




The University of Nebraska Facilities Corporation

(A Component Unit of the University of Nebraska)

Independent Auditor's Report and Financial Statements

March 31, 2025



The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Contents
March 31, 2025

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Independent Auditor's Report

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, collectively a component unit of the University of Nebraska, as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the University of Nebraska Facilities Corporation'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 respective financial position of the business-type activities and the fiduciary activities of the University of Nebraska Facilities Corporation, as of March 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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 audit. 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 the 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 opinions. 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 fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of Nebraska Facilities Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, 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 a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Forvis Mazars, LLP

Lincoln, Nebraska
September 4, 2025

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Statement of Net Position (Deficit)
March 31, 2025
(in thousands)

ASSETS

Current Assets

| | |
|---|-----------|
| Cash and cash equivalents, held by trustee - unrestricted | \$ 40,814 |
| Cash and cash equivalents, held by trustee - restricted | 94,427 |
| Investments, held by trustee - unrestricted | 157,472 |
| Accrued interest receivable | 1,393 |
| Notes receivable from the University of Nebraska | 33,066 |
| Due from the University of Nebraska | 2,313 |
| Other assets | 53 |

| | |
|----------------------|----------------|
| Total current assets | <u>329,538</u> |
|----------------------|----------------|

Noncurrent Assets

| | |
|---|---------|
| Cash and cash equivalents, held by trustee - restricted | 65,160 |
| Investments, held by trustee - unrestricted | 22,924 |
| Notes receivable from the University of Nebraska | 389,251 |
| Other assets, net of current portion | 603 |

| | |
|-------------------------|----------------|
| Total noncurrent assets | <u>477,938</u> |
|-------------------------|----------------|

| | |
|--------------|----------------|
| Total assets | <u>807,476</u> |
|--------------|----------------|

Deferred Outflow of Resources

| | |
|---------------------------------|---------------|
| Deferred loss on bond refunding | <u>25,313</u> |
|---------------------------------|---------------|

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

Current Liabilities

| | |
|-----------------------------------|--------|
| Accounts payable | 15,152 |
| Accrued interest payable | 12,194 |
| Due to the University of Nebraska | 5,770 |
| Bond obligations payable | 63,195 |

| | |
|---------------------------|--------|
| Total current liabilities | 96,311 |
|---------------------------|--------|

Noncurrent Liability

| | |
|--|------------------|
| Bond obligations payable, net of current portion | <u>1,064,700</u> |
|--|------------------|

| | |
|-------------------|------------------|
| Total liabilities | <u>1,161,011</u> |
|-------------------|------------------|

Net Position (Deficit)

Restricted

| | |
|--------------|--------|
| Expendable | |
| Debt service | 51,177 |

| | |
|--------------|------------------|
| Unrestricted | <u>(379,399)</u> |
|--------------|------------------|

| | |
|------------------------------|----------------------------|
| Total net position (deficit) | <u><u>\$ (328,222)</u></u> |
|------------------------------|----------------------------|

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Statement of Revenues, Expenses, and Changes in Net Position (Deficit)
For the Year Ending March 31, 2025
(in thousands)

Nonoperating Revenues (Expenses)

| | |
|---|-----------|
| University contributions | \$ 33,700 |
| Capital grants and gifts | 1,015 |
| Capital appropriations | 18,934 |
| Investment income | 33,710 |
| Interest and amortization on bond obligations payable | (33,293) |
| Administrative and other expenses | (1,327) |
| Increase in fair value of investments | 3,181 |
| | <hr/> |
| Net nonoperating revenues | 55,920 |
| | <hr/> |

Transfers

| | |
|--|-----------|
| Transfers to the University for capital projects | (138,456) |
| Other transfers from the University | 15,441 |
| | <hr/> |
| Total transfers | (123,015) |
| | <hr/> |

Decrease in Net Position

(67,095)

Net Position (Deficit)

| | |
|-------------------|--------------|
| Beginning of year | (261,127) |
| | <hr/> |
| End of year | \$ (328,222) |
| | <hr/> |

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Statement of Cash Flows
For the Year Ending March 31, 2025
(in thousands)

Cash Flows from Capital and Related Financing Activities

| | |
|---|-----------|
| University contributions | \$ 33,700 |
| Capital appropriations | 16,992 |
| Capital grants and gifts | 1,015 |
| Transfers from University of Nebraska | 15,441 |
| Additions to notes receivable | (67,752) |
| Payments received on notes receivable | 39,241 |
| Purchases of capital assets | (157,315) |
| Principal paid on bond obligations payable | (31,495) |
| Interest on notes receivable | 15,290 |
| Interest paid on bond obligations payable | (37,336) |
| Administrative expenses | (1,327) |
| | <hr/> |
| Net cash used in capital and related financing activities | (173,546) |

Cash Flows from Investing Activities

| | |
|---|-----------|
| Proceeds from sales and maturities of investments | 58,318 |
| Purchases of investments | (56,739) |
| Interest on investments | 18,658 |
| | <hr/> |
| Net cash provided by investing activities | 20,237 |
| | <hr/> |
| Decrease in cash and cash equivalents | (153,309) |

Cash and Cash Equivalents, Beginning of Year

353,710

Cash and Cash Equivalents, End of Year

\$ 200,401

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position (Deficit)

| | |
|---|-------------------|
| Current Assets | |
| Cash and cash equivalents, held by trustee - unrestricted | \$ 40,814 |
| Cash and cash equivalents, held by trustee - restricted | 94,427 |
| Noncurrent Assets | |
| Cash and cash equivalents, held by trustee - restricted | 65,160 |
| | <hr/> |
| Total | <u>\$ 200,401</u> |

Supplemental Cash Flows Information

| | |
|---|----------|
| Increase in fair value of investments | \$ 3,181 |
| Accounts payable incurred for UNFC capital projects | 20,922 |

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Statement of Fiduciary Net Position
March 31, 2025
(in thousands)

ASSETS

Current Assets

Cash and cash equivalents, held by trustee - unrestricted

\$ 58,099

Total assets

58,099

NET POSITION

Restricted for University campus projects

58,099

Total net position

\$ 58,099

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Statement of Changes in Fiduciary Net Position
For the Year Ending March 31, 2025
(in thousands)

Additions

| | |
|-----------------|-----------|
| Other additions | \$ 70,583 |
|-----------------|-----------|

| | |
|-----------------|--|
| Total additions | |
|-----------------|--|

Deductions

| | |
|------------------|--------|
| Other deductions | 45,266 |
|------------------|--------|

| | |
|------------------|--------|
| Total deductions | 45,266 |
|------------------|--------|

Increase in Net Position

25,317

Net Position, Restricted for University Campus Projects

| | |
|-------------------|--------|
| Beginning of year | 32,782 |
|-------------------|--------|

| | |
|-------------|-----------|
| End of year | \$ 58,099 |
|-------------|-----------|

**The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Notes to Financial Statements
March 31, 2025
(Dollar amounts in thousands)**

Note 1. Summary of Significant Accounting Policies

The University of Nebraska Facilities Corporation (UNFC or Corporation) is a Nebraska nonprofit corporation organized by the Board of Regents of the University of Nebraska (the Regents) in 1930 to finance buildings for the University of Nebraska (the University). The Regents serve as UNFC's Board of Directors. UNFC is a component unit of the University.

Reporting Entity

In evaluating how to define UNFC, for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of a number of criteria, including: (1) UNFC's ability to appoint a voting majority of another entity's governing body and to impose its will on that entity; (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on UNFC; and (3) the entity's fiscal dependency on UNFC. Based on the above criteria, UNFC has determined that it has no reportable component units.

Basis of Presentation

The financial statements as presented have been prepared using the business-type activity model with an economic resources measurement focus and the accrual basis of accounting and include all accounts cited in the resolutions issued by UNFC in conjunction with the following bond issues:

- University Facilities Program Bonds, Series 2021A
- University Facilities Program Bonds, Series 2021B (Green Bonds)
- University System Facilities Bonds, Series 2019A
- Facilities Bonds, Series 2018
- Facilities Bonds, Series 2017A
- Facilities Refunding Bonds, Series 2017B
- Building Bonds (UNMC Global Center Project), Series 2017
- Building and Refunding Bonds (Student Health Center and College of Nursing Projects), Series 2016
- UNMC Cancer Center Bonds, Series 2016
- UNMC Utility Improvement Project Bonds, Series 2016
- UNO Arena and UNL CBA Bonds, Series 2015
- UNMC Qualified Energy Conservation Bonds (Direct Pay), Taxable Series 2015
- UNMC Qualified Energy Conservation Bonds, Series 2014B
- NCTA Education Center and Student Housing Project Bonds, Series 2011

**The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Notes to Financial Statements
March 31, 2025
(Dollar amounts in thousands)**

As required by the resolutions, separate financial records are maintained for transactions relating to the bonds and to the revenues and expenses of each project.

Assets relating to capital project costs have not been reflected in the accompanying financial statements as these assets have been transferred to the University and are reported in the University's financial statements.

UNFC reports custodial funds for assets held by UNFC for various projects to be completed by the University campuses.

Classification of Revenues and Expenses

UNFC has classified its revenues and expenses as nonoperating as they include activities that have the characteristics of nonexchange transactions, and as they are all capital in nature.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, deferred inflows and outflows of resources, and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents, Held by Trustee

This caption includes cash and investments, with an original maturity of three months or less when purchased, held by the bond trustee. These amounts are comprised of money market accounts held with brokers at March 31, 2025.

Investments Held By Trustee

Investments are held by the bond trustee and are stated at fair value and consist of U.S. Treasury securities, U.S. Government Agency securities, 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 (ILP). 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 of the System Facilities Fund, Series 2019A and 2019B Bonds. The payment schedules and interest rates for these receivables are consistent with the terms established under the original bond indentures. The portion of the receivables classified as current is expected to be collected within one year.

Capital Grants and Gifts

Capital grants and gifts represent donor gifts designated for the UNMC Global Experiential Learning Center and the UNMC Cancer Research Center. These gifts flow to UNFC from the University of Nebraska Foundation.

**The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Notes to Financial Statements
March 31, 2025
(Dollar amounts in thousands)**

University Contributions

University contributions include payments of designated tuition revenues from the University that are committed for repayment of the Deferred Maintenance Bonds, payments from UNMC that are committed to the UNMC Monroe Meyer Institute, the UNMC Global Experiential Learning Center, and the UNMC Cancer Research Center, payments from the University of Nebraska-Lincoln (UNL) that are committed to the UNL Health Center and College of Nursing Projects, the NCTA Education Center/Student Housing Project, and payments from University of Nebraska at Omaha that are committed to the UNO/Community Facility Project.

Capital Appropriations

This source of funds represents a designated appropriation of funds from the State of Nebraska to pay debt service for the Deferred Maintenance Bonds and the NCTA Education Center/Student Housing Project.

Amortization of Bond Premium or Discount

Premiums and discounts are being amortized or accreted to interest expense on a method that approximates the level-yield method. The amortization is included in interest and amortization on bond obligations payable in the statements of revenues, expenses, and changes in net position.

Deferred Inflow and Outflow of Resources

Deferred inflow of resources represents the unamortized gains on bond refunding, and deferred outflow of resources represents the unamortized loss on bond refunding, which are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt.

Net Position

Net position of the Corporation is classified in two components. Restricted net position is defined as noncapital assets that must be used for a particular purpose as specified by creditors external to the Corporation, including amounts deposited with trustees as required by bond indentures, and state legislation, reduced by the outstanding balances of any related borrowings. Unrestricted net position is the remaining net position that does not meet the definition of restricted. The Corporation first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Tax Status

UNFC is an instrumentality of the Regents, a political subdivision of the State of Nebraska. Its activities in building and maintaining facilities for the University of Nebraska campuses constitute the exercise of essential governmental functions. UNFC's income accrues to the benefit of the University and is therefore excluded from tax under Section 115 of the Internal Revenue Code. Because it is not a school or exempt from tax under Section 501(c)(3) of the Internal Revenue Code, UNFC is not subject to the unrelated business income tax, and therefore, no provision for income taxes is required.

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Notes to Financial Statements
March 31, 2025
(Dollar amounts in thousands)

Change in Fiscal Year

UNFC's fiscal year had a June 30 year-end date up until June 30, 2023. Thereafter, the University of Nebraska Board of Regents mandated that all component units switch to a March 31 fiscal year-end. Therefore, the period in these financial statements is the first twelve-month period from April 1, 2024, to March 31, 2025. This fiscal year change prohibits comparability of the financial statements to the previous nine-month March 31, 2024 fiscal year-end and so the University of Nebraska management decided to present a single year presentation and omit the management's discussion and analysis.

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:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that UNFC has ability to access at the measurement date. Instruments categorized in Level 1 primarily consist of a broadly traded range of equity and debt securities.
- Level 2 inputs are those other than quoted prices included in Level 1 that are observable for the asset or liability, whether directly or indirectly.
- Level 3 inputs are unobservable and significant to the fair value measurement of the asset or liability. UNFC has no assets or liabilities that fall within the Level 3 classification.

The table below presents by level the asset balances at estimated fair value on a recurring basis as of March 31, 2025.

| | Total | Level 1 | Level 2 |
|-----------------------------------|-------------------|-------------------|------------------|
| Investments | | | |
| Debt securities | | | |
| U.S. Treasury securities | \$ 39,366 | \$ - | \$ 39,366 |
| U.S. Government Agency securities | 4,512 | - | 4,512 |
| Mutual funds | | | |
| Equities | 53,702 | 53,702 | - |
| Fixed income | 82,816 | 82,816 | - |
| Total | \$ 180,396 | \$ 136,518 | \$ 43,878 |

Money market funds are carried at cost and thus are not included within the fair value hierarchy. Debt securities presented as level 2 are valued using matrix pricing.

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Notes to Financial Statements
March 31, 2025
(Dollar amounts in thousands)

Investment maturities as of March 31, 2025 are as follows:

| | Fair Value | Less Than 1 | 1-5 |
|-----------------------------------|-------------------|--------------------|------------------|
| UNFC | | | |
| Debt securities | | | |
| U.S. Treasury securities | \$ 39,366 | \$ 20,954 | \$ 18,412 |
| U.S. Government Agency securities | 4,512 | - | 4,512 |
| | | <u>\$ 20,954</u> | <u>\$ 22,924</u> |
| Mutual funds | | | |
| Equities | 53,702 | | |
| Fixed income | 82,816 | | |
| Money market funds | <u>200,401</u> | | |
| Total UNFC | <u>380,797</u> | | |
| Fiduciary Funds | | | |
| Money market funds | <u>58,099</u> | | |
| Total | <u>\$ 438,896</u> | | |

Interest Rate Risk

UNFC does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, UNFC will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. UNFC's investments are exposed to custodial credit risk as they are unregistered and uninsured.

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Notes to Financial Statements
March 31, 2025
(Dollar amounts in thousands)

Credit Risk

State statutes authorize UNFC to invest funds in accordance with the prudent man rule. Investments are made, as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. UNFC does not follow a more restrictive policy. Credit ratings for these investments that are rated are as follows at March 31, 2025:

| | Fair Value | Quality Ratings | | |
|-----------------------------------|------------|-----------------|-----------|----------------------------|
| | | Aaa | Aa | Unrated/ Not Applicable |
| UNFC | | | | |
| Debt securities | | | | |
| U.S. Treasury securities | \$ 39,366 | \$ - | \$ 39,366 | \$ - |
| U.S. Government Agency securities | 4,512 | 4,512 | - | - |
| Mutual funds | | | | |
| Equities | 53,702 | - | - | 53,702 |
| Fixed income | 82,816 | - | - | 82,816 |
| Money market funds | 200,401 | - | - | 200,401 |
| Total UNFC | 380,797 | 4,512 | 39,366 | 336,919 |
| Fiduciary Funds | | | | |
| Money market funds | 58,099 | - | - | 58,099 |
| Total | \$ 438,896 | \$ 4,512 | \$ 39,366 | \$ 395,018 |

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 March 31, 2025.

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Notes to Financial Statements
March 31, 2025
(Dollar amounts in thousands)

Summary of Carrying Values

The investments shown above are included in the following statement of net position captions at March 31, 2025:

UNFC

Current Assets

| | |
|---|-----------|
| Cash and cash equivalents, held by trustee - unrestricted | \$ 40,814 |
| Cash and cash equivalents, held by trustee - restricted | 94,427 |
| Investments, held by trustee - unrestricted | 157,472 |

Noncurrent Assets

| | |
|---|--------|
| Cash and cash equivalents, held by trustee - restricted | 65,160 |
| Investments, held by trustee - unrestricted | 22,924 |

| | |
|------------|---------|
| Total UNFC | 380,797 |
|------------|---------|

Fiduciary Funds

Current Assets

| | |
|---|--------|
| Cash and cash equivalents, held by trustee - unrestricted | 58,099 |
|---|--------|

| | |
|-------|------------|
| Total | \$ 438,896 |
|-------|------------|

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Notes to Financial Statements
March 31, 2025
(Dollar amounts in thousands)

Note 3. Notes Receivable From the University of Nebraska

A summary of the notes receivable from the University of Nebraska are as follows as of March 31, 2025:

| | Principal Outstanding | Remaining Term (in years) | Interest Rate |
|------------------------|----------------------------------|--|--------------------------|
| Legacy MTI | \$ 284,906 | 1 - 23 | 1 - 4% |
| UNL Steam Tunnel | 820 | 11 | 4% |
| UNL East Campus | 8,791 | 10 | 4% |
| UNMC Facilities | 1,248 | 1 | 4% |
| ITS Tenable 2 | 198 | 2 | 4% |
| ITS DataVizion | 4,878 | 5 | 4% |
| UNK Greek Life | 18,441 | 22 | 4.5% |
| UNK REAC | 12,124 | 17 | 4.5% |
| UNMC NPHL | 367 | 4 | 4% |
| UNMC Catalyst | 22,641 | 14 | 4% |
| ITS Norlem Palo Alto | 1,813 | 1 | 4% |
| ITS Norlem Palo Alto 2 | 1,131 | 2 | 4% |
| ITS Cyber | 646 | 3 | 4% |
| UNMC CORE | 42,069 | 15 | 4% |
| UNMC Student Hsg | 22,244 | 15 | 4% |
| Total | <u>\$ 422,317</u> | | |

Interest income recorded in relation to these notes receivable totaled \$14,584 for 2025.

Note 4. Bond Obligations Payable

UNFC outstanding bonds consists of \$1,064,335 revenue bonds and \$5,240 of direct placement bonds.

Bond obligations payable, gross of premiums and discounts are as follows as of March 31, 2025:

| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|---------------------------------|------------------------------|------------------|-------------------|---------------------------|----------------------------|
| Revenue bonds | \$ 1,095,455 | \$ - | \$ 31,120 | \$ 1,064,335 | \$ 53,915 |
| Revenue bonds, direct placement | 5,615 | - | 375 | 5,240 | 4,650 |
| Unamortized bond premium | 63,650 | - | 5,318 | 58,332 | 4,631 |
| Unamortized bond discount | (14) | - | 2 | (12) | (1) |
| | <u>\$ 1,164,706</u> | <u>\$ -</u> | <u>\$ 36,815</u> | <u>\$ 1,127,895</u> | <u>\$ 63,195</u> |

The University of Nebraska Facilities Corporation
(A Component Unit of the University of Nebraska)
Notes to Financial Statements
March 31, 2025
(Dollar amounts in thousands)

| Revenue Bonds | Interest Rates | Final Maturity (Calendar Year) | Installments | Principal Amount Outstanding |
|--|----------------|--------------------------------|------------------|------------------------------|
| | | | | 2025 |
| University Facilities Program Bonds, Series 2021A | 2.50 - 5.00% | 2063 | \$9,905 - 34,540 | \$ 266,470 |
| University Facilities Program Bonds, Series 2021B | 3.00 - 5.00% | 2055 | 16,465 - 25,600 | 89,405 |
| University System Facilities Bonds, Series 2019A | 1.83 - 3.19% | 2050 | 950 - 50,160 | 524,930 |
| Facilities Bonds, Series 2018 | 5.00% | 2031 | 7,870 - 11,630 | 61,965 |
| Facilities Bonds, Series 2017A | 4.00 - 5.00% | 2031 | 6,585 - 9,410 | 50,470 |
| Facilities Refunding Bonds, Series 2017B | 2.75 - 5.00% | 2043 | 1,015 - 2,075 | 29,840 |
| Building Bonds (UNMC Global Center Project), Series 2017 | 4.00 - 5.00% | 2026 | 1,015 - 11,050 | 11,050 |
| Building and Refunding Bonds (Student Health and College of Nursing Projects), Series 2016 | 3.00 - 5.00% | 2034 | 740 - 2,245 | 7,960 |
| UNMC Cancer Center Bonds, Series 2016 | 2.63 - 5.00% | 2031 | 2,215 - 2,900 | 16,035 |
| UNMC Utility Improvement Project Bonds, Series 2016 | 4.00 - 5.00% | 2026 | 1,415 - 1,590 | 1,590 |
| UNMC Qualified Energy Conservation Bonds, Series 2014B | 3.65 - 4.25% | 2029 | 405 - 510 | 1,920 |
| NCTA Education Center and Student Housing Project Bonds, Series 2011 | 4.60 - 5.50% | 2035 | 85 - 1,645 | 2,700 |
| Revenue Bonds, Direct Placement | | | | |
| UNO Arena and UNL CBA Bonds, Series 2015 | 2.00% | 2025 | 185 - 4,460 | 4,460 |
| UNMC Qualified Energy Conservation Bonds (Direct Pay), Taxable Series 2015 | 4.25% | 2029 | 185 - 200 | 780 |
| | | | | <u>1,069,575</u> |
| Subtotal bonds payable | | | | |
| Unamortized bond premium | | | | 58,332 |
| Unamortized bond discount | | | | <u>(12)</u> |
| Total bonds payable | | | | <u>\$ 1,127,895</u> |

Bond Resolutions

General

UNFC has a resolution establishing the general requirements for the issuance of bonds. The bonds are not obligations of the State of Nebraska; no tax shall ever be levied to raise the funds for the principal payment thereof or the interest or premium thereon, and the bonds do not constitute debt of the Regents but shall be payable solely out of moneys derived from designated tuition revenue, legislative appropriations, donor gifts, and or other available funds.

The bond resolutions specify the funds that need to be established and the required transfers between funds. The bond resolutions also require that specified amounts be deposited with the trustee for certain funds. At March 31, 2025, UNFC is in compliance with those requirements.

UNFC acts as issuer for lease-purchase financings conducted by the Board of Regents. UNFC's obligations to make any payments related to such financings are limited to amounts UNFC receives from the Board of Regents for such purpose, and UNFC has assigned its rights to receive such payments to a bond trustee. Accordingly, all of the material covenants, default, acceleration, and termination provisions in such financing documents relate primarily to obligations of the Board of Regents.

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Annual Maturities - All Projects

Annual maturities of principal and interest are as follows:

| Revenue Bonds | Principal | Interest | Total |
|----------------------|---------------------|-------------------|---------------------|
| 2026 | \$ 53,915 | \$ 35,784 | \$ 89,699 |
| 2027 | 40,695 | 33,708 | 74,403 |
| 2028 | 42,330 | 32,196 | 74,526 |
| 2029 | 33,915 | 30,625 | 64,540 |
| 2030 | 40,045 | 29,268 | 69,313 |
| 2031-2035 | 118,320 | 129,977 | 248,297 |
| 2036-2040 | 97,780 | 115,167 | 212,947 |
| 2041-2045 | 117,135 | 98,803 | 215,938 |
| 2046-2050 | 177,480 | 79,318 | 256,798 |
| 2051-2055 | 82,845 | 53,640 | 136,485 |
| 2056-2060 | 160,185 | 33,487 | 193,672 |
| 2061-2065 | 99,690 | 6,086 | 105,776 |
| | <u>\$ 1,064,335</u> | <u>\$ 678,059</u> | <u>\$ 1,742,394</u> |

| Revenue Bonds, Direct Placement | Principal | Interest | Total |
|--|------------------|-----------------|-----------------|
| 2026 | \$ 4,650 | \$ 78 | \$ 4,728 |
| 2027 | 195 | 25 | 220 |
| 2028 | 195 | 17 | 212 |
| 2029 | 200 | 9 | 209 |
| | <u>\$ 5,240</u> | <u>\$ 129</u> | <u>\$ 5,369</u> |

Events of Default and Acceleration Provisions

University Facilities Program Bonds, Series 2021A and 2021B

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.

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 trustee; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. 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 also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

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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 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.

University System Facilities Bonds, Series 2019A

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

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:

- Facilities Bonds, Series 2018
- 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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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:

- Facilities 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.

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

- Building Bonds (UNMC Global Center Project), Series 2017
- Building and Refunding Bonds (Student Health Center and College of Nursing Projects), Series 2016
- UNMC Cancer Center Bonds, Series 2016
- UNMC Utility Improvement Project Bonds, Series 2016
- UNMC Qualified Energy Conservation Bonds, Series 2014B

Events of default under the bond resolution include default of payment of principal and interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC or the bond trustee; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. 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 also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

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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.

UNO Arena and UNL CBA Bonds, Series 2015

Events of default under the bond resolution include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC or the bondholder; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the bondholder may declare all outstanding principal and accrued interest due and payable immediately. The bondholder is also entitled to equitable and legal remedies to enforce its 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 5 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 bondholder 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 bondholder.

UNMC Qualified Energy Conservation Bonds (Direct Pay), Taxable Series 2015

Events of default under the bond resolution include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC or the bondholder; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. 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 are also entitled to equitable and legal remedies to enforce its 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 5 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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NCTA Education Center and Student Housing Project Bonds, Series 2011

Events of default under the bond indenture include default of payment of principal or interest, or a covenant default that continues for 30 days after written notice to UNFC or the bond trustee. 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 10% 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 its rights under the bond resolution.

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 are included under the blanket policy of the University for amounts in excess of \$1,000. Amounts up to \$1,000 are paid by the University's Self-Insurance Trust, which is held by a trustee. UNFC is not responsible for contributing to this trust. The University has established a program to provide for protection against various liabilities, including property losses for amounts not covered by contracts with outside insurers.

Note 6. Due to the University of Nebraska

The amount due to the University represents construction expenses incurred by the campuses that UNFC will reimburse from bond proceeds for designated UNFC projects.

Note 7. Commitments and Contingencies

The University has budgeted for the construction of numerous UNFC funded facilities, which are estimated to cost approximately \$120,375 as of March 31, 2025.