

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Independent Auditor's Report and Financial Statements

June 30, 2022 and 2021

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)

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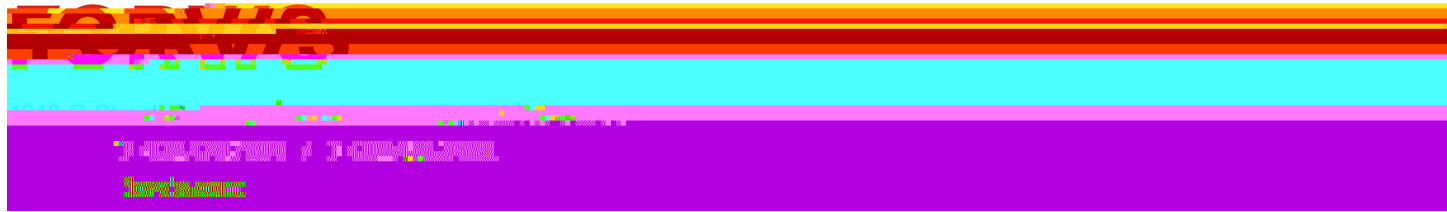
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Board of Regents
University of Nebraska Facilities Corporation
Lincoln, Nebraska

Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of the University of Nebraska Facilities Corporation (UNFC), a component unit of the University of Nebraska (the University), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise UNFC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the fiduciary activities of the University of Nebraska Facilities Corporation, as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the University of Nebraska Facilities Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University of Nebraska Facilities Corporation's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to

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Management's Discussion and Analysis

June 30, 2022 and 2021 (Unaudited)

(Dollar amounts in thousands)

Introduction

The following is an overview of the financial position and changes in net position of the University of Nebraska Facilities Corporation (UNFC or Corporation). Management has prepared the following discussion and it is intended to be read in conjunction with the financial statements and related notes, which follow this section.

UNFC was organized by the Board of Regents of the University of Nebraska (the University) in 1930 and is a component unit of the University. Its primary purpose is to provide a bond-financing vehicle for projects that cannot be bonded by the University under the State of Nebraska constitution, which generally limits the University's bonds to revenue-backed projects for student housing, parking, student unions, student health, and athletic facilities. Accordingly, UNFC constructs defined projects that are funded through bond proceeds, with repayment from specific state capital appropriations, University contributions, and donor gifts. The bonds are typically secured by a pledge of the University's cash funds, with the University entering into a financing arrangement with UNFC in amounts consistent with required debt service. The facilities are not reflected in the accompanying statements as they are transferred to the University campuses and reported in the University's financial statements. The University campuses include the University of Nebraska-Lincoln (UNL), University of Nebraska Medical Center (UNMC), University of Nebraska at Omaha (UNO), and the University of Nebraska at Kearney (UNK).

The financial statements include the activities related to the following projects and bond issues for the years ended June 30, 2022 and 2021:

Facility	Financing Objective
University Facilities Program Bonds (Series 2021A Bonds)	Renewal, replacement, renovation, and repair projects on the campuses of the University
University Facilities Program Bonds (Series 2021B Bonds)	Environmentally sustainable renewal, replacement, renovation, and repair projects on the campuses of the University
System Facilities Bonds (Series 2019A Bonds)	Finance new projects for the University system and refinance certain debt obligations of the University
System Facilities Bonds (Series 2019B Bonds)	Finance new projects for the University system and refinance certain debt obligations of the University and Corporation
Deferred Maintenance Bonds (Series 2018 Bonds)	Defined deferred maintenance projects

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Management's Discussion and Analysis

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(Dollar amounts in thousands)

Facility	Financing Objective
UNMC Eye Institute Project (Series 2018 Bonds)	Construction of an ophthalmology and visual sciences research and clinical facility
Deferred Maintenance Bonds (Series 2017A Bonds)	Defined deferred maintenance projects
UNO/Community Facility Refunding (Series 2017B	

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Management's Discussion and Analysis

June 30, 2022 and 2021 (Unaudited)

(Dollar amounts in thousands)

Financial Highlights

UNFC issued no new bonds in fiscal year 2022. UNFC issued the following new bonds in fiscal year 2021:

- x In June 2021, UNFC issued \$355,875 of tax-exempt University Facilities Program Bonds consisting of two series. Series 2021A in the amount of \$266,470 and 2021B "Green Bonds" in the amount of \$89,405. UNFC will use the proceeds to pay a portion of the costs of certain renewal, replacement, renovation and repair projects on the campuses of the University. The 2021B will be applied to finance environmentally sustainable projects.

Bond obligations payable, including unamortized bond premium/discount, was \$1,276 million as of June 30, 2022, \$1,325 million as of June 30, 2021, and \$996 million as of June 30, 2020. The 2022 decrease reflects no new issuances and a decrease achieved by scheduled maturities of other issues. Restricted cash and cash equivalents, current and non-current, were \$548 million as of June 30, 2022, \$608 million as of June 30, 2021, and \$301 million as of June 30, 2020. The decrease from June 30, 2021 to June 30, 2022 is due to expenditures of bond proceeds for construction and renovation of the UNL College of Engineering, UNL Mabel Lee Hall, and numerous Facilities Program Projects during 2022. The increase from June 30, 2020 to June 30, 2021 is due to the issuance of new bonds.

Revenue sources, including state appropriations, designated tuition revenues, private gifts, realized energy savings, and other sources supporting other outstanding borrowing, continued:

- x The State of Nebraska legislature has reaffirmed and appropriated funds for their portion of the debt service pertaining to the Deferred Maintenance Projects, the NCTA Education Center/Student Housing Project, and UNL Health Center and College of Nursing Projects.
- x The University of Nebraska Foundation continues to receive funds from donor gifts pledged toward the funding of the UNMC Cancer Center and the UNMC Global Experiential Learning Center.
- x Funds flowing from internal University sources continue to meet expectations, allowing the service of debt obligations in their normal course, with University contributions of \$48,922 in 2022, \$26,254 in 2021, and \$24,567 in 2020.

UNFC had sufficient revenues to cover debt service for each bond issue and was in compliance with all covenants at June 30, 2022 and 2021.

The University of Nebraska Facilities Corporation

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Management's Discussion and Analysis

June 30, 2022 and 2021 (Unaudited)

(Dollar amounts in thousands)

Using the Financial Statements

The financial statements of UNFC include the statements of net position; the statements of revenues,

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Management's Discussion and Analysis

June 30, 2022 and 2021 (Unaudited)

(Dollar amounts in thousands)

Condensed Statements of Net Position

	June 30		
	2022	2021	2020
Assets			
Current assets	\$ 330,773	\$ 267,722	\$ 271,373
Noncurrent assets	793,481	917,321	583,502
Total assets	<u>1,124,254</u>	<u>1,185,043</u>	<u>854,875</u>
Deferred Outflow of Resources			
Deferred loss on bond refunding	30,129	31,886	33,643
Liabilities			
Current liabilities	109,515	73,339	115,341
Noncurrent liabilities	<u>1,207,892</u>	<u>1,280,865</u>	<u>931,286</u>
Total liabilities	<u>1,317,407</u>	<u>1,354,204</u>	<u>1,046,627</u>
Deferred Inflow of Resources			
Deferred gain on bond refunding	15	21	74
Net Position			
Restricted			
Expendable			
Debt service	48,827	49,782	47,614
Unrestricted	<u>(211,866)</u>	<u>(187,078)</u>	<u>(205,797)</u>
Total net position	<u>\$ (163,039)</u>	<u>\$ (137,296)</u>	<u>\$ (158,183)</u>

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

	Year ended June 30		
	2022	2021	2020
Nonoperating Revenues (Expenses)			
University contributions	\$ 48,922	\$ 26,254	\$ 24,567
Capital grants and gifts	18,279	44,322	18,485
Capital appropriations	15,793	13,734	18,393
Investment income	13,955	11,672	13,712
Interest and amortization on bond obligations payable	(37,750)	(29,005)	(23,734)
Administrative and other expenses	(1,100)	(2,869)	(4,319)
Increase (decrease) in fair value of investments	<u>(11,913)</u>	<u>2,364</u>	<u>12</u>
Net nonoperating revenues	46,186	66,472	47,116
Transfers to the University for capital projects	(81,862)	(61,788)	(106,709)
Other transfers from the University	<u>9,933</u>	<u>16,203</u>	<u>156,592</u>
Increase (decrease) in net position	(25,743)	20,887	96,999
Net position, beginning of year	<u>(137,296)</u>	<u>(158,183)</u>	<u>(255,182)</u>
Net position, end of year	<u>\$ (163,039)</u>	<u>\$ (137,296)</u>	<u>\$ (158,183)</u>

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Statements of Net Position

June 30, 2022 and 2021

(in thousands)

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents, held by trustee - unrestricted	\$ 84,774	\$ 76,439
Cash and cash equivalents, held by trustee - restricted	102,299	75,266
Investments held by trustee - unrestricted	114,084	86,401
Accrued interest receivable	406	50
Notes receivable from the University of Nebraska	27,529	27,904
Due from the University of Nebraska	734	717
Other current assets	947	945
Total current assets	330,773	267,722
Noncurrent Assets		
Cash and cash equivalents, held by trustee - restricted	445,544	532,248
Investments held by trustee - restricted	-	5,320
Notes receivable from the University of Nebraska	345,750	376,835
Other current assets, net of current portion	2,187	2,918
Total noncurrent assets	793,481	917,321
Total assets	1,124,254	1,185,043
Deferred Outflow of Resources		
Deferred loss on bond refunding	30,129	31,886
Liabilities, Deferred Inflow of Resources and Net Position		
Current Liabilities		
Accounts payable	14,347	5,516
Accrued interest payable	14,842	10,277
Due to the University of Nebraska	12,252	13,576
Bond obligations payable	68,074	43,970
Total current liabilities	109,515	73,339
Noncurrent Liability		
Bond obligations payable, net of current portion	1,207,892	1,280,865
Total liabilities	1,317,407	1,354,204

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The University of Nebraska Facilities Corporation

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Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2022 and 2021

(in thousands)

	2022	2021
Nonoperating Revenues (Expenses)		
University contributions	\$ 48,922	\$ 26,254
Capital grants and gifts	18,279	44,322
Capital appropriations	15,793	13,734
Investment income	13,955	11,672
Interest and amortization on bond obligations payable	(37,750)	(29,005)
Administrative and other expenses	(1,100)	(2,869)
Increase/(decrease) in fair value of investments	(11,913)	2,364
Net nonoperating revenues	46,186	66,472
Transfers		
Transfers to the University for capital projects	(81,862)	(61,788)
Other transfers from the University	9,933	16,203
Increase (decrease) in net position	(25,743)	20,887
Net Position		
Beginning of year	(137,296)	(158,183)
End of year	\$ (163,039)	\$ (137,296)

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Statements of Cash Flows

Years Ended June 30, 2022 and 2021

(in thousands)

	2022	2021
Cash Flows from Capital and Related Financing Activities		
Proceeds from the issuance of bonds	\$ -	\$ 355,875
University contributions	48,922	26,254
Capital appropriations	15,793	13,734
Capital grants and gifts	18,279	44,322
Premium on issuance of bonds	-	46,187
Transfers from University of Nebraska	9,933	16,203
Additions to note receivable	-	(35,749)
Payments received on note receivable	31,460	26,352
Purchases of capital assets	(74,372)	(83,078)
Principal paid on bond obligations payable	(42,075)	(67,345)
Interest on notes receivable	10,961	10,799
Interest paid on bond obligations payable	(38,228)	(33,140)
Bond issuance costs	-	(2,036)
Administrative expenses	(371)	(138)
Net cash provided by (used in) capital and related financing activities	(19,698)	318,240
Cash Flows from Investing Activities		

The University of Nebraska Facilities Corporation
 (A Component Unit of the University of Nebraska)
Statements of Fiduciary Net Position
June 30, 2022 and 2021
 (in thousands)

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents, held by trustee - unrestricted	\$ 3,465	\$ 6,259
Total assets	3,465	6,259
Net Position		
Restricted for University campus projects	3,465	6,259
Total net position	\$ 3,465	\$ 6,259

The University of Nebraska Facilities Corporation

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Statements of Changes in Fiduciary Net Position

Years Ended June 30, 2022 and 2021

(in thousands)

	<u>2022</u>	<u>2021</u>
Additions		
Other additions	\$ 4	\$ 35,752
Total additions	<u>4</u>	<u>35,752</u>
Deductions		
Other deductions	<u>2,798</u>	<u>29,493</u>
Total deductions	<u>2,798</u>	<u>29,493</u>
Increase (Decrease) in Net Position	(2,794)	6,259
Net Position, Restricted for University Campus Projects		
Beginning of year	<u>6,259</u>	<u>-</u>
End of year	<u>\$ 3,465</u>	<u>\$ 6,259</u>

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 1: Summary of Significant Accounting Policies

The University of Nebraska Facilities Corporation (UNFC or Corporation) is a Nebraska nonprofit

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

The University of Nebraska Facilities Corporation

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 1: Summary of Significant Accounting Policies - Continued

Investments Held By Trustee

Investments are held by the bond trustee and are stated at fair value and consist of corporate bonds, municipal bonds, and mutual funds that are uninsured, unregistered, and are held by the trust departments of the various financial institutions acting as trustee. Securities that are publicly traded are valued based upon quoted market prices.

Notes Receivable from the University of Nebraska

Notes receivable relate to amounts loaned to the University for capital projects as part of the University's Internal Lending Program (IPL). The balance relates to new loans issued to the campuses and legacy University obligations previously financed by the Master Trust Indenture (MTI) that were refunded through the issuance

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 1: Summary of Significant Accounting Policies - Continued

Amortization of Bond Premium or Discount

Premiums and discounts are being amortized or accreted to interest expense on a method that

The University of Nebraska Facilities Corporation

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 2: Investments Held by Trustee

UNFC utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

In certain cases, the inputs used to measure fair value may fall in different levels of the fair value hierarchy:

x

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 2: Investments Held by Trustee - Continued

Investment maturities as of June 30, 2022 and 2021 are as follows:

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 2: Investments Held by Trustee - Continued

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. UNFC places no limit on the amount that may be invested in any one issuer. No individual investments comprised 5% or more of UNFC's portfolio at June 30, 2022 and June 30, 2021.

Summary of Carrying Values

The investments shown above are included in the following statement of net position captions at June 30, 2022 and 2021:

	2022	2021
UNFC		

The University of Nebraska

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable

UNFC outstanding bonds consists of \$1,194,460 of revenue bonds and \$6,165 of direct placement bonds.

Bond obligations payable, gross of premiums and discounts are as follows as of June 30:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2022					
Revenue bonds	\$ 1,231,520	\$ -	\$ 37,060	\$ 1,194,460	\$ 60,915
Revenue bonds, direct placement	11,180	-	5,015	6,165	365
Unamortized bond premium	82,161	-	6,799	75,362	6,799
Unamortized bond discount	(26)	-	5	(21)	(5)
	<u>\$ 1,324,835</u>	<u>\$ -</u>	<u>\$ 48,879</u>	<u>\$ 1,275,966</u>	<u>\$ 68,074</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2021					
Revenue bonds	\$ 929,790	\$ 355,875	\$ 54,145	\$ 1,231,520	\$ 37,060
Revenue bonds, direct placement	24,380	-	13,200	11,180	180
Unamortized bond premium	41,783	46,187	5,809	82,161	6,735
Unamortized bond discount	(31)	-	5	(26)	(5)
	<u>\$ 995,922</u>	<u>\$ 402,062</u>	<u>\$ 73,159</u>	<u>\$ 1,324,835</u>	<u>\$ 43,970</u>

The University of Nebraska Facilities Corporation

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable - Continued

Revenue Bonds	Interest Rates	Final Maturity	Installments	2022	2021
Facilities Program Bonds, Series 2021A	2.50 - 5.00%	2063	\$9,905 - 34,540	\$ 266,470	\$ 266,470
Facilities Program Bonds, Series 2021B	3.00 - 5.00%	2055	16,465 - 25,600	89,405	89,405

The University of Nebraska Facilities Corporation

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable - Continued

Annual Maturities - All Projects

Annual maturities of principal and interest are as follows:

Revenue Bonds	Principal	Interest	Total
2023	\$ 60,915	\$ 40,867	\$ 101,782
2024	39,930	38,991	78,921
2025	32,025	36,991	69,016
2026	52,385	35,262	87,647
2027	40,755	33,478	74,233
2028–2032	184,200	145,335	329,535
2033–2037	88,195	122,395	210,590
2038–2042	104,355	107,199	211,554
2043–2047	123,115	89,697	212,812
2048-2052	148,350	66,836	215,186
2053-2057	131,725	46,079	177,804
2058-2062	153,970	22,620	176,590
2063	34,540	691	35,231
	<u>\$1,194,460</u>	<u>\$786,441</u>	<u>\$1,980,901</u>
Revenue Bonds, Direct Placement	Principal	Interest	Total
2023	\$ 365	\$ 153	\$ 518
2024	370	142	512
2025	4,650	131	4,781
2026	190	33	223
2027	195	25	220
2028-2031	395	25	420
	<u>\$ 6,165</u>	<u>\$ 509</u>	<u>\$ 6,674</u>

The University of Nebraska Facilities Corporation

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable - Continued

Events of Default and Acceleration Provisions

University Facilities Program Bonds, Series 2021A and 2021B (Green Bonds)

The below-described events of default and acceleration provisions are contained in the legal documentation for the University Facilities Program Bonds, Series 2021A and Series 2021B (Green Bonds).

Events of default under the bond resolution include default of payment of principal and interest on the bonds; a covenant default that continues for 60 days after written notice to UNFC or the bond

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable - Continued

Events of Default and Acceleration Provisions - Continued

University System Facilities Bonds, Series 2019A and 2019B

The below-described events of default and acceleration provisions are contained in the legal documentation for the University System Facilities Bonds, Series 2019A and Series 2019B.

Events of default under the bond indenture include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC and the University by the bond trustee; or an event of default under the related financing agreement. Upon the occurrence of an event of default under the bond indenture, the bond trustee may, and upon the written direction of the holders of not less than a majority of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders are also entitled to equitable and legal remedies to enforce their rights under the bond indenture.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 3 business days or a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. If the Board fails to make payment upon acceleration, UNFC may, and upon the written direction of the holders of at least a majority of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable.

UNFC Deferred Maintenance Bonds

The below-described events of default and acceleration provisions are contained in the respective legal documentation for the following bond issues of UNFC:

- x Facilities Bonds, Series 2018
- x Facilities Bonds, Series 2017A

Events of default under the bond resolution include default of payment of principal or interest, or a covenant default that continues for 60 days after written notice to UNFC or the bond trustee. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders of not less than 10% of bonds outstanding are also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable - Continued

Events of Default and Acceleration Provisions - Continued

UNFC Deferred Maintenance Bonds - Continued

The third amended and restated financing agreement for the Facilities Bonds, Series 2018 also governs the Board's obligations under UNFC's Deferred Maintenance Refunding Bonds, Series 2016 and Facilities Bonds, Series 2017A. UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the third amended and restated financing agreement to the bond trustee.

Certain UNFC Bonds

The below-described events of default and acceleration provisions are contained in the respective legal documentation for the following bond issues of UNFC:

- x UNMC Eye Institute Project, Series 2018
- x UNO/Community Facility Refunding Bonds, Series 2017B

Events of default under the bond resolution include default of payment of principal or interest, or a covenant default that continues for 60 days after written notice to UNFC or the bond trustee. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders of not less than 10% of bonds outstanding are also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bond trustee.

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Notes to Financial Statements

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Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

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June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 4: Bond Obligations Payable - Continued

Events of Default and Acceleration Provisions - Continued

NCTA Education Center and Student Housing Project, Series 2011 - Continued

UNFC also has the right to accelerate the Board's obligations under the agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default; a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice or if the Board is not diligently working to cure such failure; an admission by the Board in writing that it is unable to pay its debts when due; the institution of bankruptcy proceedings with regards to the Board; appointment of receivership or similar proceedings; a writ or warrant of attachment or similar process against all or a substantial portion of the Board's property, which is not contested or stayed within 60 days; or if the Board shall abandon the project and it shall remain uncared for or unoccupied for a period of 60 days. UNFC may, and upon the written direction of the trustee shall declare the bonds due and payable, take possession of the facilities constituting the project and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the agreement to the bond trustee.

Note 5: Insurance

The October 1, 1983 agreement and subsequent agreements require the Regents to carry insurance in amounts sufficient to provide for the cost of construction on any of the buildings. The facilities

The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Notes to Financial Statements

June 30, 2022 and 2021

(Dollar amounts in thousands)

Note 7: Commitments and Contingencies

The University has budgeted for the construction of numerous UNFC funded facilities, which are estimated to cost approximately \$382,222 as of June 30, 2022.