

BOARD OF REGENTS  
BRIEFING PAPER

**Agenda Item Title:** University of Nevada, Reno - Mackay Stadium and Lawlor Events Center  
Video and Sound Improvement Project

**Meeting Date:** April 22, 2016

**1. BACKGROUND & POLICY CONTEXT OF ISSUE:**

The University of Nevada, Reno, proposes to install a new video board and sound system in Mackay Stadium and a new video board in Lawlor Events Center at an estimated project cost of \$3.3 million. The timing of design, delivery and installation of these systems prior to August 15, 2016 is critical for final testing in advance of the first home football game in Mackay Stadium on September 3. These technology improvements are long overdue and will greatly enhance the fan experience in both venues.

Background

The current video board at Mackay Stadium was installed in 2006 and uses outdated standard definition video technology. Video technology has advanced dramatically in the past 15 years. The company that manufactured the video board is no longer in business which makes locating replacement parts and repairs almost impossible. The Stadium sound system is similarly outdated.

The low quality video display and poor sound quality are two of the most common complaints from fans about the Mackay Stadium experience.

The current video board in the Lawlor Events Center was installed in 1998 and also uses standard definition video technology. Unfortunately the video modules that produce the picture are no longer manufactured for this model, which has eliminated the ability to replace areas where the video signal has failed. This is adversely impacting Wolf Pack fans' ability to watch live feed from the game, follow instant replays and participate in the various in-game promotions. The University is also unable to purchase compatible cameras to broadcast images to the current video board.

Customers attending major sporting events, including intercollegiate football and basketball, have come to expect high definition video scoreboards and adequate sound systems. These projects will bring Mackay Stadium and Lawlor Events Center to industry standard and further enhance the customer/fan experience.

Project Scope

The major elements of the Mackay Stadium technology improvement plan will include:

- New 64'w x 36'h (estimated size) state-of-the-art high definition video board installed atop the current infrastructure in the north end of Mackay Stadium;
- New 250'w x 3'h ribbon board will be installed across the lower panel of the east side upper deck of Mackay Stadium;
- New sound system will employ multiple location and directional speaker system to enhance quality of sound throughout the Stadium.

The major elements of the Lawlor Events Center technology improvements will include:

- Four-sided 19'w x 10'h state-of-the-art high definition video boards installed utilizing the current center-hung infrastructure;
- New instant strike or LED arena lights will be installed to provide additional performance and show lighting options.

### Vendor Selection

The vendor to be selected for this project will be the result of the national competitive bidding process, which is ongoing at this time, conducted by the Business Center North Purchasing Department. At the time of this writing the number of bidders has been reduced to two finalists. While the competitive selection process is not yet completed, it will be well in advance of the Board meeting on April 22, 2016.

### Project Cost Estimate and Financing Plan

The cost for the project including all equipment and installation is currently estimated at \$3.3M. However, until all associated costs can be finalized as a part of the ongoing vendor selection process, as an abundance of caution the University is requesting Board approval of a loan Resolution (Exhibit 1) to borrow up to \$3.5M to include all loan fees, legal fees, issuance costs, etc. Interest on the loan will be taxable for federal income tax purposes, which provides UNR with greater flexibility for the commercial use of the video and sound systems (i.e., sponsorships, advertising) than would tax-exempt financing.

Loan payments will be made from increased revenues associated with the recently approved new marketing contract with Learfield Sports. This contract provides \$1.8M in capital funds over the next five years plus approximately \$300,000 annually in other new guaranteed funds. Combined, these two sources of new revenue will fund the loan payments over the proposed five year term of the loan (Exhibit 2).

The financing was also competitively bid with the process conducted by JNA Consulting Group, NSHE's independent financial adviser. Based on results of the competitive financing bid process, Wells Fargo provided the most advantageous response to UNR. The proposed terms of the loan are as follows:

- Not to exceed \$3,500,000.00
- Interest on the loan is fully taxable for federal income tax purposes.
- Interest rate indication as of March 28 is 2.17%. The interest rate will be locked prior to closing and will not change for the term of the loan. An updated interest rate indication will be provided at the April 22<sup>nd</sup> Board meeting.
- Final payment on the financing will occur on March 1, 2021.
- The loan is pre-payable at any time at a "make-whole" price. The make-whole price fluctuates based on economic conditions at the time of prepayment.

## **2. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

University of Nevada, Reno President Marc Johnson requests approval of a resolution to issue a taxable note in an amount not to exceed \$3,500,000.00 to finance a new Mackay Stadium video board and sound system and a new Lawlor Events Center video board.

## **3. IMPETUS (WHY NOW?):**

- If approved now, UNR has an opportunity to install the much-needed video and sound system improvements in Mackay Stadium and Lawlor Events Center before their respective season home openers.
- In the case of Mackay Stadium the timing of these video and sound improvements will coincide with the unveiling of other major improvements at that venue as previously approved by the Board of Regents (i.e., new premium seating, stadium club).
- Interest borrowing rates remain extremely low and the University would like to take advantage of

the current interest rate environment.

**4. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

- This request is for long overdue technology improvements for the two major athletic venues at UNR.
- This project responds to longstanding requests from alumni, fans and the community-at-large to upgrade amenities at Mackay Stadium and Lawlor Events Center events.

**5. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

- Additional debt is incurred.

**6. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:**

The alternative would be to maintain MacKay Stadium and Lawlor Events Center in their status quo, sub-standard condition which adversely impacts both the fan experience and the ability of ICA to generate a new revenue source to help fund and grow its programs and operations in the future.

**7. COMPLIANCE WITH BOARD POLICY:**

- Consistent With Current Board Policy: Title #4 Chapter #10 Section #25  
 Amends Current Board Policy: Title #\_\_\_\_\_ Chapter #\_\_\_\_\_ Section #\_\_\_\_\_  
 Amends Current Procedures & Guidelines Manual: Chapter #\_\_\_\_\_ Section #\_\_\_\_\_  
 Other: \_\_\_\_\_  
 Fiscal Impact: Yes  No \_\_\_\_\_  
Explain: Up to a \$3.5M loan and repayment through contracted, guaranteed new revenues.

# Exhibit 1

## RESOLUTION NO. \_\_\_\_\_

**WHEREAS**, pursuant to chapter 396 of Nevada Revised Statutes (the "Project Act") and all laws supplemental thereto, the Board of Regents (the "Board") of the Nevada System of Higher Education ("NSHE") is authorized to issue an obligation to repay money in the form of a taxable promissory note (the "Note") in the principal amount up to \$3,500,000 as specified in a certificate of the Chancellor or the Vice Chancellor for Finance and Administration or any interim (the "Vice Chancellor for Finance") dated on or before the date of delivery of the Note (the "Certificate") to finance capital improvements at the University of Nevada, Reno (the "Project"), including a scoreboard at Mackay Stadium; and

**WHEREAS**, the Board hereby authorizes the Vice Chancellor for Finance to arrange for the issuance and sale of the Note for the Project, including inviting bids for the purchase of the Note and ratifies action previously taken in connection with the issuance and sale of the Note; and

**WHEREAS**, after distribution of notice inviting bids for the purchase of the Note, Board authorizes the Vice Chancellor for Finance, as the chief financial officer of NSHE or the Chancellor, as the chief administrative officer of NSHE, to receive and publicly open bids and sell the Note to the best bidder therefor (the "Purchaser") and ratifies action previously taken in connection with the receipt and opening of bids and either of such officer is hereby authorized to accept a binding contract for the Note, the Note to bear interest at the rate or rates per annum, provided in the purchase proposal submitted by the Purchaser (the "Proposal"), at a price consisting of the principal amount and accrued interest thereon from their date to the date of their delivery, less a discount or plus a premium as set forth in the Certificate and otherwise upon the terms and conditions herein provided.

### **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION:**

Section 1. The officers of the System are hereby authorized to take all action necessary to effectuate the provisions of this resolution, including, without limitation, the Chancellor or the Vice Chancellor for Finance is authorized to sell the Note and sign the Proposal as a binding contract with the Purchaser for the purchase of the Note and negotiate the terms of the Note (in one series or more) and the Proposal by the Chancellor or the Vice Chancellor for Finance with the Purchaser which terms shall not be materially inconsistent with the terms of the Certificate and the form of the Note attached hereto as Exhibit A, with any changes to the form of the Note as are approved by the Chancellor or the Vice Chancellor for Finance in the judgment of the Chancellor or the Vice Chancellor for Finance, including any covenants or provisions to protect the owner of the Note and/or NSHE, that the Chancellor or Vice Chancellor for Finance determines are necessary or desirable to obtain favorable terms for NSHE which covenants or provisions, if any, shall be

evidenced by such officer's execution of the Certificate and any such determination made is conclusive absent fraud or abuse of discretion.

Section 2. The Note shall be issued and payable in fully registered form, i.e., registered as to both principal and interest and shall be dated as of the date of delivery of the Note. The principal of the Note shall bear interest from its date until the maturity dates thereof (or, if redeemed prior to maturity as provided below, the redemption dates) at the respective fixed rates set forth in the Certificate, and payable semi-annually in the designated years as set forth in the Certificate commencing as set forth in the Certificate; provided that any Note which is reissued upon transfer, exchange or other replacement shall bear interest at the rate or rates set forth in the Certificate from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from the date of the Note. The Note shall mature in the designated amounts of principal and designated years as set forth in the Certificate. The final principal payment under the Note shall be paid to the registered owner of the Note at the office of U.S. Bank National Association, as the registrar and paying agent for the Note (the "Paying Agent") on presentation and surrender of the Note at maturity or on call for redemption as provided below. Installments of maturing principal and interest on the Note shall be paid by check or draft mailed or electronic funds transfer initiated on or before each interest payment date (or if such date is not a business day, on the next succeeding business day) to the registered owner hereof at the address appearing on the registration records of NSHE maintained by the Paying Agent or such other means acceptable to the Purchaser and the Paying Agent. All such payments shall be made in lawful money of the United States of America.

Section 3. The Note, or portions thereof, maturing on and after the date specified in the Certificate, shall be subject to redemption prior to their respective maturities, at the option of NSHE, at any time on and after the date specified in the Certificate, in whole or in part from any maturities selected by NSHE, at a price equal to the principal amount of the Note, or portion thereof, so redeemed, accrued interest thereon to the redemption date, and a premium, if any, as provided in the Certificate. The Note may be transferred to a commercial bank without the prior written consent of NSHE and may be transferred to others with the prior written consent of NSHE or as otherwise set forth in the Certificate.

Section 4. The Board hereby authorizes the execution and delivery of the Note with manual or facsimile signatures of the Chairman, Chancellor, ex officio Treasurer, and the Acting Secretary of the Board, and such certificates as may be necessary to evidence the validity and enforceability of the Note, including the execution of closing documents and certificates by any of the officers of the Board and any of the Chancellor, Vice Chancellor for Finance and Vice Chancellor for Legal Affairs.

Section 5. This resolution shall be effective on its passage and approval.

**PASSED, ADOPTED AND APPROVED** this April \_\_\_\_\_, 2016.

**NEVADA SYSTEM OF HIGHER EDUCATION**

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Chairman, Board of Regents

Attest:

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Chief of Staff and Special Counsel  
to the Board of Regents and  
ex officio Secretary of the Board of Regents

Exhibit A

TRANSFER OF THIS NOTE IS RESTRICTED AS SET FORTH HEREIN

NEVADA SYSTEM OF HIGHER EDUCATION  
TAXABLE PROMISSORY NOTE  
(UNIVERSITY OF NEVADA, RENO)  
SERIES 2016B

No. R-1

FINAL MATURITY DATE: March 1, 2021 (the "*Maturity Date*")

PRINCIPAL AMOUNT: [\$3,500,000]

INTEREST RATE: \_\_\_\_\_% per annum

DATE OF DELIVERY: May 5, 2016

NON-DTC ELIGIBLE CUSIP: 641496\_\_\_\_

For value received, the Nevada System of Higher Education (the "System"), hereby promises to pay in installments as outlined below, from any sources legally available therefor to the order of Wells Fargo Bank, National Association (the "Lender"), or its registered assigns as shown on the registration panel appended hereto, the aggregate principal amount of [\$3,500,000], together with interest on the unpaid principal of this Note from the date of delivery of this Note until the principal of this Note is paid in full at the interest rate set forth above, subject to adjustment as set forth in Exhibit A hereto. Capitalized terms used in this Note and not otherwise defined in this Note shall have the meanings assigned thereto in Exhibit A hereto.

Interest shall be calculated on the basis of a 360-day year and actual days elapsed. Interest shall be payable in arrears on June 1, 2016 and on the first Business Day of each month thereafter until the Maturity Date. The outstanding principal of this Note shall mature in installments of principal payable on the first Business Day of March of each year commencing on March 1, 2017 and ending on March 1, 2021 at which time all unpaid principal plus accrued unpaid interest shall be due and payable. The installments of maturing principal and interest shall be due as set forth in the amortization schedule attached hereto as Exhibit D and made a part hereof. [The Lender shall provide written notice to the System at least 20 calendar days prior to each payment date of the amount of maturing principal, if any, and the amount of interest due on such payment date.] The final principal payment under this Note shall be paid to the registered owner of this Note at the office of the U.S. Bank National Association, as registrar and paying agent for this Note (the "*Paying Agent*" or "*Registrar*") on presentation and surrender of this Note at final maturity or on prepayment in whole as provided below. Installments of maturing principal and interest on this Note shall be paid by check or draft mailed or electronic funds transfer initiated on or before each principal payment date or interest payment date, as applicable (or if such date is not a Business Day, on the next succeeding Business Day), to the registered owner hereof at the address appearing on the registration records of the System maintained by the Paying Agent or such other means acceptable to the Lender and the Paying Agent. Notwithstanding the foregoing, all payments of principal and

interest on this Note to Wells Fargo Bank, National Association, may be made via wire transfer pursuant to instructions on file with the Paying Agent and without presentment or surrender of this Note except presentment or surrender shall be required upon final maturity or prepayment in whole of this Note. All such payments shall be made in lawful money of the United States of America.

The outstanding principal of this Note may be prepaid in whole or in part at any time at the option of the System as directed by the Chancellor, the Vice Chancellor for Finance and Administration or the Vice President of Finance and Administration at the University of Nevada, Reno (each, an "*Officer*") an Officer on 10 days' written notice by first class mail postage prepaid or electronic notice to the registered owner hereof and the Paying Agent. In the event that the System, pursuant to this Section, optionally prepays this Note in whole or in part, the System shall, at the time of such prepayment, pay to the Lender the interest accrued to the date of prepayment as set forth in the next paragraph plus an additional fee or prepayment premium equal to the Breakage Fee as described in Exhibit E hereto.

On any date on which the System is prepaying all or any portion of the principal balance of this Note, interest accrued on such principal so prepaid to the date of prepayment shall also be paid. After the date of the prepayment of all or part of the principal hereof, interest on the portion of the principal so prepaid will cease to accrue. The amount of principal so prepaid shall be noted on the prepayment panel appended to this Note and the registration records maintained by the Registrar. Notwithstanding any other provisions of this Note, any notice of prepayment may contain a statement that the prepayment is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for prepayment sufficient to pay the prepayment price of this Note so called for prepayment, and that if such funds are not available, such prepayment shall be canceled by written notice to the owners of this Note called for prepayment in the same manner as the original prepayment notice was sent.

Partial principal prepayments shall be applied to the principal due under this Note as directed by an Officer, including application to the most remote installment of principal due under this Note which may result in a shortened term for this Note. The written notice of prepayment by the System to the registered owner and the Paying Agent set forth herein shall specify how such partial principal prepayment is to be applied and in the event that such notice does not include such specification, such partial prepayment shall be applied to the next succeeding principal installment payment set forth on Exhibit D hereto. Regularly scheduled principal payments under this Note, excluding prepayments, shall be applied as set forth herein and in the order set forth in Exhibit D hereto. In the case of a partial prepayment of principal under this Note at any time there is more than one registered owner, the Paying Agent shall prepay such registered owners on a pro rata basis. [The amortization schedule attached as Exhibit D hereto shall be revised by an Officer of the System and the Lender and delivered to the Paying Agent to reflect any partial prepayment under this Note and upon such delivery to the Paying Agent shall become part of this Note.]

The principal of and interest on this Note are payable only to the registered owner hereof at the address appearing on the registration records of the System maintained by the Paying Agent. This Note may be transferred on presentation by the registered owner to the Paying Agent, together with evidence of transfer satisfactory to the Paying Agent and Registrar, and such transfer shall be noted in the registration records of the System maintained by the Registrar and may be similarly noted on the registration panel hereof and no such transfer shall be effective until the registered owner shall have provided such satisfactory evidence of transfer to the Paying Agent and Registrar. This Note may be transferred in minimum authorized denominations of \$250,000 if



(i) written notice of such transfer, together with addresses and related information with respect to such purchaser, is delivered to the Registrar by such transferor and (ii) such purchaser shall have delivered to the Registrar and the transferor an investor letter in the form attached as Exhibit C to this Note executed by a duly authorized officer of such purchaser; *provided* that each such purchaser shall constitute (1) a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, and (2) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of any transfer, of not less than \$5,000,000,000. Notwithstanding the foregoing, this Note may be transferred without limitation to an affiliate of the Lender or to a trust or custodial arrangement established by the Lender or an affiliate of the Lender, each of the beneficial owners of which are "qualified institutional buyers" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended. The Paying Agent shall not be required to transfer ownership of this Note within 30 days of any date on which any portion of the principal hereof is to be prepaid. The System, the Registrar and the Paying Agent shall be entitled to treat the registered owner of this Note as noted in the registration records maintained by the Registrar as the absolute owner hereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the Paying Agent shall transmit payments to the registered owner hereof as shown on the registration records of the System maintained by the Registrar.

This Note is issued by the System pursuant to authorization by the Board of Regents of the System (the "Board") for the purpose of financing capital improvements at the University of Nevada, Reno. This Note is payable from any monies of the System legally available for the purpose of making such payment, and the System hereby covenants to make sufficient provision annually in its budget to pay the principal of and interest on this Note when due. This Note does not constitute a debt or indebtedness of the State of Nevada or a charge against the State's credit or taxing power. Repayment of this Note is not subject to annual appropriation by the System.

This Note is subject to the terms set forth in Exhibit A hereto and such terms are hereby incorporated by reference herein as if each and every such term and provision were set forth herein in its entirety. This Note and Exhibit A here shall be construed as one and the same instrument.

Each of the following are defined to be an "Event of Default" hereunder.

- (i) the System is 5 or more calendar days late in making any regularly scheduled payment of the principal of or interest on this Note when due;
- (ii) the System files a petition or similar pleading or any petition or similar pleading is filed against the System seeking a discharge composition or other form of relief of the System's debt under the Federal Bankruptcy laws or under any other applicable bankruptcy, insolvency or similar laws of the United States or the State of Nevada;
- (iii) an order or decree is entered in a court of competent jurisdiction in an insolvency case under the Federal Bankruptcy laws or under any other applicable federal or state bankruptcy, insolvency, or similar law appointing a receiver, custodian, liquidator, or trustee for the assets of the System or any substantial part of the System's property and such decree or order continues unstayed and in effect for a period of 90 days;
- (iv) the System voluntarily suspends its business; or
- (v) any Event of Default (as defined in Exhibit A) shall have occurred.

If an Event of Default shall have occurred hereunder, then

(i) the registered owner may proceed against the System to protect and enforce all of its rights hereunder by mandamus or by other suit, action or special proceeding in law or in equity in any court of competent jurisdiction for the specific performance of the covenants and agreements of the System hereunder; and

(ii) the registered owner may exercise such other remedies available to it at law or in equity.

Any failure on the part of the registered owner to exercise, and any delay in exercising, any right hereunder shall not operate as a waiver thereof or of any other remedy; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any other remedies provided by law.

Payments made on this Note shall be applied in the following order of priority: (i) to pay any reasonable expenses incurred in collecting amounts due under or in enforcing the provisions of this Note, (ii) to pay interest in arrears or then due, and (iii) to pay the principal in arrears or then due. If any principal payment is not made when due, interest shall continue on the unpaid principal until it is paid.

This Note shall be governed by the laws of the State of Nevada.

It is hereby certified, recited, declared and warranted that all actions required to be taken prior to the issuance hereof have been had and taken by the System.

Except as otherwise may be provided in this Note, all notices, requests, requisitions or other communications pursuant to this Note shall be in writing and shall be sufficiently given and shall be deemed given by personal delivery, facsimile transmission or when mailed by first class mail, and either delivered or addressed as follows:

If to the Officers at:                      University of Nevada, Reno  
   Mail Stop 005  
   Clark Administration Building  
   Reno, Nevada 89557  
   Attention: Vice President for Finance and  
   Administration  
   E-mail: Zurek@unr.edu

And

Nevada System of Higher Education  
2601 Enterprise Road  
Reno, Nevada 89512  
Attention: Vice Chancellor for Finance and  
Administration  
E-mail: vic\_redding@nshe.nevada.edu

If to the Paying Agent at: U.S. Bank National Association  
Global Corporate Trust Services  
U.S. Bank Center, LM-AZ-X16P  
101 North First Ave., Suite 1600  
Phoenix, AZ 85003  
E-mail: keith.henselen@usbank.com

If to the Lender, at: Wells Fargo Bank, National Association  
1700 Lincoln Street, 21st Floor  
Denver, Colorado 80203  
Attention: Nathan Bogg  
Fax: (866) 972-8653  
E-mail: Nathan.D.Bogg@wellsfargo.com

Any of the foregoing persons may, by notice given hereunder to each of the other persons, designate any further or different addresses, including email addresses, or facsimile telephone numbers to which subsequent notices, requests or other communications shall be sent.

**IN WITNESS WHEREOF**, the Nevada System of Higher Education has caused this Note to be signed and executed by the manual or facsimile signature of the Chairman of its Board of Regents, to be countersigned by the manual or facsimile signature of the Chancellor, ex-officio Treasurer of the System and to be signed and attested by the manual or facsimile signature of the Acting Secretary, all as of the date of this Note appearing above.

NEVADA SYSTEM HIGHER EDUCATION

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Chairman, Board of Regents

Countersigned:

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Chancellor, ex-officio Treasurer

(SEAL)  
Attest:

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Chief of Staff and Special Counsel  
to the Board of Regents and  
ex officio Secretary of the Board of Regents

PROVISION FOR REGISTRATION AS TO PRINCIPAL AND INTEREST

This Note must be registered as to both principal and interest on the registration records of the System, kept by U.S. Bank National Association, as registrar and paying agent (the "Registrar"). After registration as to both principal and interest, the Registrar shall note such registration on such registration records and may note such amounts in the registration blank below, and the principal and interest on this Note shall be paid to such registered owner. All payments of principal and interest, including prepayments of principal and accrued interest to the date of prepayment, on this Note may be made by wire transfer pursuant to instructions on file with the Paying Agent and without presentment or surrender of this Note except presentment or surrender shall be required upon final maturity or prepayment in whole of this Note. This Note may be transferred by the registered owner or such registered owner's legal representative only upon a duly executed assignment in form satisfactory to the Registrar and a duly executed investor letter in the form attached as Exhibit C to this Note, such transfer to be made on said registration records and endorsed hereon. The System, the Registrar and the Paying Agent shall be entitled to treat the registered owner of this Note as noted in the registration records maintained by the Registrar as the absolute owner hereof for all purposes of this Note and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the Paying Agent shall transmit payments to the registered owner hereof as shown on the registration records of the System maintained by the Registrar.

Every privilege, registration, and transfer, shall be exercised only in accordance with the authorizing resolution and such reasonable rules and regulations as the Registrar may prescribe.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____	Wells Fargo Bank, National Association	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

ASSIGNMENT

The within and foregoing Note No. R-1 is hereby sold, assigned, transferred and set over, without recourse, unto \_\_\_\_\_, or order, subject to the terms and conditions of said Note.

Dated this \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
Owner

Signature Guaranteed:

\_\_\_\_\_

PREPAYMENT PANEL

Principal of this Note has been prepaid on the dates indicated below:

<u>Date of Prepayment</u>	<u>Amount Prepaid</u>	<u>Signature of Paying Agent</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

## EXHIBIT A

### 1. DEFINITIONS

Capitalized terms used in this Exhibit A and not otherwise defined in the Note shall have the following meanings:

*"Anti-Terrorism Laws"* has the meaning set forth in Section 5.15 hereof.

*"Base Rate"* means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time *plus* one percent (1.0%), (ii) the Federal Funds Rate in effect at such time *plus* two percent (2.0%), and (iii) seven percent (7.0%).

*"Bond Counsel"* means Sherman & Howard L.L.C., or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the System.

*"Business Day"* means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in Denver, Colorado or New York, New York or the states where the principal corporate office of the System or the principal corporate trust office of the Paying Agent is located are authorized by law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal offices of the principal office of the Calculation Agent or the Lender is closed.

*"Calculation Agent"* means Wells Fargo Bank, National Association, and thereafter means other Person appointed by the System, with the consent of the Lender in its reasonable sole discretion, to serve as calculation agent for the Note.

*"Compliance Certificate"* means a certificate substantially in form of Exhibit B hereto.

*"Debt"* of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (f) all guarantees by such Person of Debt of other Persons and (g) all obligations of such Person under any swap contract.

*"Default"* means any event or condition which, with notice, the passage of time or any combination of the foregoing, would constitute an Event of Default.

*"Default Rate"* means, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus three percent (3.0%).

*"Event of Default"* has the meaning set forth in Section 7.01 hereof.

*"Excess Interest"* has the meaning set forth in Section 3.02 hereof.

*"Executive Order"* has the meaning set forth in Section 5.15 hereof.

*"Federal Funds Rate"* means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one-hundredth of one percent) charged to the Lender on such day on such transactions as determined by the Lender.

*"Fiscal Year"* means the twelve month period from July 1 through the following June 30.

*"Fitch"* means Fitch, Inc., and any successor rating agency.

*"Generally Accepted Accounting Principles"* or *"GAAP"* means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the System.

*"Governmental Approval"* means an authorization, consent, approval, permit, license, certificate of occupancy or an exemption of, a registration or filing with, or a report to any Governmental Authority.

*"Governmental Authority"* means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

*"Indemnitee"* has the meaning set forth in Section 8.01 hereof.

*"Law"* means any treaty or any federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, order or decree of any court or other Governmental Authority.

*"Lender"* means the registered owner of the Notes, *provided* that there is a single registered owner of all of the Notes. If there is more than one registered owner of the Notes, "Lender" means registered owners owning a majority of the aggregate principal amount of the Notes then outstanding.



*"Margin Stock"* has the meaning ascribed to such term in Regulation U promulgated by the Board of Governors of the Federal Reserve System of the United States, as now and hereafter from time to time in effect.

*"Material Adverse Effect"* means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), or condition (financial or otherwise) of the System; (b) a material impairment of the ability of the System to repay the Note or amounts payable hereunder or perform its obligations under any Related Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the System of any Related Document to which it is a party.

*"Maximum Rate"* means the maximum nonusurious lawful rate of interest permitted by applicable law.

*"Moody's"* means Moody's Investors Service Inc., and any successor rating agency.

*"OFAC"* has the meaning set forth in Section 5.15 hereof.

*"Patriot Act"* means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

*"Person"* means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

*"Prime Rate"* means on any day, the rate of interest per annum then most recently established by the Lender as its "prime rate." Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by the Lender to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that the Lender may make various business or other loans at rates of interest having no relationship to such rate. If the Lender ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

*"Rating Agency"* means any of S&P, Moody's and Fitch, as applicable.

*"Related Documents"* means this the Resolution, the Note, the Certificate of Vice Chancellor, the Omnibus Certificate and any exhibits relating thereto, as the same may be amended, modified or supplemented in accordance with the terms thereof and hereof.

"Resolution" means the resolution adopted by the Board of Regents of the System on April 22, 2016.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and any successor rating agency.

"State" means the State of Nevada.

"System Representative" means any person authorized from time to time in writing by the System, or its successors and assigns, to perform a designated act or execute a designated document.

## **2. INTEREST RATE**

*Section 2.01. Interest Rate.* The Note shall bear interest at an interest rate of \_\_\_\_% per annum, subject to adjustment as set forth in this Exhibit A. Upon the occurrence and during the continuance of an Event of Default, the Calculation Agent shall determine the interest rate on the Note and such rate determination shall be conclusive and binding upon registered owners, the System, the Registrar and the Paying Agent in absence of manifest error.

## **3. ADJUSTMENTS TO INTEREST RATE**

*Section 3.01. Default Rate.* Notwithstanding anything herein or in the Note to the contrary, upon the occurrence and during the continuation of an Event of Default, the interest rate for the Note shall be equal to the Default Rate.

*Section 3.02. Excess Interest.* Notwithstanding anything herein or in the Note to the contrary, if the rate of interest on the Note exceeds the Maximum Rate for such Notes, then (a) such Notes shall bear interest at the Maximum Rate and (b) interest on such calculated at the rate equal to the difference between (i) the rate of interest for such Notes as calculated pursuant to this Exhibit A and (ii) the Maximum Rate (the "Excess Interest") shall be deferred until such date as the rate of interest borne by such Notes as calculated pursuant to this Exhibit A is below the Maximum Rate, at which time Excess Interest shall be payable with respect to such Notes in amounts that, when combined with the then-current interest due on the Notes, does not exceed payment at the Maximum Rate, until all deferred Excess Interest is paid in full. Upon the repayment in full of the Note, the System shall pay to the owners of the Note a fee equal to the amount of all unpaid deferred Excess Interest on the Note.

## **4. CONDITIONS PRECEDENT TO PURCHASE OF NOTE**

*Section 4.01. Conditions to Purchase of Note.* The obligation of the Lender to purchase the Note is subject to the satisfaction of the following conditions precedent:

(a) The Lender shall have received, on or before the Date of Delivery, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Lender:

(i) The following certificates dated the Date of Delivery and executed by a System Representative:

(A) certifying the names and signatures of the persons authorized to sign, on behalf of the System, the Related Documents; and

(B) certifying (1) that there has been no event or circumstance since June 30, 2015, that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (2) that the representations and warranties contained in Section 5 of this Exhibit A and the other Related Documents are true and correct in all material respects on the Date of Delivery and (3) no event has occurred and is continuing, or would result from the issuance of the Note, which would constitute a Default or Event of Default.

(ii) An executed original or certified copy, as applicable, of each Related Document along with the physical certificated Note registered in the name of the Lender.

(iii) The following opinions, dated the Date of Delivery and addressed to the Lender or on which the Lender is otherwise expressly authorized to rely:

(A) from Bond Counsel, opinions as to the due authorization, execution, delivery and enforceability of the Related Documents, and such other customary matters as the Lender may reasonably request; and

(B) from Bond Counsel, opinions to the effect that the Note is a valid and binding obligation of the System payable from any moneys of the System legally available.

(b) The Lender shall have received reimbursement of the Lender's fees and expenses and any other fees incurred in connection with the transaction contemplated by the Related Documents and Chapman and Cutler LLP, as counsel to the Lender, shall have received payment of its legal fees and expenses incurred in connection with the preparation, review, negotiation, execution and delivery of the Related Documents.

(c) The Note shall not be (i) assigned a specific rating by any Rating Agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document or (iv) placed or offered by a broker-dealer in the capacity of an underwriter or a placement agent.

## SECTION 5. REPRESENTATIONS AND WARRANTIES

The System makes the following representations and warranties to each Noteholder:

*Section 5.01. Existence and Power.* The System is a body corporate and politic duly organized, validly existing and in good standing under the laws of the State and has the power and authority to own its properties and to carry on its businesses as now being conducted and as currently contemplated to be conducted hereafter and is duly qualified to do business in each jurisdiction in which the character of the properties owned or leased by it or in which the transactions of any material portion of its business (as now conducted and as currently contemplated to be conducted) makes such qualification necessary.

*Section 5.02. Due Authorization.* (a) The System has the corporate power, and has taken all necessary corporate action to authorize the Related Documents to which it is a party, and to execute, deliver and perform its obligations under the Note and each of the other Related Documents to which it is a party in accordance with their respective terms.

(b) All Governmental Approvals necessary for the System to issue the Note and enter into the other Related Documents and to perform the transactions contemplated hereby and thereby and to conduct its business activities and own its property have been obtained and remain in full force and effect and are subject to no further administrative or judicial review. No other Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the System of the Note or the due execution, delivery or performance by the System of the Related Documents.

*Section 5.03. Valid and Binding Obligations.* The Note has been duly executed and delivered by one or more duly authorized officers of the System, and each of the Related Documents, when executed and delivered by the System, will be, a legal, valid and binding obligation of the System enforceable in accordance with its terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

*Section 5.04. No Conflict.* The execution, acceptance, delivery and performance of, or agreement to, the Note and the other Related Documents by the System (a) does not conflict with, violate or contravene any provision of law or regulation or of any order or decree of any court, tribunal or governmental authority, bureau or agency, and (b) does not and will not conflict with, violate or cause a default under any provision of the Board of Regents Handbook; of any bond, note or other evidence of indebtedness; or of any mortgage, indenture, contract or other undertaking by which the System or any of its assets is bound.

*Section 5.05. Pending Litigation and Other Proceedings.* There is no action, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the System or any arbitration in which service of process has been completed against the System or, to the knowledge of the System, any other action, suit or proceeding pending or threatened in any court, any other governmental authority with jurisdiction over the System or any arbitrator, in either case

against the System or any of its properties or revenues, or any of the Related Documents to which it is a party, which if determined adversely to the System would materially adversely affect the rights, security, interests or remedies of the Lender hereunder or under any of the other Related Documents or which is reasonably likely to result in a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Date of Delivery as to which the Lender has received an opinion of counsel satisfactory to the Lender, in form and substance satisfactory to the Lender and the Lender's legal counsel, to the effect that such action, suit or proceeding is without substantial merit.

*Section 5.06. Financial Statements.* The audited financial statements of the System as of June 30, 2015, and the related consolidated statement of activities and changes in net assets and the consolidated statement of cash flows for the Fiscal Year then ended, and accompanying notes thereto, which financial statements, accompanied by the audit report of Grant Thornton LLP, heretofore furnished to the Lender, fairly present the financial condition of the System in all material respects as of such dates and the results of its operations for the periods then ended in conformity with GAAP.

*Section 5.07. No Defaults.* No default by the System has occurred and is continuing in the payment of the principal of or premium, if any, on any Debt of the System. No bankruptcy, insolvency or other similar proceedings pertaining to the System or any agency or instrumentality of the System are pending or presently contemplated. No Default or Event of Default has occurred and is continuing hereunder. No "default" or "event of default" under, and as defined in, any of the other Related Documents has occurred and is continuing. The System is not presently in default under any material agreement to which it is a party which could reasonably be expected to have a Material Adverse Effect.

*Section 5.08. Incorporation by Reference.* The representations and warranties of the System contained in the other Related Documents, together with the related definitions of terms contained therein, are hereby incorporated by reference in herein as if each and every such representation and warranty and definition were set forth herein in its entirety, and the representations and warranties made by the System in such Sections are hereby made for the benefit of the Lender.

*Section 5.09. Correct Information.* All information, reports and other papers and data with respect to the System furnished by the System to the Lender were, at the time the same were so furnished, correct in all material respects. No fact is known to the System that materially and adversely affects the security for the Note, or the ability of the System to repay when due the principal of or interest on the Note or the obligations due and payable thereunder, that has not been set forth in the financial statements and other documents referred to in this Section 5.09 or in such information, reports, papers and data or otherwise disclosed in writing to the Lender.

*Section 5.10. Investment Company.* The System is not an "investment company" or a company "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

*Section 5.11. Margin Stock.* The System is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds from the

issuance of the Note will be used to purchase or carry any such Margin Stock or extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

*Section 5.12. Usury.* The Note does not provide for any payments that would violate any applicable law regarding permissible maximum rates of interest.

*Section 5.13. Pending Legislation and Decisions.* There is no amendment, or to the knowledge of the System, proposed amendment to the Constitution of the State or any State law or any administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the legislature of the State, or any judicial decision interpreting any of the foregoing, the effect of which will materially adversely affect the issuance of the Note, the security for the Note, the creation, organization, or existence of the System or the titles to office of any officers executing the Note or any Related Documents or the System's ability to repay when due its obligations under the Note.

*Section 5.14. No Immunity.* Except as provided in Section 6.07 hereinbelow, under existing law, the System is not entitled to raise the defense of sovereign immunity in connection with any legal proceeding to enforce or collect upon the Note and the other transactions contemplated by the Note, including the payment of the principal of and interest on the Note.

*Section 5.15. Anti-Terrorism Laws.* The System is not in violation of any Laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act;

(a) The System is not any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which the Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(v) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("*OFAC*") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(b) The System does not (i) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (a)(ii) above, (ii) deal in, or otherwise engage in any transaction relating to, any property

or interests in property blocked pursuant to the Executive Order or (iii) engage in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

## **SECTION 6. COVENANTS OF THE SYSTEM**

The System covenants and agrees, until the full and final payment and satisfaction of all of the principal of and interest on the Note and all other amounts due and payable thereunder, except in any instance in which the Lender specially agrees in writing to any performance or noncompliance, that:

*Section 6.01. Existence, Etc.* The System (a) shall maintain its existence pursuant to its authorizing legislation and the laws of the State and (b) shall not liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or any substantial part of its property, assets or business, or combine, merge or consolidate with or into any other entity.

*Section 6.02. Compliance with Laws; Taxes and Assessments.* The System shall comply with all Laws applicable to it, except where non-compliance could not reasonably be expected to result in a Material Adverse Effect, such compliance to include, without limitation, paying all taxes, assessments and governmental charges imposed upon it before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves are provided therefor that in the opinion of the System are adequate.

*Section 6.03. Reports.* The System shall furnish to the Lender in form and detail satisfactory to the Lender:

(a) *Annual Report.* As soon as available, and in any event within seven (7) months after the end of the Fiscal Year (i.e., January 31), the annual audited financial statements of the System together with a Compliance Certificate signed by an authorized officer of the System stating that no Event of Default or Default has occurred.

(b) *Notice of Default or Event of Default.* Promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and in any event within five (5) Business Days thereafter, a certificate signed by a System Representative specifying in reasonable detail the nature and period of existence thereof and what action the System has taken or proposes to take with respect thereto.

(c) *Litigation.* As promptly as practicable, written notice to the Lender of all actions, suits or proceedings pending or threatened against the System in court or before any arbitrator of any kind or before any governmental authority which could reasonably be expected to result in a Material Adverse Effect.

(d) *Other Information.* Such other information regarding the business affairs, financial condition and/or operations of the System as the Lender may from time to time reasonably request.

*Section 6.04. Maintenance of Books and Records.* The System will prepare, or have prepared, audited financial statements of the System in accordance with GAAP.

*Section 6.05. No Impairment.* The System will neither take any action, nor cause the Paying Agent to take any action, under the Note or any other Related Document which would materially adversely affect the rights, interests, remedies or security of the Lender under the Note or any other Related Document or which could reasonably be expected to result in a Material Adverse Effect.

*Section 6.06. Related Documents.* The System shall not modify, amend or consent to any modification, amendment or waiver in any material respect of the Note without the prior written consent of the Lender.

*Section 6.07. Immunity from Jurisdiction.* Except for causes of action against the System which sound in tort, the System hereby waives its sovereign immunity and consents to be sued on its contractual obligations under the Note and all contractual claims with respect thereto, and irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and monetary assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of monetary assets, (iv) execution or enforcement in any suit, action or proceeding relating to the Note in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in the Note and no such immunity (whether or not claimed) may be attributed to the System. This waiver shall not be interpreted as a consent by the System to a suit in any jurisdiction other than Nevada. It is the intent of the Lender to execute any judgment on legally available funds of the System excluding assets that would materially impair the ability of the System to maintain essential services including law enforcement, health care and life safety of System students, employees and visitors.

*Section 6.08. Budget.* To the fullest extent permitted and/or required by State law, the System shall cause the appropriate System official(s) to take any and all ministerial actions that may be necessary to facilitate the payment of the principal of and interest on the Note and any other amounts payable thereunder when due and to include the principal of and interest on the Note and any other amounts payable hereunder in the annual budget of the System.

*Section 6.09. Federal Reserve Board Regulations.* The System shall not use any portion of the proceeds of the Note for the purpose of carrying or purchasing any Margin Stock and shall not incur any Debt which is to be reduced, retired or purchased by the System out of such proceeds of the Note (except for refunding Debt).



## 7. EVENTS OF DEFAULT

*Section 7.01. Events of Default.* The occurrence of any "event of default" set forth in the Note or any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an "Event of Default" hereunder, unless waived in writing by Lender:

(a) the System shall fail to pay any obligation hereunder other than principal of or interest on the Note and such failure shall continue for five calendar days;

(b) any representation or warranty made by or on behalf of the System in the Note or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(c) the System shall default in the due performance or observance of (i) any of the covenants set forth in Section 6.01, 6.03(a), or 6.08 hereof or (ii) any other term, covenant or agreement contained in the Note and such default shall remain unremedied for a period of thirty (30) days after the earlier to occur of (x) written notice of such default from the Lender or (y) knowledge of such default by a responsible officer of the System;

(d) a debt moratorium, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of the System by the System or any Governmental Authority with appropriate jurisdiction;

(e) (i) any material provision of the Note (including this Exhibit A), shall at any time for any reason cease to be valid and binding on the System as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or (ii) the validity or enforceability of any material provisions of the Note shall be publicly contested by the System; or

(f) dissolution or termination of the existence of the System.

*Section 7.02. Consequences of an Event of Default.* If an Event of Default specified in Section 7.01 hereof or in the Note shall occur and be continuing, (a) the interest rate on the Note shall increase to the Default Rate and the obligations of the System hereunder shall bear interest at the Default Rate, and (b) the Lender may take one or more of the actions set forth in the Note at any time and from time to time (regardless of whether the actions are taken at the same or different times); *furthermore*, the Purchase may cure any Default, Event of Default or event of nonperformance hereunder or under the Note but shall have no obligation to do so.

No delay or omission by the Lender in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Lender or to be acquiescence therein. No express or implied waiver by the

Lender of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

The System shall pay within thirty (30) days after demand, if an Event of Default shall have occurred, all reasonable costs and expenses of the Lender in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under the Note or the other Related Documents.

## **8. INDEMNIFICATION**

*Section 8.01. Indemnification.* In accordance with the limitations of NRS 41.0305 to NRS 41.039, the System hereby agrees to indemnify and hold harmless each Noteholder and its officers, directors and agents (each, an "*Indemnitee*") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys' fees) which may incur or which may be claimed against an Indemnitee by any Person or entity whatsoever (collectively, the "*Liabilities*") by reason of or in connection with (a) the execution and delivery of, or payment or failure to pay under, any Related Document; (b) the issuance and sale of the Note; and (c) the use of the proceeds of the Note; *provided* that the System shall not be required to indemnify an Indemnitee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnitee. The obligations of the System under this Section 8 shall survive the payment of and termination of the Note.

## **9. MISCELLANEOUS**

*Section 9.01. Patriot Act Notice.* The Lender hereby notifies the System that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the System, which information includes the name and address of the System and other information that will allow the Lender to identify the System in accordance with the Patriot Act. The System hereby agrees that it shall promptly provide such information upon request by the Lender.

*Section 9.02. Further Assurances.* From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm the Note, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Lender, the System will, at the System's expense, correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents. In addition, at any time, and from time to time, upon request by the Lender or the Paying Agent, the System will, at the System's expense, provide any and all further instruments, certificates and other documents as may, in the reasonable opinion of the Lender or the Paying Agent, be necessary or desirable in order to verify the System's identity and background in a manner satisfactory to the Lender or the Paying Agent, as the case may be.

*Section 9.03. Student Loan Referrals.* The Lender and the System represent and warrant to one another that the pricing and terms and conditions for the services provided under the Note are

unrelated to whether the System refers student loans to the Lender and to the amount of any such referrals.

*Section 9.04. No Third-Party Rights.* Nothing in the Note, whether express or implied, shall be construed to give to any Person other than the Lender and the System and the Noteholders any legal or equitable right, remedy or claim under or in respect of the Note, which is intended for the sole and exclusive benefit of the Lender and the System.

*Section 9.05. Severability.* The provisions of the Note are intended to be severable. If any provision of the Note shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

*Section 9.06. Waiver of Jury Trial.* To the extent permitted by applicable Laws, each of the Lender and the System hereby waives its right to a jury trial of any claim or cause of action based upon or arising out of the Note, the Related Documents or any of the transactions contemplated hereby or thereby, including contract claims, tort claims, breach of duty claims, and all other common law or statutory claims.

*Section 9.07. Headings.* Section headings herein are included herein for convenience of reference only and shall not constitute a part of the Note for any other purpose.

*Section 9.08. Prior Understandings.* The Note and the other Related Documents supersede all other prior understandings and agreements, whether written or oral, among the Lender and the System relating to the transactions provided for herein and therein.

*Section 9.09. Duration.* All representations and warranties of the System contained herein or made in connection herewith shall survive the making of and shall not be waived by the execution and delivery of the Note or the other Related Documents. All covenants and agreements of the System contained herein shall continue in full force and effect from and after the date hereof until the principal of and interest on the Note and all amounts due and payable hereunder have been fully discharged.

EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate (this "Certificate") is furnished to Wells Fargo Bank, National Association (the "Lender") pursuant to that certain Taxable Promissory Note (University of Nevada, Reno) Series 2016B (together with Exhibit A thereto, the "Note") of the Nevada System of Higher Education (the "System"). Unless otherwise defined herein, the terms used in this Certificate shall have the meanings assigned thereto in the Note.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly appointed [**Chancellor**] [**Vice Chancellor**] of the System;
2. I have reviewed the terms of the Note and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the System during the accounting period covered by the attached financial statements; and
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements, except as set forth below.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the System has taken, is taking, or proposes to take with respect to each such condition or event:

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The foregoing certifications and the financial statements delivered with this Certificate in support hereof, are made and delivered this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

NEVADA SYSTEM OF HIGHER EDUCATION

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT C

FORM OF INVESTOR LETTER

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Nevada System of Higher Education  
2601 Enterprise Road  
Reno, Nevada 89512

Re: \$ \_\_\_\_\_  
NEVADA SYSTEM OF HIGHER EDUCATION  
TAXABLE PROMISSORY NOTE  
(UNIVERSITY OF NEVADA, RENO)  
SERIES 2016B

Ladies and Gentlemen:

This letter is to provide you with certain representations and agreements with respect to our purchase of all of the above-referenced note (the "*Note*"), dated \_\_\_\_\_, 2016 of the Nevada System of Higher Education (the "*System*"). \_\_\_\_\_ (the "*Purchaser*," the "*undersigned*," "*us*" or "*we*," as applicable) is purchasing the Note from \_\_\_\_\_ . We hereby represent and warrant to you and agree with you as follows:

1. We understand that the Note has not been registered pursuant to the Securities Act of 1933, as amended (the "*1933 Act*") or the securities laws of any state. We acknowledge that the Note (i) is not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (ii) will not be listed on any securities exchange, and (iii) will not carry a rating from any rating service.
2. We have not offered, offered to sell, offered for sale or sold any of the Note by means of any form of general solicitation or general advertising, and we are not an underwriter of the Note within the meaning of Section 2(11) of the 1933 Act.
3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other taxable and tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Note.

4. We have authority to purchase the Note and to execute this letter and any other instruments and documents required to be executed by the purchaser in connection with the purchase of the Note.

5. The undersigned is a duly appointed, qualified and acting representative of the Purchaser and is authorized to cause the Purchaser to make the certifications, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

6. The Purchaser is a "qualified institutional buyer" as defined in Rule 144A promulgated under the 1933 Act and is a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus of not less than \$5,000,000,000 as of the date hereof, and is able to bear the economic risks of such investment.

7. The undersigned understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to the Notes. The undersigned has made its own inquiry and analysis with respect to the System, the Note and the security therefor, and other material factors affecting the security for and payment of the Note.

8. The undersigned acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, regarding the System, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the System, the Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase the Note.

9. The Note is being acquired by the Purchaser for investment for its own account and not with a present view toward resale or distribution; *provided, however*, that the Purchaser reserves the right to sell, transfer or redistribute the Note, but agrees that any such sale, transfer or distribution by the Purchaser shall be to a Person:

(a) that is an affiliate of the Purchaser;

(b) that is a trust or other custodial arrangement established by the Purchaser or one of its affiliates, the owners of any beneficial interest in which are limited to qualified institutional buyers; or

(c) that the Purchaser reasonably believes to be a qualified institutional buyer and a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any case, having a combined capital and surplus of not less than

\$5,000,000,000 as of the date of such sale, transfer or distribution who executes an investor letter substantially in the form of this letter.

Very truly yours,

\_\_\_\_\_, AS PURCHASER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title:

EXHIBIT D  
(Attach Amortization Schedule)

D-1



EXHIBIT E

Upon the occurrence of a Break Event, the Breakage Fee shall be calculated and paid as follows:

"Break Date" means any date that an optional redemption or prepayment is made.

"Break Event" means any optional redemption or prepayment of the Note.

"Calculation Agent" will be Wells Fargo Bank, National Association. If for any reason Wells Fargo Bank, National Association is unable or unwilling to calculate the Breakage Fee, the Calculation Agent shall be an independent financial advisor or investment banker appointed by the System with the consent of the Lender.

"Day Count Fraction" is the anticipated basis on which interest at the Fixed Rate is to be computed on the Note. The Day Count Fraction utilizes a 360 day year and consisting of twelve 30 day months.

"Reference Rate" means \_\_\_\_\_% per annum.

"Scheduled Due Date" means each date specified on the Amortization Schedule attached as Exhibit D hereto under the column titled ["Maturity Date"].

"Schedule of Principal Amount" is the anticipated principal amount of the Note scheduled to be outstanding on the date the Note is funded and on the Scheduled Due Date. The Schedule of Principal Amounts for the Scheduled Due Dates is specified on the Amortization Schedule attached as Exhibit D hereto under the column titled ["Principal Amount"].

1. In connection with any Break Event, a Breakage Fee shall be paid by the System if the Breakage Fee is a positive number. No Breakage Fee shall be payable for a Break Event if the Breakage Fee for that Break Event is a negative number. Breakage Fees will be determined by the Calculation Agent, on the Business Day next preceding any Break Date and will be calculated for the Note as follows:

"Breakage Fee" for any Break Event is the difference of:

(i) the sum of the present values of a series of amounts computed for each Scheduled Due Date after the Break Date through the Maturity Date for the Note, each of which amounts is equal to the product of (A) the Affected Principal Amount for the Affected Principal Period ending on the Scheduled Due Date, times (B) the Reference Rate, times (C) the Day Count Fraction for such Affected Principal Period,

minus

(ii) the sum of the present values of a series of amounts computed for each Scheduled Due Date after the Break Date through the Maturity Date for the Note, each of which amounts is equal to the product of (A) the Affected Principal Amount for the Affected Principal Period ending on the Scheduled Due Date, times (B) the Break Rate, times (C) the Day Count Fraction for such Affected Principal Period,

where:

(1) the Calculation Agent computes such present values by discounting each such series of amounts described in clause (i) and (ii) above from the Scheduled Due Date to the Break Date using a series of discount factors corresponding to the Scheduled Due Date as determined by the Calculation Agent from the swap yield curve that the Calculation Agent would use as of the Break Date in valuing a series of fixed rate interest rate swap payments similar to such series of amounts;

(2) the "Affected Principal Amount" for an Affected Principal Period is the principal amount of the Note reflected in the Schedule of Principal Amounts scheduled to be outstanding during that Affected Principal Period determined as of the relevant Break Date by the reference to such Schedule of Principal Amounts before giving effect to any Break Event on that Break Date, and for any Break Event, multiplying each such principal amount times the Prepayment Fraction;

(3) "Affected Principal Period" is each period from and including a Scheduled Due Date to but excluding the next succeeding Scheduled Due Date; provided, however, if the Break Date is not a Scheduled Due Date, the initial Affected Principal Period shall be the period from and including the Break Date to but excluding the next succeeding Scheduled Due Date and the Affected Principal Period for such initial Affected Principal Period shall be the amount stated in the Schedule of Principal Amounts outstanding for the Scheduled Due Date next preceding the Break Date;

(4) "Prepayment Fraction" means, for each Scheduled Due Date, a fraction the numerator of which is the amount of the credit to be applied pursuant to the applicable provisions of the Note to reduce the amount of the prepayment otherwise due on such date and the denominator of which is the amount of the payment otherwise due on such date (without regard to such credit); and

(5) "Break Rate" means, for any Break Date, and with respect to each Note, the fixed rate the Calculation Agent determines is representative of what swap dealers would be willing to pay to the Calculation Agent (or, if required to be cleared under the Commodity Exchange Act or a Commodity Futures Trading Commission rule or regulation promulgated thereunder, to a swap clearinghouse) as fixed rate payors on a monthly basis in return for receiving one month LIBOR based payments monthly under interest rate swap transactions that would commence on such Break Date, and mature on, or as close as commercially practicable to, the Maturity Date for such Note;

2. The Calculation Agent shall determine the Breakage Fee hereunder in good faith using such methodology as the Calculation Agent deems appropriate under the circumstance, and the Calculation Agent's determination shall be conclusive and binding in the absence of manifest error.

# Exhibit 2

Preliminary, subject to change

**Nevada System of Higher Education  
Promissory Note, Series 2016B  
(University of Nevada Reno)  
Sources & Uses of Funds**

**Issue Summary**

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Dated Date	05/05/2016
Par Amount	\$3,500,000
True-Interest-Cost	2.36154%
Weighted Average Maturity	2.343 years

**Sources of Funds:**

Par Amount	\$3,500,000.00
Original Issue Discount	<u>(15,000.00)</u>
Total	\$3,485,000.00

**Uses of Funds:**

Construction Funds	\$3,441,400.00
Issuance Costs	<u>43,600.00</u>
Total	\$3,485,000.00

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**Nevada System of Higher Education  
Promissory Note, Series 2016B  
(University of Nevada Reno)  
Debt Service Schedule**

<b>Date</b>	<b>Principal</b>	<b>Rate</b>	<b>Interest</b>	<b>Semi-Annual Debt Service</b>	<b>Annual Debt Service</b>
05/05/2016					
09/01/2016			\$24,472.78	\$24,472.78	
03/01/2017	\$1,277,000	2.170%	37,975.00	1,314,975.00	\$1,339,447.78
09/01/2017			24,119.55	24,119.55	
03/01/2018	371,000	2.170%	24,119.55	395,119.55	419,239.10
09/01/2018			20,094.20	20,094.20	
03/01/2019	954,000	2.170%	20,094.20	974,094.20	994,188.40
09/01/2019			9,743.30	9,743.30	
03/01/2020	550,000	2.170%	9,743.30	559,743.30	569,486.60
09/01/2020			3,775.80	3,775.80	
03/01/2021	348,000	2.170%	3,775.80	351,775.80	355,551.60
09/01/2021			0.00	0.00	
03/01/2022	0	2.170%	0.00	0.00	0.00
09/01/2022			0.00	0.00	
03/01/2023	0	2.170%	0.00	0.00	0.00
09/01/2023			0.00	0.00	
03/01/2024	0	2.170%	0.00	0.00	0.00
09/01/2024			0.00	0.00	
03/01/2025	0	2.170%	0.00	0.00	0.00
09/01/2025			0.00	0.00	
03/01/2026	0	2.170%	0.00	0.00	0.00
	\$3,500,000		\$177,913.48	\$3,677,913.48	\$3,677,913.48

**Nevada System of Higher Education  
Promissory Note, Series 2016B  
(University of Nevada Reno)  
Project Cash Flow Analysis**

Fiscal Year	Contract Guarantee <sup>1</sup>		CAPEX <sup>1</sup> (C)	Net Revenue		2016 Note			Cash Flow (H) = D-G
	Total (A)	Increase <sup>2</sup> (B)		Available (D) = B + C	Principal (E)	Interest (F)	Total (G) = E + F		
2016	1,430,000	0	0	0					
2017	1,800,000	370,000	1,000,000	1,370,000	(1,277,000)	(62,448)	(1,339,448)	30,552	
2018	1,875,000	445,000	0	445,000	(371,000)	(48,239)	(419,239)	25,761	
2019	1,950,000	520,000	500,000	1,020,000	(954,000)	(40,188)	(994,188)	25,812	
2020	2,025,000	595,000	0	595,000	(550,000)	(19,487)	(569,487)	25,513	
2021	2,100,000	670,000	150,000	820,000	(348,000)	(7,552)	(355,552)	464,448	
2022	2,175,000	745,000	150,000	895,000	0	0	0	895,000	
2023	2,250,000	820,000	0	820,000	0	0	0	820,000	
2024	2,325,000	895,000	0	895,000	0	0	0	895,000	
2025	2,400,000	970,000	0	970,000	0	0	0	970,000	
2026	2,475,000	1,045,000	0	1,045,000	0	0	0	1,045,000	
					(\$3,500,000)	(\$177,913)	(\$3,677,913)		

<sup>1</sup> Per D Knuth 2016-02-19 (7:58 a.m.) e-mail.

<sup>2</sup> Increase over FY2016 base year of \$1,430,000.