

BOARD OF REGENTS  
BRIEFING PAPER

**1. Agenda Item Title: Financing Plan and Resolution to Authorize  
Promissory Note for UNLV Hotel College Academic Building**

**Meeting Date: June 11-12, 2015**

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

UNLV's top capital priority for the 2015 Legislative Session is Hospitality Hall, the Hotel College academic building that has been in planning for several years (first state appropriation in the 2009 legislative session). In anticipation of the 2015 state capital appropriation to complete this project, this project financing plan is presented in order to advance this project from planning to construction by securing bridge financing for UNLV's project funding portion for this 2015 State Capital Improvement Program (CIP) project.

The William F. Harrah College of Hotel Administration has been at the heart of hospitality education for nearly 50 years, shaping the future of the hospitality industry in Las Vegas and around the globe. To remain at the forefront of essential knowledge and best practices, Hospitality Hall will help the College raise the bar for hospitality education. It will feature classrooms, laboratories, and office space and serve as a bridge to the resort industry with public and private support from the state of Nevada and hospitality, gaming and tourism industries. The Hotel College is one of UNLV's most in-demand, successful, and prominent academic and research programs with FTE enrollment growing 46% between 1995 and 2014.

Summary of Project

The project design includes 93,500 square feet of classroom, laboratory, student, faculty and meeting space that will encourage interaction and a sense of community between students, faculty, and industry professionals. The new Hotel College Academic Building will provide appropriate space for the planned relocation of most college programs and functions currently located in approximately 45,000 sf in Frank and Estella Beam Hall and will work in conjunction with 35,000 GSF of existing Hotel College space in the Stan Fulton Building.

The total project cost as recommended by the Governor (cumulative, including previously funded planning activities) is estimated at \$57 million, with approximately \$29 million in state capital funding (which includes approximately \$1.4 million for FF&E expected in the 2017 legislative session) and \$28 million in university matching funds. (Note: Final legislative action could adjust these figures from those recommended by the Governor.)

Financing plan

The project will be financed with a combination of state funds and institutional matching funds with the institutional funds to be provided primarily by donor funds.

A summary of university matching funds including donor commitments to date (accurate as of the date this material is being prepared) is as follows:

	<b>Formal</b>	<b>Cash</b>	<b>Additional</b>
<b>Donor Funding:</b>	<b>Pledges</b>	<b>Received</b>	<b>Cash by 9/1/15</b>
Donor A	\$ 2,500,000	\$ 2,500,000	\$ -
Donor B	\$ 2,500,000	\$ -	\$ 500,000
Donor C	\$ 2,500,000	\$ 500,000	\$ 500,000
Donor D	\$ 2,500,000	\$ 500,000	\$ 500,000
Donor E	\$ 2,500,000	\$ -	\$ 500,000
UNLV non-state cash	\$ 2,000,000	\$ 2,000,000	
Donor F	\$ 1,000,000	\$ 1,000,000	\$ -
<b>Total fundraising to date</b>	<b>\$ 15,500,000</b>	<b>\$ 6,500,000</b>	<b>\$ 1,500,000</b>

For state-funded CIP projects, the state requires that UNLV expend institutional matching funds prior to state capital appropriated funds, in accordance with the requirements of NRS 341. As such, because the private fundraising is in the form of pledges that will become available over time, UNLV is seeking board approval to secure a bank line of credit (promissory note) in an amount up to \$20.9 million, to be drawn upon as needed and re-paid with donor pledges as received. The bank financing is needed as a bridge financing for the pledge balances and additional donor commitments still needed to fully fund the project and the financing limit requested includes estimated transaction costs. During the construction period, donor funds received on pledges will be used to reduce the total borrowing amount. Upon completion of construction, the debt service for the construction draws will be structured to match the pledge payment schedule over a six year period.

Although it is expected that donor funding will be generated to meet this project funding plan and the debt service will be finalized upon completion of construction to match the donor pledge schedule, timing may be such that donor funds may not be fully available for debt service and as such, UNLV also seeks approval to expend capital improvement fees in an amount sufficient to backstop any such timing difference or shortfall.

In order to be prepared to meet the expected project funding timeline upon conclusion of the 2015 legislative session, we have prepared a timeline for the closing of this proposed promissory note under both a standard and accelerated scenario. The standard scenario anticipates closing in early September which we anticipate to coincide with state funds becoming available for the project and the accelerated scenario anticipates a closing as soon as mid-July if needed. Both timelines are attached for reference purposes.

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

UNLV President Len Jessup requests approval of the project financing plan and a resolution to authorize the issuance of a promissory note in an amount not to exceed \$20,900,000 to be repaid from donor contributions and backstopped by capital improvement fee revenues.

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

The project is expected to receive state approval and funding in the 2015 CIP no later than June 2015 and UNLV must provide matching funds in order to proceed with the project at this time, in concert with the project development/construction schedule and acceptance of a Guaranteed Maximum Price (GMP) for the Construction Manager who will construct the project. It is anticipated that the GMP or a phase of the GMP will be accepted in late summer or early Fall 2015.

Donor funds and commitments totaling just over 50% of the UNLV matching funds have been made to date and will support the debt service payments (donor funds received to date are reducing the amount to be financed) and additional fundraising for the remaining goal is underway. This will be directed to reduce the total borrowing amount and fund the final debt service as the funds are received.

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

- The Board of Regents has previously approved this project as the campus's highest capital priority.
- The state has previously allocated funding for this project and we expect state construction funding in the 2015 legislative session. It is important to complete this project in a timely manner and provide the UNLV matching funds to ensure the state maintains its 2015 CIP funding proposal/commitment for this project.
- The project is needed to meet the space requirements of the academic program scheduled to locate in the completed facility.

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

Incurring additional financing obligations for this project may have an impact on other current programmatic needs.

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

Take no action which would delay the project, risk the ability to secure the 2015 State CIP funds (and potential future opportunities to secure these funds) and increase the cost.

**8. COMPLIANCE WITH BOARD POLICY:**

- Consistent With Current Board Policy: Title #\_\_\_\_ Chapter #\_\_\_\_ Section #\_\_\_\_
- Amends Current Board Policy: Title #\_\_\_\_ Chapter #\_\_\_\_ Section #\_\_\_\_
- Amends Current Procedures & Guidelines Manual: Chapter #\_\_\_\_ Section #\_\_\_\_
- Other:\_\_\_\_\_
- Fiscal Impact: Yes X No \_\_\_\_\_

Explain: The maximum annual debt service of the proposed bridge financing is estimated at \$3.9 million and will be funded from donor funds and backstopped by capital improvement fees to the extent donor funds are not sufficient.

**Nevada System of Higher Education  
 Promissory Note, Series 2015A  
 (UNLV Hotel College Building)  
 Sources & Uses of Funds**

**Issue Summary**

Dated Date	09/17/2015
Par Amount	\$20,839,000
Weighted Average Maturity	4.657 years

**Sources of Funds:**

Par Amount	\$20,839,000.00
Original Issue Premium	<u>0.00</u>
<b>Total</b>	<b>\$20,839,000.00</b>

**Uses of Funds:**

Construction Funds	\$20,763,811.00
Loan Origination Fee	25,000.00
Issuance Costs	<u>50,189.00</u>
<b>Total</b>	<b>\$20,839,000.00</b>



**Nevada System of Higher Education  
Promissory Note, Series 2015A  
(UNLV Hotel College Building)  
Pro-Forma Debt Service Schedule**

<b>Date</b>	<b>Principal<sup>1</sup></b>	<b>Interest<sup>1</sup></b>	<b>Other Fees<sup>1</sup></b>	<b>Semi-Annual Debt Service &amp; Fees</b>	<b>Annual Debt Service</b>
09/17/2015					
01/01/2016	\$0.00	\$985.52	\$15,007.57	\$15,993.09	\$15,993.09
07/01/2016	0.00	59,624.89	16,143.17	75,768.06	
01/01/2017	0.00	143,676.98	2,211.24	145,888.23	221,656.28
07/01/2017	1,554,000.00	416,780.00	0.00	1,970,780.00	
01/01/2018	1,585,000.00	385,700.00	0.00	1,970,700.00	3,941,480.00
07/01/2018	1,616,000.00	354,000.00	0.00	1,970,000.00	
01/01/2019	1,649,000.00	321,680.00	0.00	1,970,680.00	3,940,680.00
07/01/2019	1,682,000.00	288,700.00	0.00	1,970,700.00	
01/01/2020	1,715,000.00	255,060.00	0.00	1,970,060.00	3,940,760.00
07/01/2020	1,750,000.00	220,760.00	0.00	1,970,760.00	
01/01/2021	1,785,000.00	185,760.00	0.00	1,970,760.00	3,941,520.00
07/01/2021	1,820,000.00	150,060.00	0.00	1,970,060.00	
01/01/2022	1,857,000.00	113,660.00	0.00	1,970,660.00	3,940,720.00
07/01/2022	1,894,000.00	76,520.00	0.00	1,970,520.00	
01/01/2023	<u>1,932,000.00</u>	<u>38,640.00</u>	<u>0.00</u>	<u>1,970,640.00</u>	<u>3,941,160.00</u>
	\$20,839,000.00	\$3,011,607.39	\$33,361.99	\$23,883,969.37	\$23,883,969.37

<sup>1</sup> See footnotes to pages 3 & 4.

**Nevada System of Higher Education  
Promissory Note, Series 2015A  
(UNLV Hotel College Building)  
Debt Service Schedule (Loan Draw Period)**

<b>Date</b>	<b>Draws<sup>1</sup></b>	<b>Principal<sup>2</sup></b>	<b>Rate<sup>3</sup></b>	<b>Accrued Interest</b>	<b>Unused Credit Fee<sup>4</sup></b>	<b>Semi-Annual Debt Service</b>	<b>Principal Outstanding</b>
09/17/2015	\$100,000						\$100,000
10/01/2015	0	\$0.00	1.500%	\$58.33			100,000
11/01/2015	0	0.00	1.500%	125.00			100,000
12/01/2015	441,747	0.00	1.500%	125.00			541,747
01/01/2016	2,116,639	0.00	1.500%	677.18	\$15,007.57	\$15,993.09	2,658,386
02/01/2016	2,116,639	0.00	1.500%	3,322.98			4,775,026
03/01/2016	2,116,639	0.00	1.500%	5,968.78			6,891,665
04/01/2016	2,116,639	0.00	1.500%	8,614.58			9,008,305
05/01/2016	2,116,639	0.00	1.500%	11,260.38			11,124,944
06/01/2016	2,116,639	0.00	1.500%	13,906.18			13,241,583
07/01/2016	2,116,639	0.00	1.500%	16,551.98	16,143.17	75,768.056	15,358,223
08/01/2016	2,116,639	0.00	1.500%	19,197.78			17,474,862
09/01/2016	2,116,639	0.00	1.500%	21,843.58			19,591,502
10/01/2016	1,247,498	0.00	1.500%	24,489.38			20,839,000
11/01/2016	0	0.00	1.500%	26,048.75			20,839,000
12/01/2016	0	0.00	1.500%	26,048.75			20,839,000
01/01/2017	<u>0</u>	<u>0.00</u>	1.500%	<u>26,048.75</u>	<u>2,211.24</u>	145,888.225	20,839,000
	\$20,839,000	\$0.00		\$204,287.39	\$33,361.99	\$237,649.37	

<sup>1</sup> See page 5.

<sup>2</sup> From donor pledge receipts.

<sup>3</sup> Interest rate is variable. For illustrative purposes only. Subject to terms of the loan proposal.

<sup>4</sup> Assumed unused fee is 0.25% per year. Subject to terms of the loan proposal.

**Nevada System of Higher Education  
Promissory Note, Series 2015A  
(UNLV Hotel College Building)  
Debt Service Schedule (Principal Amortization Period)**

Date	Principal <sup>1</sup>	Rate <sup>2</sup>	Interest	Semi-Annual Debt Service
01/01/2017				
07/01/2017	\$1,554,000.00	4.000%	\$416,780.00	\$1,970,780.00
01/01/2018	1,585,000.00	4.000%	385,700.00	1,970,700.00
07/01/2018	1,616,000.00	4.000%	354,000.00	1,970,000.00
01/01/2019	1,649,000.00	4.000%	321,680.00	1,970,680.00
07/01/2019	1,682,000.00	4.000%	288,700.00	1,970,700.00
01/01/2020	1,715,000.00	4.000%	255,060.00	1,970,060.00
07/01/2020	1,750,000.00	4.000%	220,760.00	1,970,760.00
01/01/2021	1,785,000.00	4.000%	185,760.00	1,970,760.00
07/01/2021	1,820,000.00	4.000%	150,060.00	1,970,060.00
01/01/2022	1,857,000.00	4.000%	113,660.00	1,970,660.00
07/01/2022	1,894,000.00	4.000%	76,520.00	1,970,520.00
01/01/2023	1,932,000.00	4.000%	38,640.00	1,970,640.00
07/01/2023	<u>0.00</u>	4.000%	<u>0.00</u>	<u>0.00</u>
	\$20,839,000.00		\$2,807,320.00	\$23,646,320.00

<sup>1</sup> Assumes level amortization based upon estimated interest rate.

<sup>2</sup> Assumed for purposes of establishing a principal amortization schedule.  
Actual rate is variable.

**Nevada System of Higher Education  
Promissory Note, Series 2015A  
(UNLV Hotel College Building)  
Construction Draw-Down Schedule**

<b>Month</b>	<b>Beginning Balance<sup>1</sup></b>	<b>Note Proceeds<sup>2</sup></b>	<b>Donor Pledges<sup>3</sup></b>	<b>State CIP Funds<sup>4</sup></b>	<b>Project Draws<sup>5</sup></b>	<b>Ending Balance</b>
09/01/2015	\$8,000,000	\$24,811	\$0	\$0	(\$2,116,639)	\$5,908,172
10/01/2015	5,908,172	0	0	0	(2,116,639)	3,791,532
11/01/2015	3,791,532	0	0	0	(2,116,639)	1,674,893
12/01/2015	1,674,893	441,747	0	0	(2,116,639)	0
01/01/2016	0	2,116,639	0	0	(2,116,639)	0
02/01/2016	0	2,116,639	0	0	(2,116,639)	0
03/01/2016	0	2,116,639	0	0	(2,116,639)	0
04/01/2016	0	2,116,639	0	0	(2,116,639)	0
05/01/2016	0	2,116,639	0	0	(2,116,639)	0
06/01/2016	0	2,116,639	0	0	(2,116,639)	0
07/01/2016	0	2,116,639	0	0	(2,116,639)	0
08/01/2016	0	2,116,639	0	0	(2,116,639)	0
09/01/2016	0	2,116,639	0	0	(2,116,639)	0
10/01/2016	0	1,247,498	0	869,141	(2,116,639)	0
11/01/2016	0	0	0	2,116,639	(2,116,639)	0
12/01/2016	0	0	0	2,116,639	(2,116,639)	0
01/01/2017	0	0	0	2,116,639	(2,116,639)	0
02/01/2017	0	0	0	2,116,639	(2,116,639)	0
03/01/2017	0	0	0	2,116,639	(2,116,639)	0
04/01/2017	0	0	0	2,116,639	(2,116,639)	0
05/01/2017	0	0	0	2,116,639	(2,116,639)	0
06/01/2017	0	0	0	2,116,639	(2,116,639)	0
07/01/2017	0	0	0	2,116,639	(2,116,639)	0
08/01/2017	0	0	0	2,116,639	(2,116,639)	0
09/01/2017	0	0	0	<u>2,116,639</u>	<u>(2,116,639)</u>	0
		\$20,763,811	\$0	\$24,152,175	(\$52,915,986)	

<sup>1</sup> Assumes \$1,500,000 of donor pledges will be received prior to note closing date.

<sup>2</sup> Draws on note to finance construction costs. Excludes draws to pay transaction costs.

<sup>3</sup> To come.

<sup>4</sup> Per Governor's recommended budget.

<sup>5</sup> Assumed. Need additional information.



TRANSFER OF THIS NOTE OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

NEVADA SYSTEM OF HIGHER EDUCATION  
PROMISSORY NOTE  
(UNIVERSITY OF NEVADA, LAS VEGAS)  
SERIES 2015A

No. R-1

FINAL MATURITY DATE: \_\_\_\_\_ MAXIMUM PRINCIPAL AMOUNT: \$ \_\_\_\_\_  
INTEREST RATE: [ \_\_\_\_\_ % per annum ][variable rate as calculated herein]  
DATE OF DELIVERY: \_\_\_\_\_, 2015

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 \_\_\_\_\_ (the "Lender"), or its registered assigns as shown on the registration panel appended hereto, the maximum aggregate principal amount of \$ \_\_\_\_\_, or such lesser amount as shall represent the aggregate principal amount advanced to the System together with interest on the unpaid principal of the Note from the date of delivery of the Note or the date of each advance until the principal advanced under the Note is paid in full at the interest rate set forth above. Principal may be advanced under this Note until \_\_\_\_\_. The maximum principal amount of the Note may be advanced on the delivery date.

Interest shall be calculated on the basis of a \_\_\_\_\_-day year of \_\_\_\_\_ day months. Interest shall be payable on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year commencing on \_\_\_\_\_, 20\_\_ until the maturity date hereof. The outstanding principal of this Note shall mature in installments of principal payable on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year commencing on \_\_\_\_\_ 1, \_\_\_\_ and ending on \_\_\_\_\_ 1, \_\_\_\_\_ at which time all unpaid principal plus accrued unpaid interest shall be due and payable. The installments of principal shall be due as set forth in the amortization schedule attached hereto as Exhibit A and made a part hereof.

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 the Note (the "Paying Agent") on presentation and surrender of this Note at maturity or on call for redemption 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 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 the System maintained by the Paying Agent or such other means acceptable to the Lender and the Paying Agent. All such payments shall be made in lawful money of the United States of America.

The outstanding principal of the Note may be prepaid in whole or in part in any order or maturity on and after \_\_\_\_\_ at the option of the System without premium or penalty on 10 days' written notice by first class mail postage prepaid or electronic notice to the registered owner hereof. 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.

Partial principal payments shall be applied to the principal due under the Note as directed by the Chancellor or the Vice Chancellor for Finance of the System, including application to the most remote installment of principal due under this Note which may result in a shortened term for 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 similarly noted on the registration panel on the reverse 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 to a commercial bank without the prior written consent of the System and may be transferred to others with the prior written consent of the System. 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 in part the cost of capital improvements for the University of Nevada, Las Vegas. The 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 the Note when due. The 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.

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; or
- (iv) the System voluntarily suspends its business.

If an Event of Default shall have occurred hereunder, and in the case of those events listed in clauses (ii) through (iv) of the preceding sentence only, such Event of Default is not cured within 30 days after written notice from the registered owner hereof to the Paying Agent specifying the Events of Default and requiring that it be remedied, then:

[(i) the registered owner may declare the unpaid principal balance of this Note, together with the interest thereon to be then fully due and payable;]

(ii) 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

(iii) 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 installments of principal in arrears or then due. If any principal payment is not made when due, interest shall continue on the unpaid installment of 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.

The System covenants for the benefit of the registered owners of this Note that it will not take any action or omit to take any action with respect to this Note, the proceeds thereof, any other funds of the System or any facilities financed with the proceeds of this Note if such action or omission (i) would cause the interest on this Note to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Note (the "Tax Code"), or (ii) would cause interest on this Note to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code.

**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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Acting Secretary

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 in the registration blank below, and the principal and interest on this Note shall be paid to such registered owner. This Note may be transferred by the registered owner or his legal representative only upon a duly executed assignment in form satisfactory to the Registrar, 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>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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:

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

EXHIBIT A

(Attach Amortization Schedule)

**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 promissory note (the "Note") in the principal amount up to \$20,900,000 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 the costs of capital improvements at the University of Nevada, Las Vegas (the "Project"); 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, including a variable interest rate, 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 advanced under the Note shall bear interest from its date or the date of each advance



until the maturity dates thereof (or, if redeemed prior to maturity as provided below, the redemption dates) at the respective variable or 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 and the exclusion of interest on the Note from gross income and alternative taxable income for federal income tax purposes, including the execution of closing 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. In order to permit the System to reimburse itself for prior expenditures relating to the Project with the proceeds of the Obligations, the Board hereby determines and declares as follows:

(i) The System reasonably expects to incur expenditures with respect to the Project prior to the issuance of the Note for financing the Project and to reimburse those expenditures from the issuance of the Note; and

(ii) The maximum principal amount of the Note expected to be used to reimburse such expenditures is \$20,900,000.

Section 6. This resolution shall be effective on its passage and approval.

**PASSED, ADOPTED AND APPROVED** this June \_\_\_\_\_, 2015.

**NEVADA SYSTEM OF HIGHER EDUCATION**

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Chairman, Board of Regents

Attest:

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Acting Secretary

Exhibit A

(Attach form of Note)