other securities pertaining to the Universities, in addition to the Parity Lien Bonds (including the Bonds), subject to expressed conditions, may be issued and made payable from Pledged Revenues having a lien thereon on a parity with the lien of the Bonds, in accordance with the provisions of the Bond Resolution. Bonds and other securities pertaining to the Universities, in addition to the Parity Lien Bonds (including the Bonds) may be issued and made payable from Pledged Revenues having a lien thereon subordinate to the lien of the Bonds, in accordance with the provisions of the Bond Resolution. The Issuer reserves the right to issue any bonds or any other securities pertaining to the Universities, payable from the Pledged Revenues or otherwise in accordance with the provisions of law and the Bond Resolution.

FEDERAL TAX MATTERS: In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described in the Official Statement (as defined below), interest on the Bonds is excluded from gross income under present federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code under the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described in the Preliminary Official Statement, as defined below (see "TAX MATTERS - Federal Tax Matters" in the Preliminary Official Statement).

STATE TAX MATTERS: In the opinion of Bond Counsel, under present laws of the State, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

LEGAL INVESTMENTS: Sec. 396.883, Bond Act, states:

> "1. It is legal for any bank, trust company, banker, savings bank or institution, savings and loan association, investment company and any other person carrying on a banking or investment business, any insurance company, insurance association, or any other person carrying on an insurance business, and any executor, administrator, curator, trustee or any other fiduciary, to invest funds or money in his custody in any of the bonds or other securities issued hereunder."
>
> "2. Nothing contained in this section with regard to legal investments relieves any representative of any corporation or other person of any duty of exercising reasonable care in selecting securities."

NO PLEDGE OF PROPERTY: Sec. 396.841, Bond Act, provides:

> "The payment of securities shall not be secured by an encumbrance, mortgage or other pledge of property of the university or the board, except for the pledged revenues of the university or the board. No property of either the university or the board, subject to such exception, shall be liable to be forfeited or taken in payment of securities."

IMMUNITY OF INDIVIDUALS: Sec. 396.842, Bond Act, provides:

> "No recourse shall be had for the payment of the principal of, any interest on, and any prior redemption premiums due in connection with any bonds or other securities of the university or the board or for any claim based thereon or otherwise upon the resolution authorizing their issuance or other instrument appertaining thereto, against any individual regent of the board, past, present or future, either directly or indirectly through the board or the university, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the securities and as a part of the consideration of their issuance specially waived and released."

ACTS IRREPEALABLE: Sec 396.844, Bond Act, provides in relevant part:

> "1. The faith of the state is hereby pledged that the University Securities Law, any law supplemental or otherwise appertaining thereto, and any other act concerning the bonds and other securities of the board or the university or the pledged revenues, or both such securities and such revenues, shall not be repealed nor amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding securities of the university or the board, until all such securities payable from the pledged revenues have been discharged in full or provision has been fully made therefor, including without limitation the known minimum yield from the investment or reinvestment of moneys pledged therefor in federal securities."

TERMS OF SALE

EQUAL OPPORTUNITY: IT IS THE POLICY OF THE ISSUER TO PROVIDE MINORITY BUSINESS ENTERPRISES, WOMEN BUSINESS ENTERPRISES AND ALL OTHER BUSINESS ENTERPRISES AN EQUAL OPPORTUNITY TO PARTICIPATE IN THE PERFORMANCE OF ALL ISSUER CONTRACTS. BIDDERS ARE REQUESTED TO ASSIST THE ISSUER IN IMPLEMENTING THIS POLICY BY TAKING ALL REASONABLE STEPS TO ENSURE THAT ALL AVAILABLE BUSINESS ENTERPRISES, INCLUDING MINORITY AND WOMEN BUSINESS ENTERPRISES HAVE AN EQUAL OPPORTUNITY TO PARTICIPATE IN ISSUER CONTRACTS.

BID PROPOSALS: Bids may be submitted or electronically via the PARITY System (see "ELECTRONIC BIDDING" below). Any bid in any other form may be disregarded. A bidder is required to submit an unconditional bid for all the Bonds specifying:

> (1) The lowest rate or rates of interest at which the bidder will purchase all of the Bonds;
>
> (2) The premium (which must not be less than the amount set forth herein under the caption "PREMIUM REQUIRED") at which the bidder will purchase all of the Bonds; and
>
> (3) Whether the bidder intends to designate term bonds (with respect to the Bonds described above under the caption "MANDATORY SINKING FUND REDEMPTION OF BONDS" and the maturities affected thereby.

It is also requested for informational purposes only, but is not required, that each bid disclose the True Interest Cost stated as a nominal annual percentage rate (see "BASIS OF AWARD" below).

ELECTRONIC BIDDING: By utilizing the PARITY System, a prospective electronic bidder represents and warrants to the Issuer that such bidder's bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds for which the bid is submitted. Bids must be submitted electronically by means of the PARITY System for the purchase of the Bonds on October 10, 2019, by 8:30 a.m., local time, for the Bonds. Once the bids are communicated electronically via the PARITY System, each bid will constitute an irrevocable offer to purchase all of the Bonds for which a bid is submitted (i.e., all of the Bonds) on the terms set forth in this Official Notice of Bond Sale and any amendments thereto.

Each bidder shall be solely responsible to register to bid via the* PARITY *System as described above. Each bidder shall be solely responsible to make necessary arrangements to access the* PARITY *System 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 Issuer nor the Municipal Advisor shall have any duty or be obligated to provide or assure such access to any bidder, and neither the Issuer nor the Municipal Advisor shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by the* PARITY *System. The Issuer is using the* PARITY *System as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds. If any provision of this Official Notice of Bond Sale conflicts with information provided by the* PARITY *System, this Official Notice of Bond Sale will control.

Each electronic bidder is required to transmit electronically via the PARITY System an unconditional bid specifying the lowest rate or rates of interest and the premium, if any, at which the bidder will purchase all of the Bonds. Each bid must be for all of the Bonds herein offered for sale.

For informational purposes only, the electronic bid will show the effective interest rate for the Bonds represented on a True Interest Cost basis, as described under "BASIS OF AWARD" below, represented by the rate or rates of interest and the bid price specified in the bid. No bid will be received after the time for receiving such bids specified above.

GOOD FAITH DEPOSIT: Except as otherwise provided below, a good faith deposit ("Deposit") in the form of a certified, treasurer's or cashier's check drawn on a solvent commercial bank or trust company in the United States of America, or a wire transfer, made payable to:

Nevada System of Higher Education

in an amount equal to:

$200,000

is required before a written award for the Bonds may be made but is not required to be submitted prior to submitting an electronic bid.

Bidders submitting a Deposit by check or wire transfer may, **but are not required to**, submit a check or wire transfer prior to the bid opening or submitting an electronic bid. If a check is used, it must be delivered to the Issuer within 90 minutes of notification to the bidder of the bid award for the Bonds. If a wire transfer is used by any bidder for the Bonds, then such bidder using a wire transfer is required to submit its Deposit to the Issuer in the form of a wire transfer in the above amount for the Bonds as instructed by the Issuer or its Municipal Advisor not later than 90 minutes from such notification of the bid award. If the apparent winning bidder on the Bonds is determined to be a bidder who has not submitted a Deposit in the form of a check, as provided above, the Municipal Advisor will request the apparent winning bidder to immediately wire the Deposit to the Issuer and provide the Federal wire reference number of such Deposit to the Municipal Advisor within 90 minutes of such request by the Municipal Advisor. The Bonds will not be officially awarded to a bidder who has not submitted a Deposit in the form of a check, as provided above, until such time as the bidder has provided a Federal wire reference number for the Deposit to the Municipal Advisor.

No interest on the Deposit will accrue to any bidder. The Issuer will deposit the Deposit of the winning bidder of the Bonds. The Deposit (without accruing interest) of the winning bidder for the Bonds will be applied to the purchase price of the Bonds. In the event the winning bidder of the Bonds fails to honor its accepted bid, the Deposit for the Bonds plus any interest accrued on the Deposit will be retained by the Issuer. Any investment income earned on the good faith deposit for the Bonds will be paid to the successful bidder in the event the Issuer is unable to deliver any series of Bonds, as provided under "MANNER AND TIME OF DELIVERY", below. Deposits accompanying bids other than the bid which is accepted will be returned promptly upon the determination of the best bidder for the Bonds.

CUSIP NUMBERS: The Bonds will be assigned separate CUSIP identification numbers. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of any payment for the Bonds in accordance with the terms of the purchase contract. All expenses relating to the printing of CUSIP numbers on the Bonds and the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid by the winning bidder for the Bonds.

SALE RESERVATIONS: The Issuer, in connection with the Bonds designated for sale in this Official Notice of Sale, reserves the privilege:

A. Of waiving any irregularity or informality in any bid;

B. Of rejecting any and all bids; and

C. Of reoffering any of the Bonds for sale, as provided by law.

In addition, the Issuer reserves the privilege of changing the sale date and/or time of any of the Bonds. Any change in the sale date and/or time for any of the Bonds will be communicated via PARITY before the time of sale. If the Issuer changes the sale date and/or time, this Official Notice of Bond Sale shall remain effective, except as amended by such PARITY communication or other amendment communicated to potential bidders. If bids are not taken on the Bonds or if all bids are rejected on any of the Bonds on October 10, 2019, the Issuer may reoffer such Bonds for sale at any time thereafter. The time and date of any subsequent sale of the Bonds will be announced via PARITY before the time of the sale.

BASIS OF AWARD: Subject to such sale reservations, the Bonds shall be sold to the responsible bidder or bidders making the best bid for all of the Bonds. The best bid for the Bonds shall be determined by computing the True Interest Cost of the Bonds for each bid received and an award will be made (if any is made) to the responsible bidder submitting the bid which results in the lowest true interest cost for the Bonds. "True Interest Cost" of the Bonds, as used herein, means that interest rate which, when used to compute the present worth, as of the date of the Bonds, of all payments of principal and interest to be made on such Bonds from their date to their respective maturity dates (or mandatory sinking fund redemption dates) using the principal amounts specified in the Maturity Schedule, produces an amount equal to the principal amount of the Bonds plus any premium. Such calculation and the determination of the best bid will be based on the principal amounts in the Maturity Schedule, notwithstanding any change in maturities as described under "ADJUSTMENT OF MATURITIES" above. No adjustment shall be made in such calculation for accrued interest on the Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360-day year and a semiannual compounding interval. If there are two or more equal bids for any series of the Bonds and such equal bids are the best bids received, the Chief Financial Officer shall determine which bid shall be accepted.

PREMIUM REQUIRED: Any bidder may offer to purchase the Bonds at a net premium bid of no less than 101.2% ($19,152,100). The premium bid is subject to adjustment as provided under "ADJUSTMENT OF MATURITIES" above.

PLACE AND TIME OF AWARD: The Chief Financial Officer shall cause the bids submitted to be opened at the time and place stated above. The Chief Financial Officer is scheduled to take action promptly, upon determining the best bid, by awarding the Bonds or rejecting all bids for the Bonds. In any event, the Chief Financial Officer shall take action awarding the Bonds or rejecting all bids not later than 24 hours after the time herein stated for opening bids. An award may be made after the period herein designated if the bidder shall not have given notice in writing of the withdrawal of its bid to the Chief Financial Officer. **By submitting a bid for the Bonds, each bidder certifies it has an established industry reputation for underwriting new issuance of municipal bonds.**

SUCCESSFUL BIDDER'S REOFFERING YIELDS AND FORM OF CERTIFICATION OF THE SUCCESSFUL BIDDER: Within one-half hour of the bid, the successful bidder (or manager of the purchasing account) for the Bonds shall notify by e-mail transmission to the Municipal Advisor on behalf of the Issuer at john@jnaconsultingroup.com (see "ADJUSTMENT OF MATURITIES", above), of the initial offering prices of the Bonds to the public. The notification of the initial offering prices of the Bonds to the public must be confirmed in writing by the winning bidder for the Bonds in the form and substance satisfactory to Special Counsel prior to the delivery of the Bonds. The confirmation will be part of the "Purchaser's Certificate" which will be in substantially the same form as Exhibit A in the event the Issuer receives 3 or more bids that conform to the requirements of this Official Notice of Sale for the Bonds; or in substantially the same form as Exhibit B in the event the Issuer does not receive 3 or more such bids for the Bonds.

CONSENT TO JURISDICTION: A bid submitted by electronic bidding, if accepted by the Chief Financial Officer on behalf of the Issuer, forms a contract between the winning bidder and the Issuer subject to the terms of this Official Notice of Bond Sale. By submitting a bid, the bidder consents to the exclusive jurisdiction of any court of the State of Nevada located in Washoe County or the United States District Court for the State of Nevada for the purpose of any suit, action or other proceeding arising as a result of the submittal of the bid, and the bidder irrevocably agrees that all claims in respect to any such suit, action or proceeding may be heard and determined by such court. The bidder further agrees that service of process in any such action commenced in such State or Federal court shall be effective on such bidder by deposit of the same as registered mail addressed to the bidder at the address set forth in the bid.

MANNER AND TIME OF DELIVERY: The Deposit of the best bidder for the Bonds will be credited to the purchaser at the time of delivery of the Bonds (without accruing interest). If the successful bidder for the Bonds fails, neglects or refuses to complete the purchase of the Bonds on the date on which such Bonds are made ready and are tendered by the Issuer for delivery, the amount of the Deposit for such Bonds of the successful bidder shall be forfeited (as liquidated damages for noncompliance with the bid) to the Issuer. In that event, the Board may reoffer such Bonds for sale, as provided by law. The purchaser will not be required to accept delivery of any of the Bonds, if they are not made ready and are not tendered by the Issuer for delivery within 60 days from the date herein stated for opening bids; and if the Bonds are not so tendered within such period of time, the Deposit (without interest) will be returned to the purchaser upon its request. The Bonds will be made available for delivery by the Issuer to the purchaser as soon as reasonably possible after the date of the sale; the Issuer contemplates delivering the Bonds on or about October 30, 2019*. The purchaser of the Bonds will be given 72 hours' notice of the time fixed by the Issuer for tendering the Bonds for delivery.

* Preliminary, subject to change.

PAYMENT AT AND PLACE OF DELIVERY: The successful bidder for the Bonds will be required to make payment of the balance due for, and to accept delivery of, such Bonds at DTC in New York, New York. Payment of the balance of the purchase price due for the Bonds at the time of their delivery must be made in Federal Reserve Bank funds or other funds acceptable to the Issuer for immediate and unconditional credit to the account of the Issuer, as directed by the Issuer, at a bank designed by the Issuer and located in the State of Nevada so that such Bond proceeds may be deposited or invested, as the Issuer may determine, simultaneously with the delivery of the Bonds. The balance of the purchase price for the Bonds must be paid in such funds and not by any waiver of interest, and not by any other concession as a substitution for such funds.

OFFICIAL STATEMENT: The Issuer has prepared a preliminary official statement relating to the Bonds (the "Preliminary Official Statement") which is deemed by the Issuer to be final as of its date for purposes of allowing the bidder to comply with Rule 15c2-12(b) of the Securities Exchange Commission (the "Rule"), except for the omission of certain information as permitted by the Rule. The Preliminary Official Statement is subject to revision, amendment and completion in a final official statement (the "Final Official Statement").

The Issuer will prepare a Final Official Statement, dated the date of the award to the winning bidder(s), as soon as practicable after the date of the award to the winning bidder(s). The Issuer will provide the Final Official Statement to the winning bidder of the Bonds electronically, on or before seven business days following the date of the award to the winning bidder of the Bonds.

The Issuer authorizes the winning bidder for the Bonds to distribute the Final Official Statement in connection with the offering of the Bonds by the winning bidder.

For a period beginning on the date of the Final Official Statement and ending twenty-five days following the date the winning bidder for the Bonds shall no longer hold for sale any of the Bonds (such date shall be the Closing Date, as defined below, unless otherwise notified in writing by the winning bidder for the Bonds), if any event concerning the affairs, properties or financial condition of the Issuer shall occur as a result of which it is necessary to supplement the Final Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, at the request of the winning bidder, the Issuer shall forthwith notify the winning bidder of any such event of which it has knowledge and shall cooperate fully in preparation and furnishing of any supplement to the Final Official Statement necessary, in the reasonable opinion of the Issuer and the winning bidder, so that the statements therein as so supplemented will not be misleading in light of the circumstances existing at such time.

The Official Notice of Bond Sale, the official bid forms, the Preliminary Official Statement and other information concerning the Issuer and the Bonds may be obtained prior to the sale from:

The Municipal Advisor:

JNA CONSULTING GROUP, LLC
410 NEVADA WAY, SUITE 200
BOULDER CITY, NEVADA 89005
(702) 294-5100

or the Chief Financial Officer:

ANDREW CLINGER
CHIEF FINANCIAL OFFICER
NEVADA SYSTEM OF HIGHER EDUCATION
2601 ENTERPRISE ROAD
RENO, NEVADA 89512

LEGAL OPINION, BONDS AND TRANSCRIPT: The validity and enforceability of the Bonds will be approved by:

SHERMAN & HOWARD L.L.C.
50 WEST LIBERTY STREET, SUITE 1000
RENO, NEVADA 89501
(775) 323-1980

whose final, approving opinion, together with the printed Bonds, a certified transcript of the legal proceedings, including a certificate stating that there is no litigation pending affecting the validity of the Bonds as of the date of their delivery (the "Closing Date"), and other closing documents, will be furnished to the purchaser of the Bonds without charge by the Issuer. See Appendix E to the Preliminary Official Statement for the form of Bond Counsel's opinion.

ISSUER REPRESENTED BY INDEPENDENT REGISTERED MUNICIPAL ADVISOR: The Issuer has engaged, is represented by and will rely on the advice of the Municipal Advisor, an independent registered municipal advisor, to advise it on the issuance of the Bonds and other aspects of the financing for which the Bonds are being issued. The Issuer intends (i) that this statement constitutes the "required representation" for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3) and (ii) prospective bidders and other market participants may rely on this written statement and receive and use it for purposes of that exemption.

CONTINUING DISCLOSURE UNDERTAKING: Pursuant to Securities and Exchange Commission Rule 15c2-12, the Issuer will undertake in a Continuing Disclosure Certificate to provide certain ongoing disclosure, including annual operating data and financial information (including audited financial statements) and notices of the occurrence of certain material events. See Appendix F to the Preliminary Official Statement for the form of the Continuing Disclosure Certificate.

DISCLOSURE CERTIFICATES: The final certificates included in the transcript of legal proceedings shall include:

(1) A certificate, dated as of the Closing Date, and signed by the Chancellor and ex officio Treasurer of the Issuer, the Chief Financial Officer, the Chair of the Board of the Issuer and the Issuer's legal counsel, in which each of them states, after reasonable investigation, that (a) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or, to the best of the knowledge of each of them, threatened, in any way contesting the completeness or accuracy of the Final Official Statement; (b) the Final Official Statement as it pertains to the Issuer does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; and (c) to the best of the knowledge of each of them, no event affecting the Issuer has occurred since the date of the Final Official Statement which should be disclosed in the Final Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; and

(2) A certificate, dated as of the Closing Date, and signed by the Chancellor of the Issuer and the Chief Financial Officer, stating, after reasonable investigation, that, to the best of each of their knowledge, as of the date of the Final Official Statement and on the date of such certificate, the information contained in the Final Official Statement relating to revenues and expenditures of the Issuer, generally and in relation to the Universities, described therein and in the Bond Resolution, is true and correct and does not contain any untrue statement of a material fact or omit any information necessary to be included therein in order that the Final Official Statement be not misleading for the purpose for which it is to be used.

By order of the Board of Regents of the Nevada System of Higher Education dated this September 27, 2019.

/s/ Andrew Clinger
Chief Financial Officer

3 or More Bids

Exhibit A

Purchaser's Certificate

IT IS HEREBY CERTIFIED by the undersigned on behalf of ________________ (the "Purchaser"), as representative of the underwriters for the Nevada System of Higher Education, Universities Revenue Bonds, Series 2019A (the "Bonds"):

1. We acknowledge receipt of the Bonds in the aggregate principal amount of $___________, bearing interest and maturing as provided in the Bond Resolution of the Nevada System of Higher Education (the "Issuer") adopted on September 6, 2019, and the instruments described therein, and such Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the Bonds on the Sale Date at the Prices shown on the inside cover page of the Official Statement for the Bonds. Those Prices are the reasonably expected initial offering Prices of each maturity of the Bonds to the Public which were used by the Purchaser in formulating its bid to purchase the Bonds. For purposes of Paragraphs 2, 3 and 4, the following defined terms shall have the meanings assigned thereto as set forth below.

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party. The term "Related Party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

"Sale Date" means the date the Purchaser's bid for the Bonds was accepted on behalf of the Issuer.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 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 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

If a yield is shown on the inside cover page of the Official Statement for any maturity, "Price" herein means the dollar price that produces that yield.

3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

4. The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

5. The Purchaser has an established industry reputation for underwriting new issuance of municipal bonds.

6. The Issuer and its counsel may rely on these certifications in concluding that the Bonds meet certain requirements of the Internal Revenue Code of 1986 as amended (the "Code"), relating to tax-exempt bonds; however, nothing herein represents our interpretation of any law and we are not providing any interpretations of law or regulations in executing and delivering this certificate.

DATED as of ______, 2019.

________________________, as Representative of the Underwriters

By: _______________________________
Title: ______________________________

Attach Exhibit 1 to Purchaser's Certificate
(Offering Prices of Bonds)

Less than 3 Bids/10% Sold

Exhibit B

Purchaser's Certificate

IT IS HEREBY CERTIFIED by the undersigned on behalf of _______________ (the "Purchaser"), as representative of the underwriters for the Nevada System of Higher Education, Universities Revenue Bonds, Series 2019A (the "Bonds"):

1. We acknowledge receipt of the Bonds in the aggregate principal amount of $___________, bearing interest and maturing as provided in the Bond Resolution of the Nevada System of Higher Education (the "Issuer") adopted on September 6, 2019, and the instruments described therein, and such Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the Bonds on the Sale Date at the Prices shown [on the inside cover page of the Official Statement for the Bonds][in Exhibit 1]. The first Price at which a Substantial Amount of each maturity of the Bonds was sold to the Public is the Price shown [on the inside cover page of the Official Statement][in Exhibit 1] for that maturity of the Bonds. For purposes of this Paragraph 2, the following defined terms shall have the meanings assigned thereto as set forth below:

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party. The term "Related Party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

"Sale Date" means the date the Purchaser's bid for the Bonds was accepted on behalf of the Issuer.

"Substantial Amount" is 10% or more of each maturity.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 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 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

If a yield is shown on the inside cover page of the Official Statement for any maturity, "Price" herein means the dollar price that produces that yield.

3. The Purchaser has an established industry reputation for underwriting new issuance of municipal bonds.

4. The Issuer and its counsel may rely on these certifications in concluding that the Bonds meet certain requirements of the Internal Revenue Code of 1986 as amended (the "Code"), relating to tax-exempt bonds; however, nothing herein represents our interpretation of

any law and we are not providing any interpretations of law or regulations in executing and delivering this certificate.

DATED as of ______, 2019.

________________________, as Representative of the Underwriters

By: ______________________________
Title: ______________________________

Attach Exhibit 1 to Purchaser's Certificate
(Offering Prices of Bonds)