

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 17, 2020

NEW ISSUE
NOT BANK QUALIFIED

Moody's Rating: Requested

Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Board of Regents, State of Iowa and the University of Northern Iowa comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Board of Regents, State of Iowa and the University of Northern Iowa have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Interest on the Bonds is exempt from Iowa State personal and corporate (but not franchise) income taxes except to the extent such interest must be taken into account in computing the Iowa State alternative minimum tax for certain corporations and financial institutions. See "TAX EXEMPTION" herein.

\$16,455,000*

**Board of Regents, State of Iowa
Utility System Revenue Bonds, Series U.N.I. 2020
(University of Northern Iowa)**

Dated Date: March 1, 2020

**Interest Due: Each January 1 and July 1,
commencing July 1, 2020**

The Bonds will mature each July 1 in the years and amounts* as follows:

2020	\$220,000	2025	\$805,000	2029	\$820,000	2033	\$810,000	2037	\$825,000
2021	\$790,000	2026	\$805,000	2030	\$815,000	2034	\$810,000	2038	\$825,000
2022	\$795,000	2027	\$810,000	2031	\$810,000	2035	\$815,000	2039	\$825,000
2023	\$800,000	2028	\$815,000	2032	\$810,000	2036	\$820,000	2040	\$830,000
2024	\$800,000								

The right is reserved by the Board of Regents, State of Iowa (the "Board of Regents" or the "Board") to call and redeem the Bonds maturing on and after July 1, 2029 prior to maturity on any date on or after July 1, 2028, in whole or from time to time in part, and if in part, in any maturity or maturities as the Board shall direct, and within a maturity by random selection. Redemption of the Bonds shall be at a price of par plus accrued interest.

The Bonds are special obligations of the Board payable solely from Net Revenues of the Utility System and any Utility System Student Fees, as described herein, as defined in the Bond Resolution authorizing the issuance of the Bonds to be adopted by the Board on February 5, 2020 (the "Bond Resolution"), and received by the University of Northern Iowa (the "University"), and do not constitute a debt or a charge against the State of Iowa within the meaning or application of any constitutional or statutory limitation or provision and are not payable in any manner by taxation.

The proceeds of the Bonds will be used to (i) construct, equip, install, furnish, replace and renovate the Utility System of the University, (ii) currently refund a lease-purchase financing obligation originally issued to construct utility improvements on the University's campus, (iii) fund a reserve fund, and (iv) pay the costs of issuing the Bonds.

Bids must be for not less than \$16,455,000 (Par) plus accrued interest on the total principal amount of the Bonds. Bidders shall specify rates in multiples of 1/8th or 1/20th of 1%, provided that only one rate shall be specified for a single maturity. The initial price to the public for each maturity as stated on the bid must be 98.0% or greater. Bids for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the bid must specify "Years of Term Maturities" in the spaces provided on the Bid Form. Following receipt of bids, a good faith deposit will be required to be delivered to the University by the Purchaser as described in the "Official Terms of Offering" herein. (See "Bidding Parameters" and "Good Faith Deposit" in the Official Terms of Offering herein). Award will be made on the basis of True Interest Cost (TIC).

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only and Purchasers will not receive certificates representing their interest in the Bonds purchased. (See "The BONDS – Book Entry Only System" herein.) The Treasurer of the University will serve as registrar and paying agent (the "Registrar") for the Bonds. Delivery of the Bonds is subject to receipt of the legal opinion of Ahlers & Cooney, P.C., Bond Counsel. Bonds will be available for delivery at DTC on or about March 4, 2020.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**BID OPENING: WEDNESDAY, FEBRUARY 5, 2020 at 10:30 A.M., Central Time
CONSIDERATION OF AWARD: WEDNESDAY, FEBRUARY 5, 2020 Subsequent to Bid Opening**



Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* Preliminary; subject to change.

The information contained in this Preliminary Official Statement is deemed by the Board to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the Board from time to time may be treated as a Preliminary or Final Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the Board.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Bid therefor, the Board agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement in the amount specified in the Official Terms of Offering.

No dealer, broker, salesman or other person has been authorized by the Board to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Board.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the Board and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOARD SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the Board. The Board is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the Board that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

BOARD OF REGENTS, STATE OF IOWA

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Jim Lindenmayer, Ottumwa

BOND COUNSEL

Ahlers & Cooney, P.C.
Des Moines, Iowa

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota

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OFFICIAL TERMS OF OFFERING
\$16,455,000*
BOARD OF REGENTS, STATE OF IOWA
UTILITY SYSTEM REVENUE BONDS, SERIES U.N.I. 2020
(UNIVERSITY OF NORTHERN IOWA)

Sealed bids or electronic proposals will be received by the Board of Regents, State of Iowa (the “Board of Regents” or the “Board”), until 10:30 A.M., Central Time, on Wednesday the 5th day of February, 2020, at the Board of Regents, State of Iowa Office, 11260 Aurora Avenue, Urbandale, Iowa, 50322, for the purchase of \$16,455,000* Utility System Revenue Bonds, Series U.N.I. 2020 (The University of Northern Iowa) (the “Bonds”), of the Board, at which time such bids will be publicly opened by the Executive Director of the Board of Regents or his duly authorized representative. The Bonds will be sold to the best bidder (the “Purchaser”), unless all bids are rejected, by the Board at its meeting to be held later on the same day.

All bidders are advised that each bid shall be deemed to constitute a contract between the bidder and the Board to purchase the Bonds.

Form of Bids: Bids must be submitted on the Official Bid Form or through the Internet Bid System (as defined herein).

No bid will be received after the time specified in the Official Terms of Offering. The time as maintained by the Internet Bid System shall constitute the official time with respect to all Bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the Board of Regents, State of Iowa Office, 11260 Aurora Avenue, Urbandale, Iowa, 50322.

Internet Bidding: Bids may be submitted through PARITY® (“the Internet Bid System”). Information about the Internet Bid System may be obtained by calling (212) 849-5000.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purposes of submitting its internet bid in a timely manner and in compliance with the requirements of the Official Terms of Offering. The Board is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the internet bidding and the Internet Bid System is not an agent of the Board. Provisions of the Official Terms of Offering shall control in the event of conflict with information provided by the Internet Bid System. The Board shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the Internet Bid System. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

Electronic Facsimile Bidding: Bids may be submitted via facsimile to Baker Tilly Municipal Advisors, LLC (“Baker Tilly MA”), as agent for the Board, at: (651) 223-3046. Electronic facsimile bids will be sealed and treated as sealed bids. Transmissions received after the deadline shall be rejected. It is the responsibility of the bidder to ensure that the bid is legible, that the bid is received prior to 10:30 A.M., Central Time, and that the bid is sent to the telecopier number set forth above. Baker Tilly MA will, in no instance, correct, alter, or in any way change bids submitted through facsimile transmission. Neither the Board nor its agents will be responsible for bids submitted by facsimile transmission not received in accordance with the provisions of this Official Terms of Offering. Bidders electing to submit bids via facsimile transmission will bear full and complete responsibility for the transmission of such bid. Neither the Board nor its agents will assume liability for the inability of the bidder to reach the above named fax number prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator.

* *Preliminary; subject to change.*

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and wholly-owned subsidiary of Baker Tilly Virchow Krause, LLP, an accounting firm. Baker Tilly Virchow Krause, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2020 Baker Tilly Municipal Advisors, LLC.

DETAILS OF THE BONDS

The Bonds will be in fully registered form without coupons in the denominations of \$5,000 and any integral multiple thereof, will be dated as of March 1, 2020, will bear interest payable on January 1 and July 1 in each year, commencing July 1, 2020, and will mature on July 1 of each of the respective years and amounts* as follows:

2020	\$220,000	2025	\$805,000	2029	\$820,000	2033	\$810,000	2037	\$825,000
2021	\$790,000	2026	\$805,000	2030	\$815,000	2034	\$810,000	2038	\$825,000
2022	\$795,000	2027	\$810,000	2031	\$810,000	2035	\$815,000	2039	\$825,000
2023	\$800,000	2028	\$815,000	2032	\$810,000	2036	\$820,000	2040	\$830,000
2024	\$800,000								

* *ADJUSTMENTS TO PRINCIPAL AMOUNTS AFTER DETERMINATION OF BEST BID.* The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or decrease by the Board or its designee after the determination of the successful bidder. The Board may increase or decrease each maturity in increments of \$5,000. Such adjustments, if necessary, shall be in the sole discretion of the Board or its designee.

The dollar amount of the purchase price proposed by the successful bidder will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Any change in the principal amount of any maturity of the Bonds will be made while maintaining, as closely as possible, the successful bidder's net compensation, calculated as a percentage of Bond principal. The calculation will be made by dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the Board (not including accrued interest), less any bond insurance premium and related credit rating fee to be paid by the successful bidder, by (ii) the principal amount of the Bonds. The successful bidder may not withdraw or modify its bid as a result of any post-bid adjustment. Any adjustment shall be conclusive, and shall be binding upon the successful bidder.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The Purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

OPTIONAL REDEMPTION

The right is reserved by the Board to call and redeem the Bonds maturing on and after July 1, 2029 prior to maturity on any date on or after July 1, 2028, in whole or from time to time in part, and if in part, in any maturity or maturities as the Board shall direct, and within a maturity by random selection. Redemption of the Bonds shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Bonds are not general obligations of or a charge against the State of Iowa (the "State") or payable in any manner by taxation, but the Bonds, together with any Additional Bonds (as defined in the resolution authorizing the issuance of the Bonds (the "Bond Resolution") as may be hereafter issued and outstanding from time to time under prescribed conditions and restrictions ranking on a parity therewith, will be payable only from Net Revenues of the Utility System and any Utility System Student Fees, as defined in the Bond Resolution, and received by the University. The Utility System was created pursuant to Iowa Code Chapter 262 and a resolution adopted by the Board on April 20, 2017 establishing a self-liquidating and revenue producing enterprise to be known as the Utility System on the campus of the University.

The proceeds of the Bonds will be used to (i) construct, equip, install, furnish, replace and renovate the Utility System of the University, (ii) currently refund a lease-purchase financing obligation originally issued to construct utility improvements on the University's campus, (iii) fund a reserve fund, and (iv) pay the costs of issuing the Bonds.

BIDDING PARAMETERS

Each bid must be submitted on the Official Bid Form or through the Internet Bid System for all of the Bonds upon terms of not less than \$16,455,000 (Par) plus accrued interest and shall specify the interest rate or rates in multiples of one-eighth or one-twentieth of one percent (1/8th or 1/20th of 1%), provided that only one rate shall be specified for a single maturity. The initial price to the public for each maturity as stated on the bid must be 98.0% or greater.

Bids for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption and must conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the Bid Form.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the Board with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the Board in establishing the issue price of the Bonds and shall complete, execute, and deliver to the Board prior to the closing date, a written certification in a form acceptable to the Purchaser, the Board, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the Board pursuant hereto may be taken or received on behalf of the Board by Baker Tilly MA.

The Board intends that the sale of the Bonds pursuant to this Official Terms of Offering shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the Board shall cause this Official Terms of Offering to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the Board reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- (iv) the Board anticipates awarding the sale of the Bonds to the bidder who provides a bid with the lowest true interest cost (TIC), as set forth in this Official Terms of Offering (See "AWARD" herein).

Any bid submitted pursuant to this Official Terms of Offering shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its bid, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the Board shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any bid submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the Board and Baker Tilly MA if a "substantial amount" (as defined in the Regulation) of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the

price at which such substantial amount was sold. The Board will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The Board will not require the Purchaser to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the Purchaser shall notify Baker Tilly MA, and the Board will apply the initial offering price to the public provided in the Purchaser’s bid as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the Board and Baker Tilly MA the prices at which a substantial amount of such maturities are sold to the public; provided such determination shall be made and the Board and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its bid considered for award, the Purchaser is required to submit a good faith deposit to the University in the amount of \$329,100 (the “Deposit”) no later than 1:30 P.M., Central Time on the day of sale. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier’s check payable to the University; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of their Deposit whether by check or wire transfer. Neither the Board nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the Board may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier’s Check. A Deposit made by certified or cashier’s check will be considered timely delivered to the University if it is made payable to the University and delivered to Baker Tilly MA, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the specified time.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the University upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

When the Bonds are ready for delivery, the Board will give the Purchaser five (5) days’ notice of the delivery date, and the Board will expect payment in full (net of the good faith deposit) in immediately available Federal Funds by 11:30 A.M., Central Time, on that date, otherwise reserving the right, at its option, to determine that the Purchaser has failed to comply with the offer of purchase. The University will deposit the check or wire transfer of the Purchaser, the amount of which will be deducted at settlement, and no interest will accrue to the Purchaser.

AWARD

The Bonds will be awarded to the bidder offering the lowest dollar interest cost to be determined on a true interest cost (TIC) basis. The Board’s computation of the total dollar interest cost of each bid, in accordance with customary practice, will be controlling. The Board will reserve the right to waive informalities in any bid and to reject any or all bids.

BOND INSURANCE AT PURCHASER’S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the Board has requested and received a rating on the Bonds from a rating agency, the Board will pay that rating fee. Any other rating agency fees shall be the responsibility of the Purchaser.

CUSIP NUMBERS

If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

The Bonds are expected to be delivered on or about March 4, 2020, with delivery to be made against full payment (net of good faith deposit) in immediately available Federal Funds through DTC in New York, New York without expense to the Purchaser (except the CUSIP charge noted above). Should delivery be delayed beyond sixty (60) days from the date of sale for any reason except failure of performance by the Purchaser and without the fault of the Board of Regents, the Board may cancel the award or the Purchaser may request return of the good faith deposit; and thereafter the Purchaser's interest in the liability for the Bonds will cease.

The Board will furnish the Bonds and the opinion of Ahlers & Cooney, P.C. attorneys of Des Moines, Iowa, Bond Counsel, in substantially the form attached to this Official Statement as Appendix I, together with the transcript and usual closing papers, including non-litigation certificate, and all bids may be so conditioned.

CONTINUING DISCLOSURE

The Board and the University will enter into a Continuing Disclosure Certificate to provide, or cause to be provided, annual financial information, including audited financial statements of the University and notices of certain material events as required by SEC Rule 15c2-12.

OFFICIAL STATEMENT

The Board has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement has been deemed final by the Board as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement and the Official Bid Form or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the Board, Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, telephone (651) 223-3000, or the Board of Regents, 11260 Aurora Avenue, Urbandale, Iowa 50322, telephone (515) 281-3934.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the Board. By awarding the Bonds to any underwriter or underwriting syndicate submitting an Official Bid Form therefor, the Board agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 25 copies of the Final Official Statement. The Board shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the Board (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated this 17th day of January, 2020

BOARD OF REGENTS,
STATE OF IOWA

/s/ Mark Braun
Executive Director

OFFICIAL STATEMENT

\$16,455,000*

**BOARD OF REGENTS, STATE OF IOWA
UTILITY SYSTEM REVENUE BONDS, SERIES U.N.I. 2020
(UNIVERSITY OF NORTHERN IOWA)**

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement contains information concerning the Board of Regents, State of Iowa (the "Board of Regents" or the "Board"), the Board's issuance of \$16,455,000* Utility System Revenue Bonds, Series U.N.I. 2020 (the "Bonds") and University of Northern Iowa (the "University" or "University of Northern Iowa") on whose behalf the Bonds are being issued.

The Bonds are issued pursuant to Iowa Code Chapter 262, as amended, and a resolution to be adopted by the Board on February 5, 2020 (the "Bond Resolution").

The proceeds of the Bonds will be used to (i) construct, equip, install, furnish, replace and renovate the Utility System of the University, (ii) currently refund a lease-purchase financing obligation originally issued to construct utility improvements on the University's campus, (iii) fund a reserve fund, and (iv) pay the costs of issuing the Bonds.

The Bonds are not general obligations of or a charge against the State of Iowa (the "State") or payable in any manner by taxation, but the Bonds, together with any Additional Bonds (as defined in the Bond Resolution) as may be hereafter issued and outstanding from time to time under prescribed conditions and restrictions ranking on a parity therewith, will be payable only from Net Revenues of the Utility System and any Utility System Student Fees, as defined in the Bond Resolution, and received by the University. The Bonds are further secured by a Debt Service Reserve Fund. The Utility System was created pursuant to Iowa Code Chapter 262 and a resolution adopted by the Board on April 20, 2017 establishing a self-liquidating and revenue producing enterprise to be known as the Utility System on the campus of the University. There are currently no outstanding bonds on a parity with the Bonds.

The Bonds do not constitute a debt of or a charge against the State of Iowa within the meaning or application of any constitutional or statutory limitation or provision and are not payable in any manner by taxation.

The foregoing Introductory Statement is a summary only. For more specific explanations, reference should be made to the following pages and appendices of this Official Statement. The Official Statement speaks only as of its date and the information contained herein is subject to change. Additional information regarding the Board or the University may be obtained from Mark Braun, Executive Director of the Board (515-281-3934) or Tonya Gerbracht, Controller and Treasurer, University of Northern Iowa (319-273-6520).

* Preliminary; subject to change.

CONCURRENT FINANCING

As of the date of this Official Statement, the Board, by means of a separate Official Statement to be dated on or about January 22, 2020, is offering for sale its \$63,860,000* Athletic Facilities Revenue Bonds, Series I.S.U. 2020 (Iowa State University of Science and Technology) on the same date as the sale of the Bonds. Settlement of the Board's Athletic Facilities Revenue Bonds, Series I.S.U. 2020 is expected to take place concurrently with the settlement of the Bonds.

ANTICIPATED BOND ISSUANCE

The University does not anticipate issuing any additional bonds during the next six months; however the University may issue refunding bonds within that time frame.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to the Bond Resolution, the Board (as Issuer) and the University (as an "obligated person" under the Rule) will enter into an undertaking (the "Undertaking") for the benefit of holders of the Bonds to provide to the Municipal Securities Rulemaking Board (i) certain annual financial information or operating data, and (ii) notices of the occurrence of certain events enumerated in the Rule. (See Appendix II.) No person, other than the University, has or will undertake to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events as to which notice is to be given, if material, and a summary of other provisions, including termination, amendment and remedies, are set forth in the Continuing Disclosure Certificate included in Appendix II to this Official Statement.

During the last five years prior to the date of this Official Statement the University believes it has not failed to comply in any material respect with previous undertakings pursuant to the Rule. Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule. A failure by the University to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

THE BONDS

The Bonds are dated as of March 1, 2020 and will mature annually on each July 1 as set forth on the cover page of this Official Statement. Interest is payable on January 1 and July 1 of each year, commencing July 1, 2020. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar on the fifteenth day preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled "Book Entry System." The Treasurer of the University will serve as Registrar for the Bonds.

* Preliminary; subject to change.

Redemption Provisions

Thirty days' written notice of redemption shall be given to the registered owner(s) of the Bonds. Failure to give such written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

Optional Redemption

The right is reserved by the Board to call and redeem the Bonds maturing on or after July 1, 2029 prior to maturity from any funds regardless of source on any date on or after July 1, 2028. If less than all Bonds of a maturity are called for redemption, the Board will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Redemption of Bonds shall be at a price of par plus accrued interest.

Book Entry System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

PURPOSE OF THE ISSUE

The proceeds of the Bonds will be used to (i) construct, equip, install, furnish, replace and renovate the Utility System of the University, (ii) currently refund a lease-purchase financing obligation originally issued to construct utility improvements on the University's campus, (iii) fund a reserve fund, and (iv) pay the costs of issuing the Bonds.

The Utility System was created pursuant to Iowa Code Chapter 262 and a resolution adopted by the Board on April 20, 2017 establishing a self-liquidating and revenue producing enterprise to be known as the Utility System on the campus of the University. There are currently no outstanding bonds on a parity with the Bonds.

SOURCES AND USES OF FUNDS

The composition of the Bonds is estimated to be as follows:

Sources of Funds:	
Principal Amount	\$ _____
Reoffering Premium	_____
Original Issue Discount	_____
Accrued Interest	_____
Total Sources of Funds	\$ _____
Uses of Funds:	
Deposit to Construction Fund	\$ _____
Deposit to Refunding Fund	_____
Underwriter's Compensation	_____
Costs of Issuance	_____
Deposit to Debt Service Reserve Fund	_____
Deposit to Debt Service Fund:	
Accrued Interest	_____
Total Uses of Funds	\$ _____

The aggregate principal amount of the Bonds may be adjusted depending on the actual amount of premium or discount received (see the Official Terms of Offering for the Bonds herein).

SECURITY

The Bonds are special obligations of the Board payable from pledged net revenues derived from the operation of the University's Utility System (the "Net Revenues") and the proceeds of any Utility System Student Fees (and income from the investment thereof). Net Revenues are defined in the Bond Resolution as gross revenues, including all rents, profit and income derived directly from the Utility System (but not including Utility System Student Fees), less operating expenses, (which include all costs of maintenance and operation, including insurance and all other items normally included under the University's customary accounting principles), but excluding depreciation of the Utility System.

By the terms of the Bond Resolution, the Board has covenanted that Utility System User Charges for the Utility System will be maintained and adjusted, if necessary, so that the Net Revenues and the amount produced by any Utility System Student Fees for each Fiscal Year, together with the net earnings derived from the investment of moneys on deposit in the funds established by the Bond Resolution during any such Fiscal Year, is at least equal to the sum of (a) 120% of the annual Fiscal Year debt service on the Bonds, the Parity Bonds, and any Additional Bonds which may be issued, plus (b) 100% of the amount required to remedy any deficiency in the Debt Service Reserve Fund within one year. The Board has further covenanted that, as long as any of the Bonds remain outstanding, it will cause the University to prepare and submit for its approval prior to the commencement of each Fiscal Year a budget which indicates that the above-listed requirements will be complied with, or the Board shall promptly adjust Utility System User Charges and/or any Utility System Student Fees to ensure such compliance.

No Utility System Student Fees have been charged or are currently planned to be instituted by the Board.

The Board further covenants in the Bond Resolution: (a) to administer the Utility System as a single system and as a revenue-producing undertaking, setting aside Net Revenues derived from the operation thereof, to the extent necessary, to comply with the requirements of the Bond Resolution; (b) to keep the Utility System in good repair and operating condition; (c) not to construct, acquire or operate any competing utility facility or service at the University unless such facility or service is included as part of the Utility System; (d) not to cease to use, abandon, sell or in any manner dispose of any portion of the Utility System while any of the Bonds are outstanding unless such disposition is of property no longer useful or profitable to the Utility System and such disposition will not cause the Net Revenues to fall below the levels required by the Bond Resolution; and (e) to maintain adequate books and records for the Utility System separate from other records and accounts, require regular reports to be submitted annually by the Treasurer of the University and cause a report on examination of such books and records to be prepared annually by a certified public accountant, in accordance with generally accepted accounting principles.

Under the Bond Resolution, the Board has covenanted to maintain a Debt Service Reserve Fund in the amount of the Debt Service Reserve Fund Requirement. "Debt Service Reserve Fund Requirement" means an amount equal to the lesser of (a) the maximum Annual Debt Service Requirement on the Bonds, (b) 10% of the stated principal amount of the Bonds, or (c) 125% of the average annual principal and interest coming due on the Bonds. For purposes of this definition: (1) "issue price" shall be substituted for "stated principal amount" for issues with original issue discount or original issue premium of more than a de minimus amount, and (2) stated principal amount shall not include any portion of an issue refunded by a subsequent issue.

See Appendix III of this Official Statement, "Excerpts from the Bond Resolution," for a further discussion of security for the Bonds.

FLOW OF FUNDS

The Gross Revenues of the Utility System and any Utility System Student Fees shall be held and administered by the University, and shall be deposited as collected in the fund known as the Revenue Fund and shall be disbursed only as follows:

- (i) Current Expenses. Moneys in the Revenue Fund shall first be disbursed to pay Current Expenses of the Utility System.
- (ii) Sinking Fund. Moneys in the Revenue Fund shall next be deposited into a separate fund to pay the principal of and interest on the Bonds and Parity Bonds. The fund shall be known as the Revenue Bond and Interest Sinking Fund (the "Sinking Fund"). There shall be deposited in the Sinking Fund on or before the fifteenth day of the month prior to an interest payment date the amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding Bonds and Parity Bonds and the amount necessary to pay in full the installment of principal coming due on such bonds on the next succeeding principal payment date.

If at any time there is a failure to pay into the Sinking Fund the full amount above stipulated, which deficiencies are not remedied by transfers from the Debt Service Reserve Fund or the System Fund, then an amount equivalent to the deficiency shall be set apart and paid into the Sinking Fund from Net Revenues as soon as available which shall be in addition to the amounts otherwise required to be so set apart and paid into the Sinking Fund.

If for any reason the amount on hand in the Sinking Fund exceeds the required amount, the excess shall forthwith be withdrawn and paid into the Revenue Fund. Moneys in the Sinking Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds and Parity Bonds as the same shall become due and payable.

(iii) Debt Service Reserve Fund. Moneys in the Revenue Fund shall next be disbursed to maintain a debt service reserve in an amount equal to the Debt Service Reserve Fund Requirement. Such fund shall be known as the Debt Service Reserve Fund and shall be maintained as long as the Bonds or Parity Bonds remain outstanding. Upon the issuance of any Additional Bonds there shall be deposited in the Debt Service Reserve Fund an amount which, together with the amount then on deposit in the Debt Service Reserve Fund, is equal to the Debt Service Reserve Fund Requirement; provided, however, that when the amount on deposit in the Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement, no further deposits shall be made into the Debt Service Reserve Fund except to maintain such level, and when the amount on deposit in the Debt Service Reserve Fund is greater than the balance required above, such additional amounts shall be withdrawn and paid into the Revenue Fund. Moneys in the Debt Service Reserve Fund shall be used solely for the purpose of paying principal of or interest on the Bonds and Parity Bonds.

(iv) Utility System Fund. There is hereby created the Utility System Fund (the "System Fund") which shall be maintained as long as the Bonds and Parity Bonds remain outstanding. The Board shall deposit all Net Revenues and Utility System Student Fees not required to be deposited into the Sinking Fund or the Debt Service Reserve Fund into the System Fund. All moneys deposited in the System Fund shall be (a) transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds and Parity Bonds, or (b) transferred and credited to the Debt Service Reserve Fund whenever any deficiency may exist in the Debt Service Reserve Fund or whenever necessary to replace funds transferred from the Debt Service Reserve Fund to the Sinking Fund. Until so used, moneys credited to the System Fund may be used:

- (1) to pay principal of and interest (including reasonable reserves therefor) on any other obligations which by their terms shall be payable from the Net Revenues, but subordinate to the Bonds and Parity Bonds, and which have been issued for the purposes of constructing, improving, equipping, installing, furnishing, replacing, or renovating the Utility System or to retire the Bonds and Parity Bonds in advance of maturity, or to pay for extraordinary repairs or replacements to the Utility System; or
- (2) for any lawful System purpose including transfer to the general operating fund of the University.

See Appendix III of this Official Statement, "Excerpts from the Bond Resolution," for further information.

ADDITIONAL BONDS

One or more series of additional bonds ranking on a parity with the Bonds (the “Additional Bonds”) may be issued for the purpose of paying additional costs of the Utility System, but only if the following provisions are met.

The Bonds hereby authorized and from time to time outstanding shall not be entitled to priority or preference, one over the other, in the application of the Net Revenues and Utility System Student Fees, regardless of the time or times of the issuance of such Bonds, it being the intention that there shall be no priority among the bonds authorized to be issued under the terms of the Bond Resolution and any succeeding resolution regardless of the fact that they may have been actually issued and delivered at different times. The Board covenants and agrees that so long as any of the Bonds issued pursuant to the Bond Resolution are outstanding and unpaid no other bonds, notes or obligations payable from the Net Revenues and Utility System Student Fees will be issued except upon the basis of such Additional Bonds, notes or obligations being subject to the priority and security for payment of any of the Bonds and Parity Bonds which are then outstanding and to the priority of the bonds then outstanding under the terms of the Bond Resolution and being payable from the System Fund; provided, however, that said Board hereby reserves the right and privilege of issuing Additional Bonds from time to time payable from the Net Revenues and Utility System Student Fees and ranking on a parity with the Bonds herein authorized and Parity Bonds as may be then outstanding, subject to the conditions and restrictions hereinafter set forth:

Additional Bonds ranking on a parity as aforesaid may be issued from time to time for the purpose of paying the cost of constructing and equipping improvements to the Utility System, or for refunding any bonds issued for account of the Utility System, but only if there shall have first been procured and filed with the Executive Director of the Board a statement by an Independent Auditor not in the regular employ of the Board or of the University reciting the opinion based upon necessary investigations that the aggregate of the Net Revenues and any Utility System Student Fees for the then last completed Fiscal Year for which audited financial reports are available, including earnings from investments, with adjustments as hereinafter provided, were equal to at least 120% of the maximum amount that will become due in any Fiscal Year during the life of any of the then outstanding Bonds and Parity Bonds for both principal of and interest on the Bonds and Parity Bonds then outstanding and the bonds then proposed to be issued. For purposes of the computations, the annual debt service in the final maturity year of any outstanding Bonds and Parity Bonds shall be reduced by the amount of the deposit to the Debt Service Reserve Fund for such issue. The amount of Net Revenues and Utility System Student Fees collected during the preceding Fiscal Year shall be adjusted for the purposes of the foregoing computations so as to give effect to any changes then in effect enacted by the Board as though such changes were already in effect.

The Board may issue Additional Bonds for the purpose of refunding any of the then outstanding Bonds or Parity Bonds if the Board shall have adopted a resolution finding such a refunding is in the best interest of the University and if prior to issuance thereof: (i) a certificate of the Treasurer of the University is delivered to the Board stating that the refunding will result in a present value debt service savings and that debt service on the refunding bonds will not exceed debt service on the refunded bonds during any fiscal year by more than 10%; and (ii) there is delivered to the Board an Opinion of Bond Counsel stating that upon the issuance of the refunding bonds to refund the outstanding Bonds or Parity Bonds and the application of the proceeds thereof, the refunded bonds will no longer be outstanding, meaning such obligation shall have been duly paid or for which adequate provision for payment shall have been made.

Bonds issued to refund any of the bonds hereby authorized or bonds ranking on a parity therewith shall not be subject to the restrictions contained in the two preceding paragraphs of this Article provided the bonds being refunded mature within three months of the date of such refunding and no other funds are available to pay such maturing bonds, but otherwise any refunding bonds ranking on a parity shall only be issued subject to said restrictions, and in computing the maximum principal and interest due in any year principal and interest on the bonds being refunded shall be excluded and principal and interest on the refunding bonds shall be utilized.

No additional Parity Bonds may be issued at any time while payments required by the Bond Resolution to be made into the Sinking Fund or Debt Service Reserve Fund are in arrears. The interest payment dates for any Additional Bonds shall be semiannually on January 1 and July 1 of each year and the principal maturities of such Additional Bonds shall be on July 1 of the year in which any such principal is scheduled to become due. Such Additional Bonds may be made callable by the Board prior to maturity on such date or dates and on such terms and may be made payable at such place or places and of such denominations as the Board from time to time determine. Additional Bonds the issuance of which is restricted and conditioned by this Article, shall be understood to mean bonds secured and payable on a parity with the Bonds herein specifically authorized, and shall not be deemed to include other obligations, the security and source of payment of which is subordinate and subject to the priority of the requirements in favor of the Bonds and Parity Bonds herein authorized to be issued.

UTILITY SYSTEM

General

The Utility System of the University was initially established by the Board on April 20, 2017, and is operated as a separate enterprise. Located on the west edge of campus, the UNI Power Plant generates steam and electrical power providing energy for lighting, heating and cooling systems for main campus buildings. This co-generation plant uses four boilers with a total steam capacity of 345,000 pounds/hour. The steam is used on campus for building heat, domestic hot water heating, cooking in food services, and making chilled water for cooling via steam absorption chillers. The plant is staffed 24 hours a day, 365 days a year. Steam and electricity are distributed from the plant to campus via tunnels, underground piping systems and underground conduit systems. The Utility System is a chargeback center within the University with the main purpose to account for, finance, and report the utility services primarily to campus. The chargeback center funds its operations with fees from internal customers to cover expenses of the center. The center allows the University to include all costs of the utility operation in a per unit rate. Rates are determined by projecting the electrical and steam usage and annual expenses, including any deferred maintenance, for the utility operations and calculating the unit rate necessary to ensure expenses are covered by revenue. The Senior Vice President of Finance and Operations reviews and approves the utility rate annually.

Financial Reporting

The budget process for the Utility System is on a July 1 through June 30 fiscal year basis, and begins approximately one year in advance. Consumption of the various utilities is projected. Input costs (labor, services and materials, purchased utilities and fuel, and renewal and replacement) are estimated. Billing rates per utility are established, based upon the projected consumption, at a level sufficient to cover operational, debt service and coverage requirements. In accordance with the Bond Resolution, the debt service and coverage requirements are further backed by a provision requiring the University to initiate Utility System Student Fees in the event that all other income sources are less than required. Implementation of this provision is not anticipated for the future.

The financial operations of the University's Utility System are accounted for separately. In accordance with the Bond Resolution, the Board is required to cause audited financial statements of the Utility System Revenue Bond Funds to be prepared. The financial statements for the Utility System for the year ended June 30, 2019 are included in the University of Northern Iowa Utility Enterprise Financial Report for the year ended June 30, 2019, and have been audited by the State of Iowa Office of Auditor of State. This is the first audit for the Utility System. The Office of Auditor of State has not been asked to make any additional review and has not consented to the use of its report in this Official Statement.

An annual summary of the Utility System Revenue Bond Funds Condensed Statements of Revenues, Expenses, and Changes in Net Assets for the years ended June 30, 2019 is presented below. This information has been extracted from the University of Northern Iowa Utility Enterprise Financial Report for the year ended June 30, 2019.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	For Fiscal Year Ended <u>June 30, 2019</u>
Operating revenues	\$ 11,278,286
Depreciation expense	(1,815,226)
Other operating expenses	<u>(10,169,327)</u>
Net operating income/(loss)	(706,267)
Nonoperating Revenues/(Expenses):	(103,179)
Transfers from /(to) University funds	<u>1,638,194</u>
Change in net position	828,748
Net position, beginning of year	<u>41,834,893</u>
Net position, end of year	<u><u>\$ 42,663,641</u></u>

Source: University of Northern Iowa Utility Enterprise Financial Report.

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Debt Service and Coverage^(a)

Fiscal Year ending June 30	THE BONDS		Coverage to to F.Y. 2019 Net Revenues (c)
	Principal	Principal and Interest (b)	
2020	\$ 220,000	\$ 372,192	7.57
2021	790,000	1,239,975	2.27
2022	795,000	1,221,275	2.31
2023	800,000	1,202,425	2.34
2024	800,000	1,178,425	2.39
2025	805,000	1,159,425	2.43
2026	805,000	1,135,275	2.48
2027	810,000	1,116,125	2.52
2028	815,000	1,096,825	2.57
2029	820,000	1,077,375	2.62
2030	815,000	1,055,975	2.67
2031	810,000	1,033,453	2.73
2032	810,000	1,014,823	2.78
2033	810,000	994,978	2.83
2034	810,000	973,918	2.89
2035	815,000	957,048	2.94
2036	820,000	939,635	3.00
2037	825,000	921,675	3.06
2038	825,000	898,163	3.14
2039	825,000	874,238	3.22
2040	<u>830,000</u>	<u>854,900</u>	3.30
	\$ 16,455,000	\$ 21,318,123	

(a) Preliminary; subject to change.

(b) Projected debt service for the Bonds based on an assumed average annual interest rate of 2.75%.

(c) Utility System Net Revenues based on the Fiscal Year ended June 30, 2019: \$2,818,000.

THE BOARD OF REGENTS

The Board of Regents, State of Iowa, was established as the State Board of Education in 1909. The Board was created by the General Assembly in 1955 as successor to the State Board of Education. The Board, an agency of the State of Iowa, is the governing body of The State University of Iowa at Iowa City, Iowa State University of Science and Technology at Ames, and the University of Northern Iowa at Cedar Falls. Fall 2019 records show enrollment at the three universities totaling 75,128. The Board also governs the Iowa Braille and Sight Saving School in Vinton and the Iowa School for the Deaf in Council Bluffs.

The Governor appoints members to the Board every two years subject to approval by two-thirds of the Senate of the General Assembly of the State of Iowa. The nine Board members serve six-year overlapping terms. Members can be reappointed and are selected on the basis of their qualifications to perform the duties required by the Board. Not more than five of the nine members may be of the same political party at any one time. The Board Office, under the direction of the Executive Director, is responsible for administrative functions of the Board as well as policy analysis and staff services.

Under Iowa Code Chapter 262, it is the duty of the Board to elect its own president, and appoint the president, treasurer and secretary of each institution; and employ professors, instructors, officers, and others, and fix their compensation. The Board is also empowered to make rules for admission, fix fees, direct expenditures of appropriations and other income, and adopt such rules and regulations regarding the various institutions as may be necessary.

President

Dr. Michael Richards serves as the President of the Board. Dr. Richards was elected President on May 1, 2017 and was re-elected on April 12, 2018 for a term beginning May 1, 2018 through April 30, 2020. Dr. Richards was appointed to the Board on May 6, 2016 and his term on the Board expires April 30, 2021.

Until its sale, Dr. Richards served as vice chairman and managing partner of Quatro Composites in Orange City, Iowa, which specializes in manufacturing carbon composite equipment for the aerospace and medical industries. Prior to that, Dr. Richards was Chairman of MEDTEC, a medical services and equipment company.

Dr. Richards earned his undergraduate degree from The State University of Iowa in 1970 before earning his M.D. from the University of Iowa College of Medicine in 1974. After graduation, he was in practice for more than 20 years, and during that time was president of Healthcare Preferred and the Iowa Health Physicians Medical Foundation. In addition, Dr. Richards served as chief medical officer at Iowa Health System (now UnityPoint Health).

Dr. Richards is also an active philanthropist, having served as president of the Dowling Foundation, and more recently on the Board and Executive Committee of the Minnesota Children's Hospital in Minneapolis, Minnesota.

President Pro Tem

Ms. Patricia Cownie serves as President Pro Tem of the Board. Ms. Cownie was elected President Pro Tem effective May 1, 2017 and was re-elected on April 12, 2018 for a term beginning May 1, 2018 through April 30, 2020. She was appointed to the Board on March 2, 2015 and her term on the Board expires April 30, 2021.

Ms. Cownie has been an active public servant in a large variety of central Iowa community initiatives for many years. She has served on the Board of Directors for a number of community organizations including the Des Moines Opera, St. Augustin Foundation, Mercy Hospital Foundation, Des Moines Arts Festival and Des Moines Civic Center, and is a former Drake University Board of Trustees member.

In 2011, Ms. Cownie was appointed by Governor Branstad to the Dr. Norman E. Borlaug Statue Committee for the funding, creation, and installation of a statue of Dr. Borlaug, a native Iowan, in Statuary Hall at the U.S. Capitol Building. This statue, which recognizes Dr. Borlaug's achievements in plant breeding and his significant impact on world hunger, was installed in the U.S. Capitol in March 2014.

Ms. Cownie is a 1966 graduate of The State University of Iowa where she earned a degree in sociology.

Executive Director

Mr. Mark Braun has served as the Executive Director of the Board since November 1, 2017 and has served in the Board system since October 1998. From 1998 through 2008, Mr. Braun advocated for the Board on behalf of The State University of Iowa as its State Relations Officer. Subsequently, he served as Chief of Staff and Vice President of External Relations for The State University of Iowa President Ms. Sally Mason. Mr. Braun was designated by the Board to lead its efficiency efforts as the Transformation Project Manager and Vice President for Operational Efficiency and Regulatory Analysis in 2014 and 2015. He was then appointed as the Board's Chief Operating Officer in December 2015. Mr. Braun holds a bachelor's degree in political science and a Master of Business Administration degree, with distinction, from The State University of Iowa. Additionally, he also holds a bachelor's degree in public administration.

THE UNIVERSITY OF NORTHERN IOWA

The University was established in 1876 by enactment of the Iowa General Assembly and opened on September 5, 1876 as the Iowa State Normal School. In 1909, it was renamed the Iowa State Teachers College and under this title attained a national reputation and status as a leading institution in the field of teacher education. By enactment of the Iowa General Assembly on July 5, 1961, the name was changed to the State College of Iowa and degree programs were added for those not planning to teach. The change to the University of Northern Iowa was effected on July 1, 1967. The University now offers courses covering a broad spectrum of curriculum on both the undergraduate and graduate level. The University of Northern Iowa is a comprehensive university serving the state of Iowa with a tripartite mission of education, research, and service.

The University has adopted a policy of nondiscrimination and affirmative action in accordance with public policy and law and is committed to a policy of equal opportunity without regard to age, color, creed, disability, ethnicity, gender identity, genetic information, marital status, national origin, political affiliation, pregnancy, race, religion, sex, sexual orientation, veteran or military status, or any other protected category under applicable federal, state, or local law.

The University of Northern Iowa is a member of the American Association of State Colleges and Universities (AASCU), the American Association of Colleges for Teacher Education (AACTE), and the Council of Graduate Schools in the United States. The University is accredited through the master's degrees, the specialists degrees and the doctorate by the Higher Learning Commission. Individual programs are accredited by several national accrediting agencies.

President

Dr. Mark Nook was appointed unanimously by the Board of Regents as the University's President effective February 1, 2017. As President, he is the chief executive officer of the University. He came to the University from Montana State University Billings (MSUB), where he served as chancellor from 2014-2017.

Prior to his work at MSUB, he was the Senior Vice President for Academic and Student Affairs at the University of Wisconsin System. He also served as provost and interim chancellor at the University of Wisconsin-Stevens Point and in a variety of roles at St. Cloud State University.

President Nook earned a bachelor's degree in physics and mathematics from Southwest Minnesota State University, a master's degree in astrophysics from Iowa State University of Science and Technology, and a Ph.D. in astronomy from the University of Wisconsin-Madison.

Provost and Executive Vice President

Dr. Jim Wohlpart has served as the Provost and Executive Vice President for Academic Affairs at the University since May 31, 2015. He served as Interim President for the University from July 3, 2016 through January 31, 2017. Prior to coming to the University, he spent twenty-one years assisting with the opening and establishment of Florida Gulf Coast University (FGCU), a new public university in the state of Florida with an emphasis on service learning, sustainability, and innovative undergraduate education. Dr. Wohlpart last served as the Dean of Undergraduate Studies at FGCU, focusing on enrollment management, retention and persistence, and graduation and workforce placement. He also partnered with Student Affairs to create innovative programs to advance diversity, build live learn communities, and develop leadership skills. The work in Undergraduate Studies was instrumental in increasing the retention and graduation rates of all students, including minority and first generation students.

Dr. Wohlpart earned his Ph.D. from the University of Tennessee, his M.A. from Colorado State University, and his B.A. from the University of Tennessee. He has taught and is published widely in sustainability, environmental literature and philosophy, teaching and learning, and nineteenth-century American literature.

Senior Vice President for Finance and Operations

Dr. Michael Hager was appointed Vice President for Administration and Financial Services at the University effective on January 23, 2012. Dr. Hager was named Senior Vice President for Administration and Financial Services in July 2014 and his title was changed to Senior Vice President for Finance and Operations in 2014. Dr. Hager has a D.B.A. degree from St. Ambrose University, an M.B.A. from the University of Dubuque, and a B.A. from the University of Northern Iowa. Dr. Hager has worked in higher education since 1988. He was the Assistant Vice President for Student Affairs and Executive Director of Residence at the University from 2008 until his appointment as Vice President for Administration and Financial Services. He has provided leadership to the University's housing systems, dining operations, and retail stores. Dr. Hager has a strong background in the development of complex budgeting systems, long-range strategic planning, facilities planning, and construction and sustainability initiatives. Prior to coming to the University of Northern Iowa, he worked at the University of Nebraska-Lincoln.

Vice President for Student Affairs

Dr. Paula Knudson was named Vice President for Student Affairs at the University effective June 26, 2017. Prior to coming to the University, Dr. Knudson served as Vice Chancellor and Dean of Students and in other leadership positions at the University of Wisconsin-La Crosse. She also worked with student affairs at the University of Minnesota Duluth and the University of Hartford. Dr. Knudson has a bachelor's degree in mathematics education from the University of Iowa, a master of public administration from the University of Hartford, and a Ph.D. in higher education administration from the University of Minnesota.

Vice President for University Advancement and President of the UNI Foundation

Jim Jermier was named Vice President for Advancement and president of UNI Foundation effective July 29, 2019. Mr. Jermier is a University of Northern Iowa alumnus. He earned his B.A. in physical education and M.A. in philanthropy and nonprofit development. Mr. Jermier previously spent 12 years at the University in different development positions and nine years at VGM in Waterloo, Iowa. Most recently, he was the Vice President of Development at Luther College in Decorah, Iowa. At Luther College, Mr. Jermier was a key contributor to the college's Inspired. Empowered. Engaged, 2018-2023 strategic plan, helped raise millions in support of funding initiatives, developed and launched the Regents' Promise Scholarship Challenge, and grew awareness and understanding of development and stewardship efforts on campus. In his new role at the University, he will serve as the chief development officer. He will also provide leadership for future capital campaigns and alumni outreach efforts.

Strategic Plan

The Board of Regents, approved the University's 2017-2022 Strategic Plan at its September 2016 meeting. The University has established institutional performance indicators that will be regularly assessed to determine progress in meeting the goals and strategic initiatives contained in its Strategic Plan. The University's Strategic Plan is aligned with the plans of its major divisions and units and with the Strategic Plan of the Board of Regents.

The goals and strategic initiatives of the University's 2017-2022 Strategic Plan are:

Unifying Goal: Student Success

Develop and support engaged learning experiences, dynamic and high-quality academic programs, and outstanding faculty and staff to foster student success.

Strategic Initiatives:

1. Enhance and increase engaged student learning and high-impact experiences on and off campus, inside and outside of the classroom.
2. Introduce new academic programs, including interdisciplinary programs, in a timely fashion, and complete ongoing evaluation of all academic programs.
3. Strengthen the liberal arts core to provide a foundation for all majors.
4. Recruit, develop, and retain outstanding faculty and staff, and recognize and support service, teaching and scholarship.
5. Advance knowledge through all forms of scholarship and creative endeavors.

Supporting Goal 1: Diversity and Inclusion

Provide a campus culture that reflects and values the evolving diversity of society and promotes inclusion.

Strategic Initiatives:

1. Attract and retain diverse students, faculty, and staff who are integrated into the campus community.
2. Build and strengthen relationships with underrepresented populations in Waterloo, the Cedar Valley, and Iowa to increase diversity.
3. Build and strengthen multicultural and international relationships in the United States and abroad.
4. Provide a diversity experience for all students and deliver programs, services, and events to educate for and celebrate diversity on campus.
5. Provide an inclusive decision-making process with broad communication and discussion.

Supporting Goal 2: Campus Vitality

Enhance resource and facility development to provide an enriched campus life experience which is both environmentally and fiscally responsible.

Strategic Initiatives:

1. Adopt a holistic approach to campus well-being that supports the recruitment, retention, health, and safety of students, faculty and staff.
2. Support academic success by addressing building and infrastructure needs through renewal, maintenance, and upgrades focused on sustainability and efficiency.
3. Continuously improve the quality of services seeking the most efficient and effective delivery method.
4. Enhance revenue streams to the University in order to maintain access and affordability.
5. Support intentional student engagement in the various stages of students' academic careers through curricular, co-curricular, and extra-curricular activities.

Supporting Goal 3: Community Engagement

Create opportunities for students, faculty, and staff to build external relationships that enhance local and global learning experiences and contribute to the cultural and economic vitality of the Cedar Valley and Iowa.

Strategic Initiatives:

1. Build and strengthen relationships and partnerships with Cedar Valley and statewide businesses, organizations, and educational institutions to increase diverse experiences and embrace the changing demographics and economic base of Iowa.
2. Provide all students with a community engagement experience.
3. Establish a central access point for community engagement to improve communication and promote campus engagement and participation.
4. Reward and support faculty and staff outreach and community engagement.

The University is currently updating its space master plan and its academic master plan.

Campus and Facilities

The University has grown from its original campus site of 40 acres and one building to more than 50 principal buildings on a campus of 810 acres. In addition to classroom and office buildings, major buildings on campus include the Rod Library which has holdings exceeding 1,000,000 volumes; the J. W. Maucker Student Union which serves as the informal center of campus life; the Gallagher-Bluedorn Performing Arts Center; the Student Health Center; the Wellness Recreation Center; and the Fieldhouse Enterprise consisting of the McLeod Center and the UNI-Dome, the University's sports facilities.

During the past three fiscal years, a number of capital projects were completed or remain in progress. State funded capital projects include the renovation of Schindler Education Center, institutional roads projects, fire and safety and various deferred maintenance projects. Major Residence System projects include renovation of Lawther Hall, Hillside Courts demolition, Noehren Hall restroom and student room renovation, Southwest Campus Storm Water Management project and modernization of Jennings Court apartments. Renovation and repair projects include the Kamerick Art Building reroofing, Latham Hall roof replacement, Strayer Wood Theatre lighting, upgrade the Nielsen Field House and parking lot improvements. A master lease was used for three power plant projects: air regulation compliance, Power Plant Boilers and constructing a Power Plant Storage Facility. Construction for an eight-court tennis complex was funded by private gifts, institutional funds and the Black Hawk Gaming Association. Private gifts were also used to help renovate Schindler Education Center and Rod Library Makerspace and

Scholarspace. Institutional funds were used to improve various parking lots, renovate a building for the new Admissions Center, upgrade the Nielsen Field House, renovate offices for Continuing Education and Special Programs and Facilities Planning, repair ceiling in Latham Hall, Messersmith Track renovations, site lighting LED conversion, Steam Distribution System replacement, Towers Center moisture repairs and West Campus Recreation Fields enhancements.

Academic Information

The academic structure of the University is organized into the College of Education; College of Humanities, Arts and Sciences; College of Social and Behavioral Sciences; and the College of Business Administration. Baccalaureate degrees are offered in each of the colleges. Masters degrees, Specialist in Education degrees, and the Doctor of Education and the Doctor of Technology degrees are awarded by the Graduate College.

Applicants for admission must submit their secondary school official transcript, certificate of graduation, and ACT or SAT scores.

For students entering in fall 2020 or later, the Board has established a Regent Admission Index (RAI) based on a statistical formula that combines the following factors:

- 30 x High school grade point average;
- 3 x Performance on standardized tests (ACT or converted SAT); and
- 5 x Number of high school core courses.

Students with an RAI of 245 or higher will automatically be admitted. Students with an RAI of less than 245 may be admitted based on the individual review process of each Regent university. Details of the calculation of the RAI are available at the Board’s website, <https://www.iowaregents.edu>. Non-residents must meet at least the same requirements as resident applicants and may be held to higher academic standards. Previously, the RAI calculation included class rank.

Tuition and Mandatory Fees

Tuition and fees are set annually by the Board and include mandatory technology, health, health facility, student services, recreation, and building fees. Other fees for which a student may be charged include parking permits, laboratory fees, and fees pertaining to the student's course of study. The tuition and mandatory fees per academic year charged to full-time students at the University have been:

	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
Undergraduate Tuition and Mandatory Fees*:					
Resident	\$ 8,017	\$ 8,309	\$ 8,699	\$ 8,938	\$ 8,938
Non-Resident	18,005	18,851	19,241	19,480	19,480
Graduate Tuition and Mandatory Fees*:					
Resident	\$ 9,219	\$ 9,803	\$ 10,193	\$ 10,432	\$10,432
Non-Resident	19,389	20,277	20,667	20,906	20,906

* These numbers do not include the differential tuition for upper division business students.

Tuition and Mandatory Fee Comparison

Following is a comparison of 2019/20 undergraduate tuition and mandatory student fees for the University of Northern Iowa's comparison group.

	<u>Rank</u>	<u>Resident</u>	<u>Rank</u>	<u>Non-Resident</u>
University of Massachusetts – Dartmouth (MA)	1	\$14,358	2	\$30,103
University of Minnesota – Duluth (MN)	2	12,963	7	18,163
College of Charleston (SC)	3	12,943	1	33,273
Ferris State University (MI)	4	12,236	10	12,236
Southern Illinois University – Edwardsville (IL)	5	12,219	11	12,219
James Madison University (VA)	6	12,206	3	29,106
Eastern Illinois University (IL)	7	11,989	9	14,269
University of Northern Iowa	8	8,938*	5	19,480*
Truman State University (MO)	9	8,600	8	15,794
Marshall University (WV)	10	8,412	6	19,266
Western Washington University (WA)	11	8,343	4	24,690

* These numbers do not include the differential tuition for upper division business students.

Student Enrollment - Fall Head Count – Historic

Historic:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Undergraduate:					
Lower Division	4,342	4,497	4,276	3,884	3,472
Upper Division	<u>5,827</u>	<u>5,607</u>	<u>5,729</u>	<u>5,677</u>	<u>5,501</u>
Total Undergraduate	10,169	10,104	10,005	9,561	8,973
Masters	1,247	1,193	1,360	1,199	1,058
Advanced Graduate	<u>565</u>	<u>608</u>	<u>542</u>	<u>452</u>	<u>466</u>
Total Enrollment	11,981	11,905	11,907	11,212	10,497
Percent Full-Time	80.9%	81.5%	80.9%	82.6%	82.7%
Percent Part-Time	19.1%	18.5%	19.1%	17.4%	17.3%
Full Time Equivalent (Fall)	10,345	10,305	10,284	9,903	9,250

Freshman Applications, Admissions and Enrollments

	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
Applications	5,304	5,195	5,494	5,129	4,701
Acceptances	4,278	4,290	4,441	4,167	3,716
Percent Accepted	80.7%	82.6%	80.8%	81.2%	79.0%
Enrolled	1,916	2,000	1,834	1,661	1,465
Percent Enrolled to Accepted	44.8%	46.6%	41.3%	39.9%	39.4%
Average ACT Score	22.7	22.9	23.0	22.8	22.6

Geographic Distribution of Fall 2019 Student Body

	<u>Iowa Residents</u>		<u>Residents of Other States</u>		<u>Residents of Other Countries</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Undergraduates	8,186	87.4%	529	74.4%	258	61.6%
Graduates	<u>1,181</u>	<u>12.6</u>	<u>182</u>	<u>25.6</u>	<u>161</u>	<u>38.4</u>
Total	9,367	100.0%	711	100.0%	419	100.0%

Faculty and Staff

As of September 2019, the University employed a total of 1,806 full-time personnel, including 49 academic administrators, 515 faculty, 11 institutional officials, 714 professional and scientific staff, and 517 general service staff. The University employed 463 part-time personnel and 1,889 students. Approximately 53.1% of the faculty was tenured.

Labor Contracts

Iowa's collective bargaining law for public employees is limited to one mandatory topic, which is base wages. Other topics, such as benefits and working conditions are covered by Iowa Board of Regents and/or university policies. The University of Northern Iowa blue collar, clerical, security and technical hourly employees (Merit staff) are represented in collective bargaining by AFSCME. Faculty, with the exception of certain temporary appointments less than 25% time, are represented by UNI-United Faculty.

Pensions

Teachers Insurance and Annuity Association

Most permanent employees of the University are covered through Teachers Insurance and Annuity Association (TIAA), a national organization used to fund pension benefits for educational institutions. Under this defined contribution plan, the University and plan participants make annual contributions to TIAA to purchase individual annuities equivalent to retirement benefits earned. The University's contribution was \$9,763,049 for the year ended June 30, 2019.

Iowa Public Employees' Retirement System

The University also contributes to the Iowa Public Employees' Retirement System (IPERS), a state-wide multiple-employer cost sharing, defined-benefit public employee retirement system administered by the State of Iowa. Covered employees are required by State statute to contribute 6.29% of covered wages. The University's contribution rate is 9.44%, for a total contribution of 15.73%. The University's contribution to IPERS was \$2,168,039 for the year ended June 30, 2019. The University recognizes a liability equal to its proportionate share of the IPERS net pension liability. As of June 30, 2019, the University recognized a net pension liability of \$17,752,632 for its 0.2805301% proportionate share of the IPERS net pension liability.

Other Postemployment Benefits

The University has engaged an actuary to provide biennial actuarial valuation reports. Under GASB 75 such costs must be accounted for on an accrual basis. The University must report an annual OPEB cost based on actuarially determined amounts that, if paid on an ongoing basis, will provide sufficient resources to pay these benefits.

The University's annual OPEB liability of \$23,803,141 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date. The contribution requirements of plan members are established and may be amended by the University. Although no assets are accumulated in a trust, the University established a quasi-endowment fund in fiscal year 2015 to earmark funds to retiree medical premiums. At June 30, 2019, the quasi-endowment fund balance was \$4,261,205. The University intends to continue funding postemployment health care benefits on a pay-as-you-go basis.

Outstanding Debt of the University

The University has the following long-term debt outstanding as of January 17, 2020, adjusted to include the Bonds.

<u>Academic Building Revenue Bonds:</u>	<u>Outstanding</u>
\$14,015,000 Refunding Series U.N.I. 2016; dated May 1, 2016; final maturity July 1, 2027	\$10,270,000
\$12,645,000 Refunding Series U.N.I. 2016A; dated August 1, 2016; final maturity July 1, 2035	10,880,000
\$13,835,000 Refunding Series U.N.I. 2017; dated August 1, 2017; final maturity July 1, 2035	<u>12,555,000</u>
Total	\$33,705,000

The Academic Building Revenue Bonds are secured by and payable solely from gross student fees and charges collected by the University and institutional income received by the University.

<u>Dormitory Revenue Bonds:</u>	<u>Outstanding</u>
\$4,255,000 Refunding Series U.N.I. 2010; dated April 1, 2010; final maturity July 1, 2020	\$ 480,000
\$10,160,000 Refunding Series U.N.I. 2010B; dated December 1, 2010; final maturity July 1, 2021	2,305,000
\$24,870,000 Series U.N.I. 2011; dated December 1, 2011; final maturity July 1, 2033	16,315,000
\$13,810,000 Series U.N.I. 2012; dated May 1, 2012; final maturity July 1, 2023	4,445,000
\$23,765,000 Series U.N.I. 2016; dated March 1, 2016; final maturity July 1, 2037	21,385,000
\$13,330,000 Refunding Series U.N.I. 2017; dated August 1, 2017; final maturity July 1, 2030	<u>11,470,000</u>
Total	\$56,400,000

The Dormitory Revenue Bonds are secured by and payable solely from the net rents, profits and income to be derived from the operation of the University's system of student residence halls and dining and incidental facilities.

<u>Field House Revenue Bonds:</u>	<u>Outstanding</u>
\$4,815,000 Refunding Series U.N.I. 2013; dated May 1, 2013; final maturity July 1, 2024	\$2,330,000
\$3,460,000 Refunding Series U.N.I. 2015; dated April 1, 2015; final maturity July 1, 2022	<u>1,560,000</u>
Total	\$3,890,000

The Field House Revenue Bonds are payable from and secured by the Field House Student Fees charged to each student and collected by the University and project income. The bonds are also payable from, but not secured by, gift income and other income.

<u>Student Health Revenue Bonds:</u>	<u>Outstanding</u>
\$2,435,000 Refunding Series U.N.I. 2013; dated May 1, 2013; final maturity July 1, 2024	\$1,175,000

The Student Health Revenue Bonds are payable from gross student fees and charges collected by the University and institutional income received by the University.

<u>Student Union Revenue Bonds:</u>	<u>Outstanding</u>
\$8,425,000 Refunding Series U.N.I. 2011; dated August 1, 2011; final maturity July 1, 2022	\$2,510,000

The Student Union Revenue Bonds are payable from Student Union Fees charged to each student and collected by the University and Student Union system income. The bonds are also payable from, but not secured by, gift income and other income.

<u>Utility System Revenue Bonds:</u>	<u>Outstanding</u>
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The Current Financing: \$16,455,000* Utility System Revenue Bonds, Series U.N.I. 2020; dated March 1, 2020; final maturity July 1, 2040	\$16,455,000*
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* Preliminary; subject to change.

Installment Purchase Agreements

The Board of Regents has entered into a Master Lease Agreement whereby the Regents institutions may from time to time finance real and personal property over a three to ten-year term on an annual appropriation lease basis. As of January 17, 2020, the University had an outstanding obligation under a master lease agreements in the amount of \$2,440,537 for the Power Plant Project. A portion of the Bonds will be used to refund this obligation in its entirety. See “Purpose of the Issue” herein for more information.

Other Debt

The City of Cedar Falls loaned \$500,000 to the University to help fund the McLeod Center. Of the loan, \$300,000 is repayable without interest and \$200,000 will be forgiven provided the conditions of a 28E Agreement are met. The \$300,000 portion is repayable in installments of \$15,000 per year for twenty years. As of June 30, 2019, the University had an outstanding obligation in the amount of \$335,000.

Investment of University Funds

The cash of the University as of June 30, 2019 was FDIC insured or covered by the State Sinking Fund in accordance with the Code of Iowa. The carrying amount of cash and cash equivalents and bank balances were, respectively, \$20,973,657 and \$22,303,443. Of the \$22,303,443 bank balance, \$3,468,792 was covered by FDIC insurance or State Sinking Fund, and \$18,834,651 was invested in money market funds as cash equivalents.

The University does not have any funds invested in derivatives. In accordance with the Code of Iowa, the University’s operating portfolio may be invested in obligations of the U.S. Government and its agencies, certificates of deposit, prime bankers’ acceptances, commercial paper, repurchase agreements, investments authorized for the Iowa Public Employee Retirement System in Section 97B.7 of the Code of Iowa, open-end management investment companies organized in trust form registered with the SEC under the Investment Company Act of 1940, and the Common Fund for Non-Profit Corporations. The University’s endowment portfolio may be invested in all of the above, as well as certain listed investment grade securities, certain shares of investment companies and new issues of investment grade common stock. As of June 30, 2019, the market value of the operating and endowment portfolios was \$137,924,218.

Financial Statements

The University's fiscal year ends on June 30. The University's financial statements are presented on the accrual basis of reporting. These statements have been audited by the State of Iowa Office of Auditor of State. The Office of Auditor of State has not been asked to make any additional review and has not consented to the use of its report in this Official Statement.

The University's comprehensive annual financial reports ("CAFRs") for the years ended June 30, 1992 through 2018 were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Governmental Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The University believes its CAFR continues to conform to the Certificate of Achievement program requirements and has submitted its CAFR for the 2019 fiscal year to the GFOA.

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**Statement of Revenues, Expenses, and Changes in Net Position
For Fiscal Years Ended June 30, 2015 through 2019**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
REVENUES					
Operating Revenues					
Tuition and fees, net of scholarship allowance	\$ 62,538,104	\$ 63,775,249	\$ 66,908,025	\$ 67,961,186	\$ 65,999,068
Federal grants and contracts	15,782,976	13,990,170	13,493,398	13,480,630	13,308,944
State and local grants and contracts	2,983,411	3,648,716	2,313,573	2,395,237	1,951,083
Nongovernmental grants and contracts	3,943,663	4,046,511	4,435,154	4,781,511	4,609,639
Sales and services of educational activities	6,168,882	5,911,251	6,611,381	5,655,563	5,236,235
Interest on student loans	210,849	213,996	211,196	144,314	83,586
Other operating revenue	711,025	662,461	745,911	675,173	1,588,105
Auxiliary enterprises	60,468,336	61,406,866	62,830,797	60,558,630	65,844,567
Total Operating Revenues	<u>152,807,246</u>	<u>153,655,220</u>	<u>157,549,435</u>	<u>155,652,244</u>	<u>158,621,227</u>
EXPENSES					
Operating Expenses					
Instruction	86,536,932	84,062,858	84,157,892	80,901,677	80,498,985
Research	3,175,745	2,956,675	2,807,731	2,454,788	2,930,394
Public service	21,315,032	20,960,763	21,158,018	20,535,785	19,908,014
Academic support	22,866,432	22,514,076	24,453,665	24,957,576	24,512,568
Student services	10,430,540	10,034,876	11,500,806	10,106,466	10,235,429
Institutional support	27,210,997	29,196,905	27,154,337	24,849,345	26,465,594
Operation and maintenance of plant	22,201,764	20,132,206	21,447,650	23,527,282	26,533,442
Scholarships and fellowships	6,202,848	5,863,221	5,860,458	6,143,564	5,683,836
Depreciation/amortization	18,095,313	18,121,445	18,534,457	19,112,827	19,400,815
Other operating expenses	150,187	245,451	185,557	263,616	214,348
Auxiliary enterprises	51,743,111	51,264,280	53,724,329	55,824,400	61,223,473
Total Operating Expenses	<u>269,928,901</u>	<u>265,352,756</u>	<u>270,984,900</u>	<u>268,677,326</u>	<u>277,606,898</u>
Operating (Loss)	<u>(117,121,655)</u>	<u>(111,697,536)</u>	<u>(113,435,465)</u>	<u>(113,025,082)</u>	<u>(118,985,671)</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	100,659,338	101,757,980	101,899,530	101,377,509	103,414,372
Federal grants and contracts	10,714,971	10,670,342	10,790,666	11,657,278	11,190,012
Nonfederal gifts, grants and contracts	2,010,489	2,536,628	3,269,948	3,956,027	3,857,346
Investment income	1,658,231	1,333,323	3,089,487	2,619,365	4,852,700
Interest on indebtedness	(5,890,651)	(4,392,263)	(5,227,863)	(5,290,179)	(3,075,139)
Loss on disposal of capital assets	(295,199)	3,958,547	(13,343)	813,071	(201,465)
Other nonoperating expense	(73,167)	(470,620)	(296,872)	(480,451)	2,809,610
Net Nonoperating Revenues (Expenses)	<u>108,784,012</u>	<u>115,393,937</u>	<u>113,511,553</u>	<u>114,652,620</u>	<u>122,847,436</u>
(Loss) Before Other Revenues	<u>(8,337,643)</u>	<u>3,696,401</u>	<u>76,088</u>	<u>1,627,538</u>	<u>3,861,765</u>
OTHER REVENUES					
Capital appropriations	8,121,169	19,118,946	19,220,339	3,660,840	3,580,380
Capital gifts, grants and contracts	1,832,059	1,278,214	6,285,081	2,570,423	1,891,806
Total Other Revenues	<u>9,953,228</u>	<u>20,397,160</u>	<u>25,505,420</u>	<u>6,231,263</u>	<u>5,472,186</u>
Change in Net Position	1,615,585	24,093,561	25,581,508	7,858,801	9,333,951
NET POSITION					
Net position, beginning of year	<u>325,165,074</u> *	<u>326,780,659</u>	<u>350,874,220</u>	<u>371,246,326</u> *	<u>379,105,127</u>
Net position, end of year	<u>\$ 326,780,659</u>	<u>\$ 350,874,220</u>	<u>\$ 376,455,728</u>	<u>\$ 379,105,127</u>	<u>\$ 388,439,078</u>

* As restated.

Source: University of Northern Iowa Comprehensive Annual Financial Reports.

RISK FACTORS

Factors Affecting the Financial Performance of the Utility System

Repayment of the Bonds is subject to a variety of risks. The Bonds are special obligations of the Board payable from pledged Net Revenues and the proceeds of any Utility System Student Fees (and income from the investment thereof). This is the Board's first issuance for the benefit of the Utility System and, to that end, has completed only one audit of the Utility System. Hence, other than described in said audit, no other historical performance is available to indicate viability of the System. No representation or assurance can be given that the System will realize Net Revenues in amounts sufficient to make payments with respect to the Bonds. One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the System's operations and financial performance to an extent that cannot be determined at this time.

Enrollment

The adequacy of University revenues depends in part on maintaining enrollment levels as well as being able to charge sufficient rates for tuition and fees. Competition for students is substantial. The University competes with other private colleges and universities as well as the public universities of Iowa, and local area community colleges. There can be no assurance that the University's enrollment will be maintained or increase. A decline in enrollment will generate less revenues from these sources, absent an increase in rates.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, secondary marketing practices trading of the Bonds may be suspended or terminated. Additionally, prices of bonds or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

Ratings Loss

Application for a rating of the Bonds has been made to Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings will continue for any given period of time, or that such ratings will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

Cybersecurity Risks

The University relies on security measures included in its information systems to enable secure processing, transmission and storage of confidential and other sensitive information. Information systems security breaches, including electronic break-ins, computer virus insertion, attacks by internal and external parties and similar breaches could create disruption or shutdown of the University information systems and disrupt the services it provides. Security breaches could also facilitate unauthorized access to or disclosure of personally identifiable information and other confidential or sensitive information.

Despite implementing, monitoring and regularly updating information system security measures, the University may remain vulnerable to intrusion attempts by outside or internal parties, as well as data breaches resulting from employee error, negligence or malfeasance. Failure to maintain proper functionality and security of the University's information systems could interrupt the University's operations, damage its reputation, subject it to significant costs, liability claims or regulatory penalties, and could have a material adverse effect on the operations and financial condition of the University.

The University maintains insurance coverage for losses associated with information system security breaches and failure to protect confidential business and personal information.

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through Indirect Participants. Neither the Board nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, Indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See "THE BONDS - Book Entry System."

Other Factors

An investment in the Bonds involves an element of risk. To identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Pending Federal Tax Legislation/Loss of Tax Exemption

From time to time, legislative proposals are pending in Congress that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds, or possibly affect the ability of bondholders to treat interest on the bonds as exempt from federal income taxation. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds.

As discussed under the heading "TAX EXEMPTION" herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the Board or the University in violation of its covenants in the Bond Resolution.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

LITIGATION

The Board and the University are not aware of any threatened or pending litigation affecting the validity of the Bonds, or of any threatened or pending litigation that is expected to materially impact the University's ability to meet their respective financial obligations with respect to the Utility System.

RATING

Application for a rating of the Bonds has been made to Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York. If a rating is assigned, it will reflect only the opinion of Moody's. Any explanation of the significance of the ratings may be obtained only from Moody's.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised or withdrawn if, in the judgment of Moody's, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The Board has retained Baker Tilly Municipal Advisors, LLC, of Saint Paul, Minnesota as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing this Official Statement, Baker Tilly Municipal Advisors, LLC has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement. Baker Tilly Municipal Advisors, LLC has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Baker Tilly Municipal Advisors, LLC is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

LEGALITY

The Bonds are subject to approval as to certain matters by Ahlers & Cooney, P.C., as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

TAX EXEMPTION

In the opinion of Ahlers & Cooney, P.C., Bond Counsel, subject to continuing compliance by the Board and the Board with certain tax covenants, under existing statutes, regulations, rulings, and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain restrictions on the use and investment of proceeds of the Bonds and causes certain federal income tax consequences to owners of the Bonds. A brief summary of certain provisions of the Code follows. A prospective purchaser of the Bonds should consult his or her tax advisor with respect to applicability of various adverse federal tax consequences that result from ownership of tax-exempt bonds by certain classes of taxpayers.

In order to maintain the exemption from federal income taxes of interest on the Bonds and for no other purpose, the Board covenants in the Bond Resolution to comply with the provisions of the Code. Until and unless, and except to the extent in the opinion of Bond Counsel, the following are not necessary to maintain the tax-exempt status of the Bonds, the Board covenants, represents and warrants with respect to the Bonds to submit in a timely manner all reports, accounting and information to the Internal Revenue Service, to take whatever action is necessary within its power to assure the continued tax exemption on the Bonds, and to take whatever action is necessary within its power to comply with the applicable law and regulations in order to maintain tax exemption with respect to the Bonds.

The Bond Resolution may be amended without the consent of any owner of the Bonds for the sole purpose of taking action necessary to maintain tax exemption with respect to the Bonds under applicable federal law or regulations.

Bond Counsel is further of the opinion that, under existing laws of the State of Iowa and the current rules of the Iowa Department of Revenue and Finance, the interest on the Bonds will not be subject to the taxes imposed by Division II, "Personal Net Income Tax" and Division III, "Business Tax on Corporations" of Chapter 422 of the Iowa Code, but the interest thereon will be subject to the franchise tax imposed by Division V, "Financial Institutions" of Chapter 422 of the Iowa Code. Interest on the Bonds will be required to be included in "adjusted current earnings" to be used in computing "state alternative minimum taxable income" of corporations and financial institutions for purposes of Sections 422.33 and 422.60 of the Iowa Code, as amended.

From time to time, legislative proposals are pending in Congress that would, if enacted, alter or amend one or more of the tax matters described herein in certain respects or would adversely affect the market value of the Bonds, or possibly affect the ability of bondholders to treat interest on the Bonds as exempt from federal income taxation. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds.

There are many events which could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Internal Revenue Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, legislative or regulatory proposals affecting state and local government securities, and changes in judicial interpretation of existing law.

Section 103 of the Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Board has covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in federal gross income, possibly from the date of issuance of the Bonds. The opinions of Bond Counsel assume compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of interest on the Bonds.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondowner's federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondowner or the Bondowner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other tax consequences.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Board described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status

of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the Service is likely to treat the Board as the “taxpayer,” and the Bondowners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the Board may have different or conflicting interests from the Bondowners. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign boards doing business in the United States, S Corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will not be “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

CERTIFICATION

The Board has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The Purchaser will be furnished with a certificate signed by the Controller and Treasurer of the University stating they have examined each document and that, as of the respective date of each and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

I have reviewed the information contained within this Official Statement, prepared on behalf of the University by Baker Tilly Municipal Advisors, LLC. This Official Statement does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements herein, in light of the facts and circumstances under which they are made, not misleading.

University of Northern Iowa

By, /s/ Tonya Gerbracht
Controller and Treasurer

Board of Regents, State of Iowa

By, /s/ Mark Braun
Executive Director

PROPOSED FORM OF LEGAL OPINION



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We have acted as bond counsel in connection with the issuance by the Board of Regents, State of Iowa (the "Issuer"), of \$_____ Utility System Revenue Bonds, Series U.N.I. 2020, dated as of March 1, 2020, in the denomination of \$5,000 or integral multiples thereof (the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the resolution of the Issuer adopted on February 5, 2020 authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Issuer has the corporate power to adopt and perform the Resolution and issue the Bonds.
2. The Resolution has been duly authorized and executed by the Issuer and the Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer. The Resolution creates a valid first lien on the Net Revenues derived from the operation of the System and any Utility System Student Fees (as defined in the Resolution) received by the University of Northern Iowa (the "University"), pledged by the Resolution for the security of the Bonds.

The lien of the Bonds ranks on a parity as to the pledge of Net Revenues of the System with respect to any Additional Bonds (as defined in the Resolution), of which the right to issue is reserved upon conditions set forth in the Resolution.

3. The Bonds have been duly authorized, issued and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution. The Bonds will not constitute an indebtedness of the State of Iowa (the "State") within the meaning of any constitutional or statutory limitation and shall not constitute or give rise to a charge against the general credit or taxing power of the State.

4. Under existing law, regulations, published rulings and judicial decisions interest on the Bonds is (i) not includable in gross income for federal income tax purposes, and (ii) not an item of tax preference for purposes of the alternative minimum tax for purposes of Sections 55 and 59A of the Internal Revenue Code of 1986, as amended (the "Code"). The opinion set forth in clause (i) above is subject to the condition that the Issuer comply with the requirements of the Code which must be complied with subsequent to the issuance of the Bonds in order for the interest on the Bonds to be, and continue to be, excluded from gross income for federal income tax purposes. Interest on the Bonds may become includable in gross income for federal income tax purposes in the event the Issuer fails to comply with certain covenants in the Resolution relating to the use and investment of proceeds of the Bonds and compliance with the applicable provisions of the Code.

5. Under existing laws, regulations, published rulings and judicial decisions interest on the Bonds is (i) exempt from the taxes imposed by Division II (Personal Net Income Tax) and Division III (Business Tax on Corporations) of Iowa Code Chapter 422, as amended and (ii) subject to the taxes imposed by Division V (Taxation of Financial Institutions) of Iowa Code Chapter 422, as amended. Interest on the Bonds is required to be included in determining "adjusted current earnings" to be used in computing the "state alternative minimum taxable income" of corporations and financial institutions for purposes of Iowa Code Section 422.33 and 422.60, as amended.

We have not been engaged to or undertaken to review the accuracy, adequacy, completeness or sufficiency of the Official Statement, or other offering material relating to the Bonds and we express no opinion relating thereto. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Resolution are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

The opinions expressed herein are given as of the date hereof and are based on an analysis of existing laws as of the date hereof. We assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

AHLERS & COONEY, P.C.

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Board of Regents, State of Iowa (the "Issuer") and the University of Northern Iowa (the "University" or "Obligated Person"), in connection with the issuance of \$_____ Utility System Revenue Bonds, Series U.N.I. 2020 (the "Bonds") dated March 1, 2020. The Bonds are being issued pursuant to a Resolution of the Issuer approved on February 5, 2020 (the "Resolution"). The Issuer and the University covenant and agree as follows:

Section 1. Purpose of the Disclosure Certificate; Interpretation. This Disclosure Certificate is being executed and delivered by the Issuer and the University for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). This Disclosure Certificate shall be governed by, construed and interpreted in accordance with the Rule, and, to the extent not in conflict with the Rule, the laws of the State. Nothing herein shall be interpreted to require more than required by the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean financial information or operating data of the type included in the final Official Statement, provided at least annually by the University pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the University or any Dissemination Agent designated in writing by the University and which has filed with the University a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with S.E.C. Rule 15c2-12.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).

"Official Statement" shall mean the Final Official Statement for the Bonds, dated _____, 2020.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (S.E.C.) under the Securities Exchange Act of 1934, and any guidance and procedures thereunder published by the S.E.C., as the same may be amended from time to time.

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Financial Information.

a) The University shall, or shall cause the Dissemination Agent to, not later than two hundred seventy (270) days after the end of the University's fiscal year (presently June 30th), commencing with information for the 2019/2020 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the University may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the University's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

b) If the University is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the University shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

c) The Dissemination Agent shall:

i. each year file Annual Financial Information with the National Repository;
and

ii. (if the Dissemination Agent is other than the University), file a report with the University certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

Section 4. Content of Annual Financial Information. The University's Annual Financial Information filing shall contain or incorporate by reference the following:

a) The last available audited financial statements of the University for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the University's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.

b) A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the captions:

THE UNIVERSITY OF NORTHERN IOWA

- Tuition and Mandatory Fees
- Tuition and Mandatory Fees Comparison
- Student Enrollment – Fall Head Count – Historic
- Freshman Applications, Admissions and Enrollments
- Geographic Distribution of Fall Student Body
- Outstanding Debt of the University
- Statement of Revenues, Expenses, and Changes in Net Position

UTILITY SYSTEM

- Condensed Statement of Revenues, Expenses and Changes in Net Position
- Debt Service and Coverage

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer on behalf of the University or related public entities, which have been filed with the National Repository. The University shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

a) Pursuant to the provisions of this Section, the University shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;
- vii. Modifications to rights of Holders of the Bonds, if material;
- viii. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
- ix. Defeasances of the Bonds;
- x. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- xi. Rating changes on the Bonds;
- xii. Bankruptcy, insolvency, receivership or similar event of the University;
- xiii. The consummation of a merger, consolidation, or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

xv. Incurrence of a Financial Obligation of the University, if material, or agreement to covenants, events of default, remedies, priority rights, or other terms of a Financial Obligation of the University, any of which affect security holders, if material; and

xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the University, any of which reflect financial difficulties.

b) Whenever the University obtains the knowledge of the occurrence of a Listed Event, the University shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

c) If the University determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the University shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

Section 6. Termination of Reporting Obligation. The University's obligations under this Disclosure Certificate with respect to each Series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds of that Series or upon the University's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the University to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 7. Dissemination Agent. The University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the University pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Baker Tilly Municipal Advisors, LLC.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the University and the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the University shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the University. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the University chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the University shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer or the University to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the University and the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the University to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the University agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the University under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the University, the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Rescission Rights. The University and the Issuer hereby reserve the right to rescind this Disclosure Certificate without the consent of the Holders in the event the Rule is repealed by the S.E.C. or is ruled invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of the Rule, the University and the Issuer hereby reserve the right to rescind those provisions of this Disclosure Certificate that were required by those parts of the Rule that are so repealed or invalidated.

Date: _____ day of March, 2020.

ISSUER:

BOARD OF REGENTS, STATE OF IOWA

By: _____
Executive Director

OBLIGATED PERSON:

UNIVERSITY OF NORTHERN IOWA

By: _____
Treasurer

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: Board of Regents, State of Iowa

Name of Obligated Person: University of Northern Iowa

Name of Bond Issue: \$_____ Utility System Revenue Bonds, Series U.N.I. 2020

Dated Date of Issue: March 1, 2020

NOTICE IS HEREBY GIVEN that the University has not provided Annual Financial Information with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate delivered by the University in connection with the Bonds. The University anticipates that the Annual Financial Information will be filed by _____.

Dated: _____ day of _____, 20____.

UNIVERSITY OF NORTHERN IOWA

By: _____
Its: _____

EXCERPTS OF BOND RESOLUTION

A RESOLUTION PROVIDING FOR THE SALE AND AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SECURING THE PAYMENT OF \$_____ UTILITY SYSTEM REVENUE BONDS, SERIES U.N.I. 2020, FOR THE PURPOSE OF REFUNDING THAT CERTAIN SUPPLEMENT TO MASTER LEASE NO. 2014-2; PAYING A PORTION OF THE COSTS OF CONSTRUCTING AND EQUIPPING IMPROVEMENTS TO THE UTILITY SYSTEM; FUNDING A DEBT SERVICE RESERVE FUND; AND PAYING COSTS OF ISSUANCE

ARTICLE ONE
DEFINITIONS

That as used herein the following terms, whether or not capitalized, shall have the following meanings unless the context otherwise clearly requires:

"Act" shall mean Iowa Code Chapter 262, as amended.

"Additional Bonds" shall mean any bonds, notes, or obligations issued on a parity with the Bonds in accordance with the provisions of this Resolution.

"Annual Debt Service Requirement" means the amount of principal of the Bonds and Parity Bonds coming due at maturity or upon mandatory sinking fund redemption and the amount of interest payable on the Bonds and Parity Bonds during a Fiscal Year, provided that the principal and interest on Bonds coming due on July 1 shall be considered as a requirement of the Fiscal Year ending on June 30 immediately preceding each July 1.

"Authorized Denominations" shall mean \$5,000 or any integral multiple thereof.

"Beneficial Owner" shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant or such person's subrogee.

"Board" or "Issuer" shall mean the Board of Regents, State of Iowa.

"Bond" or "Bonds," unless otherwise indicated, shall mean the \$_____ Utility System Revenue Bonds, Series U.N.I. 2020, of the Board issued pursuant to this Resolution.

"Bond Registrar" or "Registrar" means the Treasurer of the University of Northern Iowa, Cedar Falls, Iowa, serving as bond registrar, transfer agent and paying agent for the Bonds hereby authorized pursuant to this Resolution, and any successor designated pursuant to a supplemental resolution of the Board in accordance with the provisions of this Resolution to serve in such capacities.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"Closing Certificate" shall mean the certificate of the Board, executed by its President or President Pro Tem and Executive Director or Deputy Executive Director, which shall identify each series of Parity Bonds outstanding on the date of delivery of the Bonds.

"Code" means the Internal Revenue Code of 1986 and the Regulations thereunder, as amended.

"Construction Fund" means the fund into which a portion of the proceeds of the Bonds shall be deposited to pay costs of the Project, to be designated "Board of Regents, University of Northern Iowa, Utility System Construction Fund (University of Northern Iowa)."

"Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate executed by the Issuer and the University and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Current Expenses" or "Operating Expenses" shall mean and include the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, including purchases at wholesale, if any, salaries, wages, and costs of materials and supplies but excluding depreciation and principal of and interest on the Bonds and any Parity Bonds or payments to the various funds established herein; capital costs, depreciation and interest or principal payments are not System expenses.

"Debt Service Reserve Fund" shall mean the Utility System Revenue Bond Debt Service Reserve Fund established by Section 3.01(c) of this Resolution required to be maintained at the "Debt Service Reserve Fund Requirement" (defined below).

"Debt Service Reserve Fund Requirement" shall mean an amount equal to the lesser of (a) the maximum annual amount of the principal and interest coming due on the Bonds; (b) 10% of the stated principal amount of the Bonds or (c) 125% of the average annual principal and interest coming due on the Bonds. For purposes of this definition: (1) "issue price" shall be substituted for "stated principal amount" for issues with original issue discount or original issue premium of more than a de minimus amount and (2) stated principal amount shall not include any portion of an issue refunded or advance refunded by a subsequent issue.

"DTC" shall mean The Depository Trust Company, a New York corporation, New York, New York, a limited purpose trust company, or any successor book-entry securities depository appointed for the Bonds.

"Depository Bonds" shall mean the Bonds as issued in the form of one global certificate for each maturity, registered in the Registration Books maintained by the Registrar in the name of DTC or its nominee.

"Executive Director" shall mean the Executive Director, Deputy Executive Director, or Interim Executive Director of the Board, as the case may be.

"Financial Officer" shall mean the Treasurer of the University or such officer as may hereafter assume the duties of said office.

"Fiscal Year" shall mean the twelve-month period beginning on July 1 of each year and ending on the last day of June of the following year, or any other consecutive twelve-month period adopted by the Board or by law as the official accounting period of the System. Requirements of a Fiscal Year as expressed in this Resolution shall exclude any payment of principal or interest falling due on the first day of the Fiscal Year and include any payment of principal or interest falling due on the first day of the succeeding Fiscal Year.

"Gross Revenues" shall mean all rents, profits and income derived directly from the operation of the Utility System, including any Utility System User Charges (but not including Utility System Student Fees).

"Holder" or "bondholder" or "owner of the bonds" shall mean the registered owner of any Bond issued pursuant to this Resolution.

"Independent Auditor" shall mean an independent firm of Certified Public Accountants or the Auditor of State.

"Issuer" and "Board" shall mean the Board of Regents, State of Iowa.

"Net Revenues" shall mean Gross Revenues of the System after deduction of Current Expenses.

"Notice of Sale" shall mean the official Notice of Sale as published on January ____, 2020.

"Operation and Maintenance Fund" shall mean the Utility System Revenue Operation and Maintenance Fund established by Section 3.01(a) of this Resolution into which Net Revenues are deposited in amounts to pay the Operating Expenses for the next succeeding month.

"Original Purchaser" shall mean the purchaser of the Bonds from the Issuer at the time of their original issuance.

"Parity Bonds" or "bonds ranking on a parity" shall mean any bonds hereafter issued under the conditions and restrictions set forth in Section 7.01 of this Resolution sharing equally or ratably in the Net Revenues and Utility System Student Fees with the bonds authorized to be issued under the terms of this Resolution.

"Participants" shall mean those broker-dealers, banks and other financial institutions for which DTC holds Bonds as securities depository.

"Paying Agent" shall mean the Treasurer of the University, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein as Issuer's agent to provide for the payment of principal of and interest on the Bonds as the same shall become due.

"Permitted Investments" shall mean those investments authorized in Section 3.02 of this Resolution.

"Project" shall mean refunding the Refunded Obligations (as hereinafter defined) and constructing and equipping improvements to the Utility System.

"Rebate Fund," if any, shall mean the fund so defined in and established pursuant to the Tax Exemption Certificate.

"Refunded Obligations" shall mean the amounts due under that certain Supplement to Master Lease No. 2014-2 issued pursuant to the Amended and Restated Governmental Lease-Purchase Agreement dated as of January 27, 2012 between Wells Fargo Municipal Capital Strategies, LLC, as Lessor, and Board of Regents, State of Iowa, on behalf of University of Northern Iowa, as Lessee, including any prepayment premium thereof.

"Representation Letter" shall mean the Blanket Issuer Letter of Representations from the Issuer to DTC, with respect to the Bonds on file at DTC.

"Resolution" shall mean this Resolution authorizing the issuance of the Series 2020 Bonds.

"Revenue Fund" shall mean the U.N.I. Utility System Revenue Fund established by Section 3.01 of this Resolution.

"Series 2020 Bonds" or "Series U.N.I. 2020 Bonds" shall mean the \$_____ Utility System Revenue Bonds, Series U.N.I. 2020 (the University of Northern Iowa), authorized and issued pursuant to this Resolution.

"Sinking Fund" shall mean the U.N.I. Utility System Revenue Bond and Interest Sinking Fund established by Section 3.01(b) of this Resolution into which Net Revenues are deposited in amounts sufficient to pay principal and interest on the Bonds and Parity Bonds, when due.

"System" or "Utility System" shall mean the Utility System of the University and all properties of every nature hereinafter owned by the University comprising part of or used as a part of the System, including all improvements and extensions made by the University while any of the Bonds and Parity Bonds remain outstanding; all real and personal property; and all appurtenances, contracts, leases, franchises and other intangibles.

"System Fund" shall mean the Utility System Revenue Surplus Fund established by Section 3.01(d) of this Resolution into which all remaining Net Revenues are deposited after sufficient amounts are paid into the other funds established by this Resolution.

"Tax Exemption Certificate" shall mean the Tax Exemption Certificate executed by the Executive Director or Deputy Executive Director of the Board and the Treasurer of the University and delivered at the time of issuance and delivery of the Bonds authorized hereby the provisions of which are incorporated herein if fully set forth in this Resolution.

"Treasurer" shall mean the officer of the University performing treasurer functions for the University including the recording and payment of the Bonds issued hereunder.

"University" shall mean the University of Northern Iowa located in the City of Cedar Falls, Iowa.

"Utility System Student Fees" shall mean that portion of any fees and charges levied against and collected from students attending the University and segregated on the books of the University for use and availability of the System or any part of the System.

"Utility System User Charges" shall mean all fees and charges established and collected for the use of the Utility System or any part thereof except Utility System Student Fees.

"Yield Restricted" shall mean required to be invested at a yield that is not materially higher than the yield on the Bonds under section 148(a) of the Internal Revenue Code or regulations issued thereunder.

ARTICLE THREE PROVISIONS RELATING TO INCOME AND APPLICATION THEREOF

Section 3.01 Revenue Fund. Upon issuance of the Bonds and as long as any of the Bonds and Parity Bonds shall be outstanding and unpaid either as to principal or as to interest, or until all of the Bonds and Parity Bonds then outstanding shall have been discharged and satisfied in the manner provided in this Resolution, the Gross Revenues of the Utility System and any Utility System Student Fees shall be held and administered by the University and shall be deposited as collected into a fund known as the "Revenue Fund" and shall be disbursed from the Revenue Fund only as follows:

(a) Current Expenses. Money in the Revenue Fund shall first be disbursed to pay Current Expenses of the Utility System.

(b) Sinking Fund. Money in the Revenue Fund shall next be deposited into a separate fund to pay the principal and interest requirements of the Fiscal Year on the Bonds and Parity Bonds. The fund shall be known as the Revenue Bond and Interest Sinking Fund (the "Sinking Fund"). There shall be deposited in the Sinking Fund on or before the fifteenth day of the month prior to an interest payment date the amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding Bonds and Parity Bonds and the amount necessary to pay in full the installment of principal coming due on such bonds on the next succeeding principal payment date.

If at any time there is a failure to pay into the Sinking Fund the full amount above stipulated, which deficiencies are not remedied by transfers from the Debt Service Reserve Fund or the System Fund, then an amount equivalent to the deficiency shall be set apart and paid into the Sinking Fund from Net Revenues as soon as available which shall be in addition to the amounts otherwise required to be so set apart and paid into the Sinking Fund.

If for any reason the amount on hand in the Sinking Fund exceeds the required amount, the excess shall forthwith be withdrawn and paid into the Revenue Fund. Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds and Parity Bonds as the same shall become due and payable.

(c) Debt Service Reserve Fund. Money in the Revenue Fund shall next be disbursed to maintain a debt service reserve in an amount equal to the Debt Service Reserve Fund Requirement. Such fund shall be known as the Debt Service Reserve Fund, which shall be maintained as long as the Bonds herein authorized or Parity Bonds remain outstanding. Upon the issuance of any Parity Bonds there shall be deposited in the Debt Service Reserve Fund an amount which, together with the amount then on deposit in the Debt Service Reserve Fund, is equal to the Debt Service Reserve Requirement; provided, however, that when the amount on deposit in the Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement, no further deposits shall be made into the Debt Service Reserve Fund except to maintain such level, and when the amount on deposit in the Debt Service Reserve Fund is greater than the balance required above, such additional amounts shall be withdrawn and paid into the Revenue Fund. Money in the Debt Service Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the Bonds and Parity Bonds.

(d) Utility System Fund. There is hereby created the Utility System Fund (the "System Fund") which shall be maintained as long as the Bonds and Parity Bonds remain outstanding. The Board shall deposit all Net Revenues and any Utility System Student Fees not required to be deposited into the Sinking Fund or the Debt Service Reserve Fund into the System Fund. All moneys deposited in the System Fund shall be (a) transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds and Parity Bonds, or (b) transferred and credited to the Debt Service Reserve Fund whenever any deficiency may exist in the Debt Service Reserve Fund or whenever necessary to replace funds transferred from the Debt Service Reserve Fund to the Sinking Fund. Until so used, moneys credited to the System Fund may be used:

(1) to pay principal of and interest (including reasonable reserves therefor) on any other obligations which by their terms shall be payable from the Net Revenues, but subordinate to the Bonds and Parity Bonds, and which have been issued for the purposes of constructing, improving, equipping, installing, furnishing, replacing, or renovating the System or to retire the Bonds and Parity Bonds in advance of maturity, or to pay for extraordinary repairs or replacements to the System; or

(2) for any lawful System purpose including transfer to the general operating fund of the University.

Section 3.02. Investment of Funds. All moneys held in the several separate funds referred to in this Resolution, except the Utility System Revenue Bond Sinking Fund and the Debt Service Reserve Fund, may be invested in the manner permitted by Iowa Code Sections 12B.10, 12B.10A, 12C.9 or any successor statute thereto. With respect to the Utility System Revenue Bond Sinking Fund and the Debt Service Reserve Fund, moneys in such Funds may be invested only in direct obligations of the United States Government (or obligations of United States Government Agencies) or deposited in financial institutions which are members of the Federal Deposit Insurance Corporation and the deposits in which are insured thereby and all such deposits exceeding the maximum amount insured from time to time by Federal Deposit Insurance Corporation or its successor in any one financial institution shall be continuously secured by either a valid pledge of direct obligations of the United States Government (or obligations of United States Government Agencies) having an equivalent market value or in compliance with the laws of the State of Iowa. Alternatively, such moneys in the Sinking Fund or Debt Service Reserve Fund may be invested in tax-exempt bonds or obligations of any state or political subdivision thereof which are rated by Moody's Investors Service or Standard & Poor's Corporation at a rating classification equal to or better than the rating carried by the Bonds or, in the case of short-term obligations, a rating of MIG-1, SP-1 or better. All such interim investments shall mature before the date on which the moneys are required for the purposes for which said fund was created or otherwise as herein provided but in no event maturing in more than five years in the case of the Debt Service Reserve Fund. The provisions of this Section shall not be construed to require the Issuer to maintain separate bank accounts for the funds described in Article Three of this Resolution; except the Sinking Fund and the Debt Service Reserve Fund shall be maintained in a separate account but may be invested in conjunction with other funds of the Board but designated as a trust fund on the books and records of the Board.

Any other provisions of this Resolution to the contrary notwithstanding, all investments and deposits of proceeds of investments shall be made in accordance with and subject to the provisions of the Tax Exemption Certificate, including transfers to and from the Rebate Fund, if required. The Board further covenants and agrees to keep such accounting and other records as may be necessary to enable it to comply with the requirements of the Tax Exemption Certificate. Any other provisions of this Resolution to the contrary notwithstanding, funds on deposit in any fund or account in connection with the Bonds which are required by the Tax Exemption Certificate to be invested at a restricted yield shall be invested and accounted for separately from all other funds.

All income derived from such investments shall be deposited in the Revenue Fund and shall be regarded as revenues of the System. Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective fund was created.

Section 3.03. Tax Exemption; Arbitrage. The Board certifies, covenants and agrees with the purchasers and holders of the Bonds hereby authorized that it will comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which, in each case, if not complied with by the Board, would cause the interest on the Bonds hereby authorized to become includable in the gross income of the owners thereof for federal income tax purposes. Without limiting the generality of the foregoing, the Board certifies, covenants and agrees that moneys on deposit in any fund or account in connection with said Bonds, whether or not such moneys were derived from the proceeds of the sale of said Bonds or from any other sources, will not be used in a manner which will cause such Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and any lawful regulations applicable to the Bonds promulgated thereunder, as the same presently exist or may from time to time hereafter be promulgated, amended, supplemented or revised. The President or President Pro Tem and the Executive Director or Deputy Executive Director of the Board be and each is hereby authorized and directed to execute and deliver, for and on behalf of the Board, in connection with the delivery of the Bonds herein authorized to the purchaser thereof, such certificate or certificates in furtherance of the covenants set forth in Sections 3.02 and 3.03 hereof as shall be appropriate, including without limitation the Tax Exemption Certificate. The Tax Exemption Certificate shall constitute a part of the contract between the Board and the owners of the Bonds hereby authorized, and the Board certifies, covenants and agrees to comply with all of the provisions of the Tax Exemption Certificate.

ARTICLE FOUR
APPLICATION OF PROCEEDS OF SALE OF BONDS

Section 4.01. Custody and Application of Bond Proceeds.

(a) Custody and Application of Bond Proceeds. Upon the delivery of the Series 2020 Bonds authorized to be issued under the terms of this Resolution the proceeds of the 2020 Bonds shall be applied as follows:

- (i) An amount equal to accrued interest shall be deposited in the Sinking Fund for application to the first payment of interest on the 2020 Bonds;
- (ii) \$_____ shall be used to redeem the Refunded Obligations on _____, 2020.
- (iii) \$_____ shall be deposited in the Debt Service Reserve Fund for the benefit of the Series 2020 Bonds; and
- (iv) \$_____ shall be deposited into the Construction Fund to be held in trust and expended therefrom for the purposes of issuance, including payment of costs of issuance. There shall be deposited into the Construction Fund an amount which, with the balance of the proceeds, will be sufficient for equipping and improving the Utility System.

Any amounts on hand in the Construction Fund shall be available for the payment of the principal of or interest on the Bonds at any time the Sinking Fund is insufficient, in which case the Construction Fund shall be repaid at the earliest opportunity. Any balance on hand in the Construction Fund and not immediately required for its purposes may be invested consistent with limitations provided by law, the Internal Revenue Code and the Resolution, as applicable; and all interest, income and revenues derived from any investments shall be credited to the Sinking Fund, except earnings of the Construction Fund which shall be deposited in and expended from the Construction Fund.

The Board covenants and agrees with the purchasers and holders of the Bonds herein authorized that the principal proceeds of the sale of the Bonds shall be devoted to and used with due diligence for the completion of the Project for which the Bonds are hereby authorized to be issued for refunding outstanding indebtedness of the Utility System and equipping and improving the Utility System and funding a Debt Service Reserve Fund.

(b) Construction Proceeds. The proceeds to be credited to the Construction Fund, which is hereby ordered, created, and held as a trust fund, shall be disbursed, together with such other funds as may be lawfully available to pay the cost of the Project. All moneys credited to the Construction Fund shall be used solely to pay the cost of carrying out the Project. Withdrawals for the payment of the costs of the Project shall be predicated upon estimates approved by the architects employed by the Board for the Project or other responsible persons in charge of constructing or equipping the Project, and stating to whom the payment is due and for what work, material or property, which estimates shall be certified by an authorized representative of the University as correct, due, and payable. The cost of engineering, architectural, administrative, fiscal, and legal services, the cost of surveys, designs, and other necessary and incidental expenses, shall be deemed items of cost of the Project.

Section 4.02. Disposition of Surplus Funds. Within sixty (60) days after the completion of the Project and after all costs in connection therewith shall have been paid, the architects in charge of supervising the construction shall certify to the Board the fact that such work has been completed according to the plans and specifications therefor and that all costs have been paid and thereafter if any funds remain in said Construction Fund, the same shall be transferred to the Revenue Fund.

ARTICLE FIVE
ADDITIONAL COVENANTS OF THE BOARD

The Board hereby covenants and agrees as follows:

Section 5.01. Authority for Bonds. That it is duly authorized under the laws of the State of Iowa and under all other applicable provisions of law to create and issue the Bonds herein provided for and to pledge and apply the Net Revenues and any Utility System Student Fees as herein provided; that all corporate and other action on its part for the creation and issuance of the Bonds has been duly taken; that said Bonds when issued and in the hands of the holders thereof will be valid and enforceable obligations of the Board according to the import thereof; that this Resolution is and will remain a valid resolution to secure the payment of said Bonds and that the Board has complete and lawful authority and power to acquire, construct, complete, equip, operate, enlarge, maintain, control and manage the System as herein provided.

Section 5.02. Right to Use and Occupancy and Agreement not to Encumber. That it hereby warrants that it has a valid and existing right to the use and occupancy of the System at the University in perpetuity and the State of Iowa has indefeasible title in fee simple to the sites of all buildings and facilities constituting a part of the System referred to in this Resolution and including those to be constructed from the proceeds of Bonds issued pursuant to this Resolution; that, except as otherwise provided in this Resolution, it will not sell, lease, mortgage, abandon or in any manner dispose of any building or facilities constituting any part of the System, including any and all extensions, improvements and additions that may be made thereto, until all the Bonds herein authorized shall have been paid in full, both principal and interest, or unless and until provisions shall have been made for the payment of said Bonds and interest thereon in full; and that it will within three months after the same shall accrue pay and discharge, or cause to be paid and discharged, all lawful claims and demands of mechanics, laborers and others which if unpaid might by law become liens upon the facilities or the sites thereof, according to the intent of this Resolution.

Section 5.03. Payment of Principal and Interest. That it will duly and punctually pay or cause to be paid the principal sum and the interest accruing on said principal on each and every one of the Bonds issued hereunder and bonds ranking on a parity therewith, at the dates and places and in the manner provided in said Bonds according to the terms thereof and as provided in this Resolution.

Section 5.04. Taxes. That it will pay and discharge all taxes, assessments and governmental charges which shall be lawfully imposed upon the buildings and facilities of the University including, but not limited to, the System, provided, however, that the Board shall not be required to pay any such tax, assessment, charge or claim so long as the Board in good faith and by appropriate legal proceedings shall contest the validity thereof or its enforceability as a lien, and provided further that any such delay occasioned thereby shall not subject the facilities or any part thereof to forfeiture or sale.

Section 5.05. Maintenance of Facilities. That following the issuance of the Bonds herein authorized it will cause the additional facilities for the account of which said bonds are issued to be constructed with all reasonable dispatch; that subject to the right of abandonment as permitted and provided in Article Six of this Resolution it will at all times from income made available for such purpose maintain, preserve and keep the buildings and facilities at the University comprising the System and all additions and betterments thereto and every part and parcel thereof in good repair, working order and operating condition; that it will continuously operate the University as an institution of higher learning; and that it will use and apply the Net Revenues and Utility System Student Fees received by the University only as provided in this Resolution.

Section 5.06. Maintenance of Rates, Fees and Charges. The Board hereby represents, certifies and covenants that so long as any of the Bonds and Parity Bonds remain outstanding, it will charge and collect Utility System User Charges and, if necessary, Utility System Student Fees in order to enable it to comply with the provisions of this Resolution. The Utility System User Charges and any Utility System Student

Fees shall be promptly revised and adjusted by the Board from time to time as may be required by this section. Utility System Student Fees may be reduced by the Board from time to time so long as any such reduction does not cause the sum of the total of the Net Revenues to be reduced below the level at which the same are required to be maintained under the terms of this Resolution.

The Issuer further covenants and agrees that the Net Revenues and Utility System Student Fees shall at all times be adequate to produce amounts (together with available income from the investment thereof and the funds on deposit in or credited to the Sinking Fund), taking into account the amounts deposited in the Sinking Fund, sufficient to pay the principal of and interest on the Bonds and Parity Bonds when due and to maintain the Debt Service Reserve Fund Requirement. Because of possible errors in any attempt to forecast accurately the number of students who will attend the University in future years, some margin of safety must be provided to assure prompt payment of the principal of and interest on the Bonds and Parity Bonds. It is, therefore covenanted and agreed by the Board that the Utility System User Charges and Utility System Student Fees shall be adjusted and revised from time to time and maintained so that the amount of money produced for each Fiscal Year, together with the net earnings derived from the investment of moneys on deposit in the several funds established by this Resolution during any such Fiscal Year plus the funds on deposit in or credited to the Sinking Fund during any Fiscal Year, is at least equal to the sum of (a) 120% of the principal and interest coming due in such Fiscal Year on all Bonds and Parity Bonds then outstanding plus (b) 100% of the amount required to remedy any deficiencies (including deficiencies caused by transfers of funds) in the Debt Service Reserve Fund within one year.

The Board covenants that, so long as any of the Bonds remain outstanding, it will cause the University to prepare and submit to the Board for its approval on or prior to June 30 of each year, a budget for the next ensuing Fiscal Year. Each such budget, as finally approved by the Board, must indicate that the Net Revenues during such Fiscal Year, together with the net earnings derived from the investment of moneys on deposit in the Sinking Fund established by this Resolution during such Fiscal Year plus the funds on deposit in the Sinking Fund at the commencement of the Fiscal Year, will be equal to at least the sum of (a) 120% of the principal and interest coming due in such Fiscal Year on all Bonds and Parity Bonds then outstanding and proposed to be issued during such Fiscal Year, plus (b) 100% of the amount required to remedy any deficiencies (including deficiencies caused by transfers of funds) in the Debt Service Reserve Fund within one year, or the Board shall promptly adjust and revise the Utility System User Charges and Utility System Student Fees so that, in the opinion of the Board entered in its official records, the Net Revenues and any Utility System Student Fees during such next ensuing Fiscal Year, taking into account such adjustments and revisions and the available net earnings of any such investments plus the funds on deposit in or credited to the Sinking Fund, will equal at least the sum of (a) 120% of such Annual Debt Service Requirement plus (b) 100% of the amount required to remedy any deficiencies (including deficiencies caused by transfers of funds) in the Debt Service Reserve Fund within one year.

If, in any Fiscal Year, the Net Revenues, together with Utility System Student Fees and the funds on deposit in the Sinking Fund, shall have been insufficient to meet the requirements of this Resolution or providing for the issuance of Parity Bonds, then the Board shall forthwith employ a qualified consultant to prepare a report on the Net Revenues and Utility System Student Fees to recommend such changes and revisions in the Utility System User Charges and Utility System Student Fees as may be necessary to meet the requirements set forth herein or of any such subsequent resolution.

Section 5.07. Records and Audit Reports. That so long as any of the Bonds authorized to be issued under the terms of this Resolution or bonds ranking on a parity therewith remain outstanding and unpaid it will keep proper and separate books of accounts and records in which full, true and correct entries will be made of all dealings and transactions relating to the properties, business and financial affairs relating to the University, and such books and records shall be open to inspection by the bondholders and their agents or representatives. The Board further agrees that it will require regular reports to be submitted to it quarterly by the Financial Officer of the University showing all moneys received in connection with general University operations, the cost of operating and maintaining the University, the allocation of all moneys

and other funds, to the several separate funds provided for under the terms of this Resolution, and the balances in the funds. The Board further agrees that it will within two hundred seventy (270) days following the close of each fiscal year cause an audit of that portion of such books and accounts which relates to the receipt and disbursement of Utility System User Charges and Utility System Student Fees which shall specifically enumerate the Net Revenues and Utility System Student Fees. The audit must be made by a firm of certified public accountants not in the regular employ of the Board or of the University on a monthly basis or, by the Office of Auditor of State, State of Iowa, showing the receipts and disbursements of student fees and charges for the account of the University and containing the examiner's comments regarding the manner in which the requirements of this Resolution have been carried out. As soon as completed, a copy of each such audit shall be filed with the Board.

Section 5.08. Bondholders Remedies. Under no circumstances shall any Bonds issued under the terms of this Resolution be or become or be construed to constitute a debt of or a charge against the State of Iowa within the purview of any constitutional or statutory limitation or provision. No taxes, appropriations or other funds of the State of Iowa appropriated to the University may be pledged for or used to pay such Bonds or the interest thereon, but any such Bonds shall be payable from and secured by a pledge of, as to both principal and interest, the Net Revenues and Utility System Student Fees and shall be payable as hereinbefore defined and provided. Any owner or owners of any Bonds issued pursuant to this Resolution or of any bonds ranking on a parity therewith may enforce the terms and covenants of any of such bonds and this Resolution by a proceeding either in law or in equity by suit, action or mandamus to enforce and compel the performance of the duties required by the law pursuant to which said Bonds are being issued and the terms of this Resolution, and the Board hereby consents to be made a party in any such suit or action.

Section 5.09. No Competing University Facilities; Exceptions. The Board covenants and agrees that it will not construct, establish, acquire, maintain or operate any facility or service at the University competing with the facilities and services of the System unless the Board determines, which determination is entered in its official records that such competing facility or service will not cause the Net Revenues and Utility System Student Fees to be reduced below the level at which the same are required to be maintained under the terms of this Resolution.

ARTICLE SIX ABANDONMENT OF FACILITIES

Section 6.01. Conditions Under Which Facilities May be Abandoned. Anything in this Resolution to the contrary notwithstanding, the Board may at any time and from time to time permanently abandon the use of any of the buildings or facilities constituting the System if the Board determines that the age or physical condition of the building or facility proposed to be abandoned does not permit the economical operation thereof.

Section 6.02. Evidence of Right of Abandonment. All findings and determinations required to be made under this Article Six shall be evidenced by a resolution adopted by the Board.

ARTICLE EIGHT MODIFICATION AND AMENDMENT OF THE RESOLUTION

Section 8.01 Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Board and the holders of the Bonds herein authorized to be issued and any Parity Bonds as may from time to time be outstanding and after the issuance of any of said Bonds, no change, variation or alteration of any kind of the provisions of this Resolution may be made in any manner except as provided in this Article until such time as all of said Bonds issued hereunder and interest thereon shall have been paid in full.

Section 8.02. Amendment With and Without Consent of Bondholders.

(A) Without notice to or the consent of any owners or holders of the Bonds or Parity Bonds, this Resolution may be amended (i) to permit Bonds issued pursuant to this Resolution to be issuable as coupon bonds (which may be registerable as to principal only) upon receipt by the Board of an opinion of nationally recognized municipal bond counsel to the effect that the issuance of such Bonds in coupon form is permitted by the Act and will not adversely affect the tax exempt status of interest on any of the Bonds or Parity Bonds then outstanding, (ii) to make such changes as are necessary in the opinion of nationally recognized municipal bond counsel to maintain the tax exempt status of the interest on the Bonds or Parity Bonds then outstanding, (iii) to add to the covenants and agreements of, and limitations and restrictions upon, the Board in this Resolution other covenants, agreements, limitations and restrictions to be observed by the Board, (iv) to cure any ambiguity or omission or to cure, correct or supplement any defective provision of this Resolution or otherwise to amend or supplement the Resolution in such manner as shall not impair the security hereof or adversely affect the Bondholders; (v) to subject to this Resolution additional revenues, properties or collateral; (vi) to obtain from Moody's Investors Service, Inc. and/or Standard & Poor's Corporation the rating or ratings for the Bonds customarily assigned by such rating agency or agencies to comparable securities of the Board. An amendment for the purpose specified in this paragraph shall not be considered the modification of the terms of payment of principal of or interest on the bonds, or any of them, or the imposition of any conditions with respect to such payment, within the meaning of subparagraph (iv) of the next succeeding paragraph (B).

(B) The holders of three-fourths in principal amount of the Bonds and Parity Bonds at any time outstanding (not including in any case any bonds which may then be held or owned by or for the account of the Board, but including such refunding bonds as may be issued for the purpose of refunding any of the bonds herein authorized if such refunding bonds shall not then be owned by the Board) shall have the right from time to time to consent to and approve the adoption by the Board of a resolution or resolutions modifying or amending any of the terms or provisions contained in this Resolution; provided, however, that this Resolution may not be so modified or amended in such manner as to:

- (i) Make any change in the maturity or redemption term of the Bonds.
- (ii) Make any change in the rate of interest borne by any of the Bonds.
- (iii) Reduce the amount of the principal payable on any Bond.
- (iv) Modify the terms of payment of principal of or interest on the Bonds, or any of them, or impose any conditions with respect to such payment.
- (v) Materially affect the rights of the holders of less than all of the Bonds then outstanding.
- (vi) Reduce the percentage of the principal amount of Bonds the consent of the holders of which shall be required to effect a further modification.

Section 8.03. Notice of Proposed Amendment. Whenever the Board shall propose to amend or modify this Resolution under the provisions of Section 8.02(B), it shall (1) prior to the publication of the notice hereinafter provided in (2), cause notice of the proposed amendment to be mailed to each of the holders of revenue bonds registered as to principal at the address appearing on the registration books and also to the original purchaser or purchasers of the revenue bonds, and (2) cause notice of the proposed amendment to be published one time in a financial newspaper or journal published in the City of New York, New York. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the Executive Director of the Board for public inspection.

Section 8.04. Evidence of Consent or Approval. Whenever at any time within one year from the date of the publication of said notice there shall be filed with the Executive Director of the Board an instrument or instruments executed by the holders of at least three-fourths in aggregate principal amount of the Bonds and Parity Bonds then outstanding as in this Article defined, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice, and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Board may adopt such amendatory resolution and such resolution shall become effective.

If the holders of at least three-fourths in aggregate principal amount of the Bonds and Parity Bonds outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no holder of any bonds whether or not such holder shall have consented to or shall have revoked any consent as in this section provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Board from taking any action pursuant to the provisions thereof.

Any consent given by the holder of a Bond pursuant to the provisions of this section shall be irrevocable for a period of six months from the date of such consent and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of such consent by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Executive Director of the Board, but such revocation shall not be effective if the holders of three-fourths in aggregate principal amount of the Bonds outstanding as in this section defined shall have, prior to the attempted revocation, consented to and approved the mandatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions of this section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount and numbers of the Bonds held by any person executing such instrument and the date of his holding the same may be proved by the affidavit of such person or by a certificate executed by any responsible bank or trust company showing that on the date therein mentioned such person had on deposit with such bank or trust company the Bonds described in such certificate.

ARTICLE NINE MISCELLANEOUS

Section 9.01. Headings. Any headings preceding the texts of the several Articles or Sections hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

Section 9.02. Severability. If any section, paragraph, clause or provision of this Resolution be held invalid, such invalidity shall not affect any of the remaining provisions hereof, and this Resolution shall become effective immediately upon its passage and adoption.

Section 9.03. Discharge and Satisfaction of Bonds. The covenants, liens and pledges entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to the Bonds, or any of them, in any one or more of the following ways:

- (a) By paying the Bonds when the same shall become due and payable; and
- (b) By depositing in trust with the Bond Registrar, or with a corporate trustee designated by the Board for the payment of said obligations and irrevocably appropriated exclusively to that purpose an amount in cash or direct obligations of the United States the maturities and income of which shall be sufficient to retire at maturity, or by redemption prior to maturity on a designated date upon which said obligations may be redeemed, such obligations together with the interest thereon to maturity or to the designated redemption date, premiums thereon, if any that may be payable on the redemption of the same; provided that proper notice of redemption of all such obligations to be redeemed shall have been previously published or given, or provisions shall have been made therefor.

Upon such payment or deposit of money or securities, or both, in the amount and manner provided by this Section, all liability of the Board with respect to such Bonds shall cease, determine and be completely discharged, and the holders thereof shall be entitled only to payment out of the money or securities so deposited.

Section 9.04. Continuing Disclosure. The Issuer hereby covenants and agrees that it will comply, or cause the University to comply, with and carry out all of the provisions of the Continuing Disclosure Certificate, and the provisions of the Continuing Disclosure Certificate are hereby approved and incorporated by reference as part of this Resolution and made a part hereof and the Executive Director of the Board is hereby authorized to execute and deliver, and to cause the Treasurer of the University to execute and deliver, the same at issuance of the Bonds. Notwithstanding any other provision of this Resolution, failure of the Issuer or the University to comply with the Continuing Disclosure Certificate shall not be considered an event of default under this Resolution; however, any holder of the Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer or the University to comply with its obligations under the Continuing Disclosure Certificate. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Section 9.05. Conflicting Resolutions or Orders. All resolutions or orders or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

UNIVERSITY OF NORTHERN IOWA
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2019

The audited financial statements of the University as of June 30, 2019 are included in this Appendix. These statements have been audited by the State of Iowa Office of Auditor of State. The Office of Auditor of State has not been asked to make any additional review and has not consented to the use of its report in this Official Statement.

Independent Auditor's Report

To the Members of the Board of Regents, State of Iowa:

Report on the Financial Statements

We have audited the accompanying Statement of Net Position, and the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows, of the University of Northern Iowa, Cedar Falls, Iowa, and its discretely presented component unit as of and for the years ended June 30, 2019 and 2018, and the related Notes to Financial Statements, which collectively comprise the University of Northern Iowa's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the combined financial statements of the University of Northern Iowa Foundation, University of Northern Iowa Properties Corporation and the University of Northern Iowa Research Foundation (the "Foundation"), discussed in Note A, which represents 100% of the assets, net position and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to those financial statements, is based solely on the report of the other auditor. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University of Northern Iowa's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of Northern Iowa's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Northern Iowa and its discretely presented component unit as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years ended June 30, 2019 and 2018 in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in Note A, the financial statements of the University of Northern Iowa are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of the University of Northern Iowa. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2019 and 2018 and the changes in its financial position and its cash flows for the years ended June 30, 2019 and 2018 in conformity with U.S. generally accepted accounting principles.

Other Matters

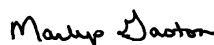
Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the University's Proportionate Share of the Net Pension Liability, the Schedule of University Contributions and the Schedule of Changes in the University's Total OPEB Liability and Related Ratios and Notes on pages 13 through 20 and 81 through 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

Our report on the University of Northern Iowa's internal control over financial reporting and other tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters required by Government Auditing Standards will be issued under separate cover. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.


Marlys K. Gaston, CPA
Deputy Auditor of State

December 17, 2019

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis
Years Ended June 30, 2019 and 2018

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis
Years Ended June 30, 2019 and 2018

This section of the University of Northern Iowa's comprehensive annual financial report presents management's discussion and analysis of the financial performance of the University for the two years ended June 30, 2019 and 2018. This discussion should be read in conjunction with the accompanying letter of transmittal, financial statements and notes to financial statements. The financial statements, notes to financial statements and this discussion are the responsibility of University management.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the University of Northern Iowa's financial statements. The University's financial statements consist of a series of financial statements. The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows provide information about the activities of the University as a whole and present a longer-term view of the University's finances. These financial statements also include the Notes to Financial Statements which explain some of the information in the financial statements and provide more detail. Statistical information is also included in schedule form.

THE UNIVERSITY AS A WHOLE

The Statement of Net Position

The University's Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the University to readers of the financial statements. The Statement of Net Position is prepared under accrual basis of accounting. From this statement, readers are able to determine the assets available to continue the operations of the institution. This statement is also a good source for readers to determine how much the University owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

Total assets remained relatively unchanged from fiscal year 2017 to 2019, although the mix of assets changed. Current and other assets increased by \$15.5 million and capital assets decreased by \$15.3 million from June 30, 2017 to June 30, 2019. Cash and investments increased due to an increase in investment returns and a \$3.8 million increase in endowment investments. Accumulated depreciation exceeded the increase in capital assets for fiscal year 2017 to 2019.

Total liabilities decreased \$13.8 million from fiscal year 2017 to 2019. The total OPEB liability increased \$7.9 million from fiscal year 2017 to 2019 as a result of implementing GASB 75. Long-term debt decreased \$20.1 million driven by refundings and the last bond issuance was Residence System Bonds Series 2016.

Total net position of the University increased \$12.0 million from June 30, 2017 to June 30, 2019. The largest portion of the University's net position (76.5%) is invested in capital assets (e.g., land, land improvements, infrastructure, buildings, equipment, library materials and intangible assets), less the related debt. The debt related to capital assets is liquidated with resources other than capital assets. The restricted portion of net position (8.9%) includes resources subject to external restrictions. The remaining net position (14.6%) is unrestricted net position that can be used as working capital to meet the University's obligations as they come due, equipment replacement or campus improvements.

The Statement of Revenues, Expenses and Changes in Net Position

In general, public universities, such as the University of Northern Iowa, report an operating loss as the financial reporting model classifies state appropriations, Pell Grant receipts, investment income, capital appropriations, gifts and grants as nonoperating revenues. Operating revenues are received for providing goods and services to the various students, customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation and amortization, which allocates the cost of an asset over its expected useful life.

University The Statement of Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u> Not Restated
Current and other assets	\$184,479,413	177,801,765	168,951,969
Capital assets	<u>401,269,331</u>	<u>408,989,139</u>	<u>416,544,705</u>
Total assets	<u>585,748,744</u>	<u>586,790,904</u>	<u>585,496,674</u>
Deferred outflows of resources	<u>7,676,547</u>	<u>7,666,690</u>	<u>6,191,660</u>
Current liabilities	44,324,534	42,434,992	41,165,982
Noncurrent liabilities	<u>156,870,257</u>	<u>172,529,610</u>	<u>173,873,704</u>
Total liabilities	<u>201,194,791</u>	<u>214,964,602</u>	<u>215,039,686</u>
Deferred inflows of resources	<u>3,791,422</u>	<u>387,865</u>	<u>192,920</u>
Net position:			
Net investment in capital assets	296,991,150	291,589,577	289,270,677
Restricted	34,840,811	38,011,377	43,307,571
Unrestricted	<u>56,607,117</u>	<u>49,504,173</u>	<u>43,877,480</u>
Total net position	<u>\$388,439,078</u>	<u>379,105,127</u>	<u>376,455,728</u>

UNIVERSITY OF NORTHERN IOWA
Management's Discussion and Analysis
Years Ended June 30, 2019 and 2018

UNIVERSITY OF NORTHERN IOWA
Management's Discussion and Analysis
Years Ended June 30, 2019 and 2018

University
The Statement of Revenues, Expenses and
Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u> Not Restated
Operating revenues:			
Tuition and fees, net	\$ 65,999,068	67,961,186	66,908,025
Federal grants and contracts	13,308,944	13,480,630	13,493,398
State and local grants and contracts	1,951,083	2,395,237	2,313,573
Nongovernmental grants and contracts	4,609,639	4,781,511	4,435,154
Sales, rents and services	5,236,235	5,655,563	6,611,381
Interest on student loans	83,586	144,314	211,196
Other operating revenue	1,588,105	675,173	745,911
Auxiliary enterprises	<u>65,844,567</u>	<u>60,558,630</u>	<u>62,830,797</u>
Total operating revenues	<u>158,621,227</u>	<u>155,652,244</u>	<u>157,549,435</u>
Operating expenses:			
Instruction	80,498,985	80,901,677	84,157,892
Research	2,930,394	2,454,788	2,807,731
Public service	19,908,014	20,535,785	21,158,018
Academic support	24,512,568	24,957,576	24,453,665
Student services	10,235,429	10,106,466	11,500,806
Institutional support	26,465,594	24,849,345	27,154,337
Operation and maintenance of plant	26,533,442	23,527,282	21,447,650
Scholarships and fellowships	5,683,836	6,143,564	5,860,458
Depreciation/amortization	19,400,815	19,112,827	18,534,457
Other operating expenses	214,348	263,616	185,557
Auxiliary enterprises	<u>61,223,473</u>	<u>55,824,400</u>	<u>53,724,329</u>
Total operating expenses	<u>277,606,898</u>	<u>268,677,326</u>	<u>270,984,900</u>
Operating loss	<u>(118,985,671)</u>	<u>(113,025,082)</u>	<u>(113,435,465)</u>
Nonoperating revenues (expenses):			
State appropriations	103,414,372	101,377,509	101,899,530
Federal grants and contracts	11,190,012	11,657,278	10,790,666
Nonfederal gifts, grants and contracts	3,857,346	3,956,027	3,269,948
Investment income	4,852,700	2,619,365	3,089,487
Interest on indebtedness	(3,075,139)	(5,290,179)	(5,227,863)
Gain/(Loss) on disposal of capital assets	(201,465)	813,071	(13,343)
Other nonoperating revenue/(expense)	<u>2,809,610</u>	<u>(480,451)</u>	<u>(296,872)</u>
Net nonoperating revenues	<u>122,847,436</u>	<u>114,652,620</u>	<u>113,511,553</u>
Income before other revenues	3,861,765	1,627,538	76,088
Capital appropriations	3,580,380	3,660,840	19,220,339
Capital gifts, grants and contracts	<u>1,891,806</u>	<u>2,570,423</u>	<u>6,285,081</u>
Change in net position	9,333,951	7,858,801	25,581,508
Net position, beginning of year, as restated	<u>379,105,127</u>	<u>371,246,326</u>	<u>350,874,220</u>
Net position, end of year	<u>\$388,439,078</u>	<u>\$379,105,127</u>	<u>\$376,455,728</u>

During the three-year period ended in 2019, the net operating loss increased due to operating expenses increasing more than the increase in operating revenues. The University purchased the Bookstore in February 2018 and fiscal year 2019 was the first full year of Bookstore operations. Operational revenue and expense increases can be partially contributed to the purchase of the Bookstore. The operating loss in fiscal year 2019 was offset by a \$2.0 million increase in state appropriations and a favorable year in investment income. Net position increased from \$376.5 million to \$388.4 million with an increase of \$12.7 million in unrestricted net position. Fiscal year 2018 beginning net position was restated due to increasing the other post-employment benefits with the implementation of GASB 75. The financial statement amounts for fiscal year 2017 for total OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. An analysis of the changes by category of revenue and expense follows.

Operating revenues decreased \$1.9 million from 2017 to 2018 and increased \$3.0 million from 2018 to 2019. Reasons for changes in operating, nonoperating and other revenues from 2017 to 2018 and 2018 to 2019 follow:

- Tuition and fee income, net of scholarship allowances, increased 1.6% from 2017 to 2018 and decreased 2.9% from 2018 to 2019. The Board of Regents, State of Iowa authorized a tuition increase of \$179 from 2017 to 2018 to all student classifications and \$210 for academic year 2018-2019. Enrollment decreased 695 students from fall 2017 to fall 2018.
- State appropriations received increased slightly from 2017 to 2019. Appropriations were expected to increase in 2017, but in January 2017 the Iowa Legislature passed deappropriations. The deappropriation decreased the University's funding by \$2.5 million, but an additional \$2.0 million was added in fiscal year 2018 and 2019.
- Investment income decreased \$0.5 million, or 15.2% from 2017 to 2018 and increased \$2.2 million, or 85.3%, from 2018 to 2019. The equity market was strong in fiscal year 2017 and the second half of 2019 and weaker in fiscal year 2018 causing the changes in investment income.
- The gain on disposal of capital assets was a result of selling 50 acres of land in 2018.
- Other nonoperating revenue and expense increased \$3.1 million from 2017 to 2019 due to an increase in funds for OPEB quasi-endowment to offset the OPEB liability.
- Revenue from state capital appropriations for the Schindler Education Center were \$15.9 million in 2017.
- The UNI Foundation provided capital funding of \$5.1 million for the Schindler Education Center in 2017 and \$1.0 million in 2018.

Operating expenses decreased \$2.3 million, or 0.9%, from 2017 to 2018 and increased \$8.9 million, or 3.3%, from 2018 to 2019. Reasons for changes in operating expenses from 2017 to 2018 and 2018 to 2019 follow:

- Expenses for personnel services decreased \$1.4 million, or 0.7%, from 2017 to 2019. Full time staff counts have decreased by 10 from September 2016 to September 2018.
- Equipment and repairs increased \$5.1 million, or 49.7%, from 2017 to 2019 due to Noehren Hall restroom renovations and the initial costs of Hillside Apartments demolition.
- Expenses for claims and miscellaneous costs increased \$2.7 million, or 27.0%, from 2017 to 2019 partially due to a full fiscal year of cost of goods sold expenditures related to the Bookstore.

UNIVERSITY OF NORTHERN IOWA
Management's Discussion and Analysis
Years Ended June 30, 2019 and 2018

UNIVERSITY OF NORTHERN IOWA
Management's Discussion and Analysis
Years Ended June 30, 2019 and 2018

The Statement of Cash Flows

The final statement included in the University of Northern Iowa's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping readers assess the University's ability to generate future cash flows, its ability to meet its obligations as they come due and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, noncapital financing, capital and related financing and investing activities.

University The Statement of Cash Flows			
	2019	2018	2017
Net cash provided (used) by:			
Operating activities	\$ (97,125,016)	(90,115,633)	(92,727,322)
Noncapital financing activities	118,259,549	116,909,450	117,944,054
Capital and related financing activities	(19,726,107)	(19,158,949)	(48,316,398)
Investing activities	<u>(14,095,508)</u>	<u>2,105,846</u>	<u>(1,015,604)</u>
Net increase/(decrease) in cash and cash equivalents	(12,687,082)	9,740,714	(24,115,270)
Cash and cash equivalents, beginning of year	<u>33,660,739</u>	<u>23,920,025</u>	<u>48,035,295</u>
Cash and cash equivalents, end of year	<u>\$ 20,973,657</u>	<u>33,660,739</u>	<u>23,920,025</u>

The largest sources and uses of University cash are operating activities. The following analysis discusses the University's cash flows during fiscal year 2019. Cash provided by operating activities includes receipts from tuition and fees (\$65.3 million), grants and contracts (\$19.7 million) and auxiliary enterprises (\$65.3 million). The largest uses of cash for operating activities include payments for salaries and benefits (\$148.0 million), payments for goods and services (\$40.2 million) and payments for auxiliary enterprises (\$62.2 million). Cash provided by noncapital financing activities includes state appropriations (\$103.4 million). Cash provided by capital and related financing activities includes capital appropriations (\$3.6 million) and capital gifts and grants (\$1.6 million). Cash used by capital and related financing activities includes the acquisition of capital assets (\$11.7 million) and principal and interest payments on debt (\$15.8 million). Cash used by investing activities totaled \$14.1 million.

Capital Assets

At June 30, 2019, the University had \$739.6 million of capital assets at cost, accumulated depreciation of \$338.3 million and net capital assets of \$401.3 million. Depreciation and amortization charges totaled \$18.5 million for fiscal year 2017, \$19.1 million for 2018 and \$19.4 million for 2019. Details of the capital assets, net of accumulated depreciation, are shown below.

University Schedule of Capital Assets, Net, at Year-End			
	2019	2018	2017
Land	\$ 4,796,374	4,694,546	4,584,295
Construction in progress	<u>6,736,896</u>	<u>5,159,917</u>	<u>23,344,784</u>
Capital assets not depreciated	<u>11,533,270</u>	<u>9,854,463</u>	<u>27,929,079</u>
Land improvements	4,917,502	5,472,374	5,627,356
Infrastructure	25,785,579	25,332,074	25,537,526
Buildings	334,947,265	345,144,746	333,449,387
Equipment	16,329,152	14,600,204	15,715,582
Intangibles-software	6,240,440	6,727,662	6,024,046
Library materials	<u>1,516,123</u>	<u>1,857,616</u>	<u>2,261,729</u>
Capital assets depreciated	<u>389,736,061</u>	<u>399,134,676</u>	<u>388,615,626</u>
Total capital assets	<u>\$401,269,331</u>	<u>408,989,139</u>	<u>416,544,705</u>

During the past three fiscal years, a number of capital projects were completed or remain in progress. State funded capital projects include the renovation of Schindler Education Center, institutional roads projects, fire and safety and various deferred maintenance projects. Major Residence System projects include renovation of Lawther Hall, Hillside Courts demolition, Noehren Hall restroom and student room renovation, Southwest Campus Storm Water Management project and modernization of Jennings Court apartments. Renovation and repair projects include the Kamerick Art Building reroofing, Latham Hall roof replacement, Strayer Wood Theatre lighting, upgrade the Nielsen Field House and parking lot improvements. A master lease was used for three power plant projects: air regulation compliance, Power Plant Boilers and constructing a Power Plant Storage Facility. Construction for an eight-court tennis complex was funded by private gifts, institutional funds and the Black Hawk Gaming District. Private gifts were also used to help renovate Schindler Education Center and Rod Library Makerspace and Scholarspace. Institutional funds were used to improve various parking lots, renovate a building for the new Admissions Center, upgrade the Nielsen Field House, renovate offices for Continuing Education and Special Programs and Facilities Planning, repair ceiling in Latham Hall, Messersmith Track renovations, site lighting LED conversion, Steam Distribution System replacement, Towers Center moisture repairs and West Campus Recreation Fields enhancements. Detailed information about the University's capital assets is presented in Note I of the Notes to Financial Statements.

DEBT ACTIVITY

The University did not issue any new debt in fiscal year 2019 and met all debt service requirements. In August 2017, the University issued an advance refunding for the Academic Building Revenue Refunding Bonds, Series U.N.I. 2017 and Dormitory Revenue Bonds, Series U.N.I. 2017. Additional information about the impacts of the refinancings can be found in the Notes to the Financial Statements.

UNIVERSITY OF NORTHERN IOWA
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Years Ended June 30, 2019 and 2018

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CREDIT RATINGS

On July 25, 2017, Moody's Investors Service continued its "A1" credit rating on outstanding University bond issues related to academic building revenue, dormitory revenue and student health facility revenue and maintained the University's credit rating on its field house revenue and student union revenue debt of "A2." Moody's continued its outlook on all outstanding University debt as "Stable." On October 10, 2018, Standard and Poor's assigned its "A" credit rating on the University's academic building revenue bonds. They also affirmed its "A" credit rating of the University's revenue bonds supported by student fees and its "BBB+" rating for dormitory revenue bonds. The outlook remained "Positive" for student fee secured revenue bonds; however, the outlook on dormitory bonds was revised from "Positive" to "Stable." The University's capacity to meet its financial obligations is considered strong based upon these ratings.

ECONOMIC FACTORS THAT WILL AFFECT FUTURE BUDGETS AND RATES

Iowa saw improved growth in fiscal year 2019. General fund revenues increased 6.4% mostly due to an increase in state tax collections. Tax revenue is rising, the economy is growing and Iowans have more jobs. Corporate income tax receipts increased 25.0%, personal income tax grew 4.2% and sales and use tax grew 3.5% from fiscal year 2018 to 2019 reflecting a stronger state economy.

The Governor and General Assembly finalized the general fund budget for fiscal year 2020. Amounts available for appropriation in fiscal year 2020 based on the 99% budget limitation for the general fund budget were \$7,880.7 million. General fund appropriations totaled \$7,653.5 million. At the Revenue Estimating Committee (REC) meeting in October 2019, the fiscal year 2020 revenue estimate was increased to \$7,966.1 million, 1.4% increase from the end of fiscal year 2019. A portion of the growth can be contributed to legalizing sports wagering in Iowa which went into effect August 15, 2019. Recent revenue performance has been positive, which is reflective of the positive impact of the continued job growth in Iowa's economy. Iowa's unemployment rate was at 2.5% in September 2019 and lower than the national rate of 3.5% for September 2019. The revised estimate for fiscal year 2021 reflects projected revenue growth of 2.7% compared to fiscal year 2020 estimate.

As a public institution, the economic health of the University of Northern Iowa is closely tied to that of the State of Iowa since the University relies on state appropriations as a major source of funding. The University also relies on tuition, sponsored programs, investment income and philanthropy to supplement the funds appropriated by the Iowa General Assembly. The availability of these funds relates directly to the state of the economy.

For fiscal year 2019, the state appropriation for the University's primary general fund totaled \$95.7 million, a \$2.0 million increase from fiscal year 2018 appropriation. The state appropriation for fiscal year 2020 is \$99.7 million, a \$4.0 million increase from the fiscal year 2019 appropriation. In September 2019, the Board of Regents, State of Iowa approved an \$18.0 million appropriation increase request for fiscal year 2021 of which \$4.0 million would be incremental funding for the University. The Board presents the appropriation request to the Iowa State Legislature.

The University of Northern Iowa's official fall 2019 enrollment decreased to 10,497, or 6.4%. While total enrollment is down from one year ago, the University began planning for the decrease in the early spring, making budget adjustments and working with the Board of Regents, State of Iowa on a funding model to keep tuition rates steady. In an analysis of enrollment and success indicators student achievement remains high. In addition to our 44.1% four-year graduation rate (an increase of four percentage points over last year and the highest rate in the University's history), the University realized an 83.4% retention rate for first-time, full-time freshmen returning this fall. Iowa's low unemployment rate, as well as the University's higher graduation rates have contributed to the University's enrollment numbers. Administrators are making important improvements to the University's financial accessibility.

The University of Northern Iowa provides transformative learning experiences that inspire students to embrace challenge, engage in critical inquiry and creative thought and contribute to society.

CONTACTING THE UNIVERSITY

This financial report is designed to provide our customers, our donors, our creditors and the taxpayers of the State of Iowa with a general overview of the University's finances and to demonstrate the University's accountability for the resources it receives. If you have questions about this report or if you would like additional financial information about the University, write to Financial Accounting & Reporting Services, 122 Lang Hall, Cedar Falls, Iowa 50614-0003 or phone 319-273-4458.

UNIVERSITY OF NORTHERN IOWA
Statement of Net Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents-Note B	\$ 20,973,657	33,660,739
Investments-Note B	123,548,573	97,863,559
Accounts receivable, net-Note C	6,275,330	6,559,560
Notes receivable, net-Note E	1,447,226	1,758,617
Interest receivable	745,221	709,247
Due from government agencies-Note F	3,516,103	3,743,668
Prepaid expenses-Note G	4,569,427	3,717,083
Inventories-Note H	2,275,700	2,297,996
Total Current Assets	163,351,237	150,310,469
Noncurrent Assets:		
Investments-Note B	14,375,645	19,635,883
Notes receivable, net-Note E	5,789,001	7,034,467
Prepaid expenses-Note G	963,530	820,946
Capital assets, Nondepreciable-Note I	11,533,270	9,854,463
Capital assets, Depreciable, net-Note I	389,736,061	399,134,676
Total Noncurrent Assets	422,397,507	436,480,435
Total Assets	585,748,744	586,790,904
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	6,185,059	6,999,312
Other post employment benefits related deferred outflows	1,491,488	667,378
Total Deferred Outflows of Resources	7,676,547	7,666,690
LIABILITIES		
Current Liabilities:		
Accounts payable	7,712,397	8,207,060
Salaries and wages payable-Note J	869,616	1,491,188
Unpaid claims and contingent liabilities-Note Q	2,772,478	1,733,111
Unearned revenue-Note G	4,096,005	4,449,658
Interest payable	1,677,944	2,108,048
Other long-term liabilities-Note K	7,423,179	5,931,487
Long-term debt-Note M	13,121,380	12,259,948
Deposits held in custody for others	6,651,535	6,254,492
Total Current Liabilities	44,324,534	42,434,992
Noncurrent Liabilities:		
Other long-term liabilities-Note K	29,169,802	31,686,080
Other post employment benefits-Note K	23,803,141	23,824,836
Long-term debt-Note M	103,897,314	117,018,694
Total Noncurrent Liabilities	156,870,257	172,529,610
Total Liabilities	201,194,791	214,964,602
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	939,574	387,865
Other post employment benefits related deferred inflows	2,851,848	-
Total Deferred Inflows of Resources	3,791,422	387,865
NET POSITION		
Net investment in capital assets	296,991,150	291,589,577
Restricted		
Nonexpendable		
Scholarships and fellowships	615,895	615,895
Expendable		
Scholarships and fellowships	133,049	281,798
Loans	2,995,521	2,917,070
Capital projects	9,943	2,318,334
Debt service	30,437,616	31,217,887
Other	648,787	660,393
Unrestricted	56,607,117	49,504,173
Total Net Position	\$ 388,439,078	379,105,127

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA FOUNDATION
Combined Statements of Financial Position
June 30, 2019 and 2018

ASSETS

	2019	2018
Current Assets:		
Cash and cash equivalents	\$ 4,142,887	1,297,910
Investments	13,757,904	15,352,861
Pledges receivable, net-Note D	2,322,237	2,692,097
Other receivables	109,632	179,222
Other	166,421	150,935
	20,499,081	19,673,025
Noncurrent Assets:		
Pledges receivable, less current portion	4,341,570	4,304,236
Long-term investments	135,376,599	133,532,937
Life insurance cash value	1,424,166	1,479,653
Building, equipment and leasehold improvements, net	110,414	151,223
Other	904,614	872,283
	142,157,363	140,340,332
Total Current Assets	20,499,081	19,673,025
Total Noncurrent Assets	142,157,363	140,340,332
Total Assets	\$ 162,656,444	160,013,357

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 625,758	656,744
Annuities payable	261,915	269,688
Annuity trusts payable	87,163	87,163
Unitrusts payable	50,417	45,524
	1,025,253	1,059,119
Noncurrent Liabilities:		
Annuities payable, less current portion	1,298,113	1,357,765
Annuity trusts payable, less current portion	540,444	564,327
Unitrusts payable, less current portion	226,666	216,798
	2,065,223	2,138,890
Total Current Liabilities	1,025,253	1,059,119
Total Noncurrent Liabilities	2,065,223	2,138,890
Total Liabilities	3,090,476	3,198,009
Net Assets:		
Without donor restrictions	9,641,892	9,543,068
With donor restrictions	149,924,076	147,272,280
	159,565,968	156,815,348
Total Net Assets	159,565,968	156,815,348
Total Liabilities and Net Assets	\$ 162,656,444	160,013,357

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA
Statement of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2019 and 2018

	2019	2018
REVENUES		
Operating Revenues:		
Tuition and fees, net of scholarship allowances of \$28,510,621 for 2019 and \$29,328,890 for 2018	\$ 65,999,068	67,961,186
Federal grants and contracts	13,308,944	13,480,630
State and local grants and contracts	1,951,083	2,395,237
Nongovernmental grants and contracts	4,609,639	4,781,511
Sales and services of educational activities	5,236,235	5,655,563
Interest on student loans	83,586	144,314
Other operating revenue	1,588,105	675,173
Auxiliary enterprises	65,844,567	60,558,630
Total Operating Revenues	158,621,227	155,652,244
EXPENSES		
Operating Expenses:		
Instruction	80,498,985	80,901,677
Research	2,930,394	2,454,788
Public service	19,908,014	20,535,785
Academic support	24,512,568	24,957,576
Student services	10,235,429	10,106,466
Institutional support	26,465,594	24,849,345
Operation and maintenance of plant	26,533,442	23,527,282
Scholarships and fellowships	5,683,836	6,143,564
Depreciation/amortization	19,400,815	19,112,827
Other operating expenses	214,348	263,616
Auxiliary enterprises	61,223,473	55,824,400
Total Operating Expenses	277,606,898	268,677,326
Operating (Loss)	(118,985,671)	(113,025,082)
NONOPERATING REVENUES (EXPENSES):		
State appropriations	103,414,372	101,377,509
Federal grants and contracts	11,190,012	11,657,278
Nonfederal gifts, grants and contracts	3,857,346	3,956,027
Investment income	4,852,700	2,619,365
Interest on indebtedness	(3,075,139)	(5,290,179)
Gain/(Loss) on disposal of capital assets	(201,465)	813,071
Other nonoperating revenue/(expense)	2,809,610	(480,451)
Net Nonoperating Revenues	122,847,436	114,652,620
Income Before Other Revenues	3,861,765	1,627,538
OTHER REVENUES:		
Capital appropriations	3,580,380	3,660,840
Capital gifts, grants and contracts	1,891,806	2,570,423
Total Other Revenues	5,472,186	6,231,263
Change in Net Position	9,333,951	7,858,801
NET POSITION		
Net position, beginning of year	379,105,127	371,246,326
Net position, end of year	\$ 388,439,078	379,105,127

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA FOUNDATION
Combined Statements of Activities
Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Revenues, support and reclassifications:						
Contribution revenue	\$ 3,003,584	12,481,677	15,485,261	3,556,778	14,480,751	18,037,529
Investment return	676,429	5,954,319	6,630,748	1,290,270	9,520,163	10,810,433
Miscellaneous income	44,479	4,058	48,537	36,492	3,801	40,293
Change in donor intent	243,199	(243,199)	-	(348,768)	348,768	-
Net assets released from restrictions	15,011,622	(15,011,622)	-	16,154,929	(16,154,929)	-
Total revenues, support and reclassifications	18,979,313	3,185,233	22,164,546	20,689,701	8,198,554	28,888,255
Expenses and adjustments:						
Scholarship expenses	5,416,712	-	5,416,712	5,426,570	-	5,426,570
Programming expenses	7,338,480	-	7,338,480	8,626,743	-	8,626,743
Administrative expenses	2,423,251	-	2,423,251	2,214,678	-	2,214,678
Fundraising expenses	3,627,399	-	3,627,399	3,400,841	-	3,400,841
Uncollectible pledges	2,631	272,670	275,301	37,775	53,198	90,973
Depreciation expense	40,809	-	40,809	40,809	-	40,809
Present value liability actuarial adjustment	31,207	260,767	291,974	22,582	90,640	113,222
Total expenses and adjustments	18,880,489	533,437	19,413,926	19,769,998	143,838	19,913,836
Change in net assets	98,824	2,651,796	2,750,620	919,703	8,054,716	8,974,419
Net assets, beginning of year	9,543,068	147,272,280	156,815,348	8,623,365	139,217,564	147,840,929
Net assets, end of year	\$ 9,641,892	149,924,076	159,565,968	9,543,068	147,272,280	156,815,348

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA
Statement of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 65,261,738	67,354,478
Grants and contracts receipts	19,747,030	21,526,032
Collections of loans from students	1,480,264	1,475,968
Auxiliary enterprise receipts	65,329,161	60,350,591
Payments for salaries and benefits	(148,023,657)	(149,803,370)
Payments for goods and services	(40,211,020)	(33,176,455)
Scholarships	(5,615,626)	(6,095,943)
Loans issued to students	(29,796)	(1,888,726)
Auxiliary enterprise payments	(62,157,476)	(56,470,199)
Interest on loans to students	172,882	189,227
Other operating receipts	6,921,484	6,422,764
Net Cash Used by Operating Activities	(97,125,016)	(90,115,633)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	103,422,418	101,374,213
William D. Ford direct lending and plus loans receipts	51,771,490	53,822,616
William D. Ford direct lending and plus loans made	(51,780,266)	(53,829,908)
Agency receipts	4,899,436	4,115,269
Agency payments	(4,289,636)	(3,631,753)
Noncapital gifts	14,236,107	15,059,013
Net Cash Provided by Noncapital Financing Activities	118,259,549	116,909,450
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital appropriations received	3,580,380	3,660,840
Capital gifts and grants received	1,606,803	3,591,657
Acquisition of capital assets	(11,666,912)	(13,848,961)
Proceeds from sale of capital assets	547,969	1,133,564
Principal paid on capital debt	(11,879,082)	(10,148,117)
Payments on defeased debt	-	(25,215,000)
Interest paid on capital debt	(3,886,110)	(4,960,751)
Proceeds from capital debt and refunding	-	27,339,491
Other capital and related financing receipts	1,970,845	2,807
Other capital and related financing payments	-	(714,479)
Net Cash Used by Capital and Related Financing Activities	(19,726,107)	(19,158,949)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends on investments	1,282,967	872,678
Proceeds from sale and maturities of investments	80,280,091	50,193,287
Purchase of investments	(95,658,566)	(48,960,119)
Net Cash Provided/(Used) by Investing Activities	(14,095,508)	2,105,846
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,687,082)	9,740,714
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	33,660,739	23,920,025
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 20,973,657	33,660,739

UNIVERSITY OF NORTHERN IOWA
Statement of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (118,985,671)	(113,025,082)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation/amortization	19,400,815	19,112,827
(Increase)/Decrease in accounts receivable	(253,571)	497,613
(Increase)/Decrease in notes receivable	1,556,857	212,095
(Increase)/Decrease in due from government agencies	225,184	829,365
(Increase)/Decrease in inventories	22,296	(855,882)
(Increase)/Decrease in prepaid expenses	(1,005,236)	388,746
(Increase)/Decrease in other assets	(34,483)	(116,414)
(Increase)/Decrease in deferred outflows of resources	(9,857)	(1,475,030)
Increase/(Decrease) in accounts payable	(1,161,641)	394,875
Increase/(Decrease) in salaries and wages payable	(71,096)	10,576
Increase/(Decrease) in unearned revenue	(353,323)	(631,449)
Increase/(Decrease) in other liabilities	476,065	(229,390)
Increase/(Decrease) in pension liability	(313,217)	1,901,092
Increase/(Decrease) in other postemployment benefits liability	(21,695)	2,675,480
Increase/(Decrease) in deferred inflows of resources	3,403,557	194,945
	<u>\$ (97,125,016)</u>	<u>(90,115,633)</u>
Net Cash Used By Operating Activities		

Noncash Capital, Financing and Investing Activities:

Equipment with an acquisition value of \$494,840 was donated to the University in 2019 and \$876,074 in 2018.

Net unrealized gain decreased the fair value of the University's investments \$4,932,424 in 2019 and \$1,362,732 in 2018.

A payable for special state appropriations of \$3,296 was reported in 2018.

A payable for capital gifts and grants of \$39,241 was reported in 2019 and a receivable for \$273,874 in 2018.

The notes are an integral part of the financial statements.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note A – Organization and Summary of Significant Accounting Policies

Organization

The University of Northern Iowa, founded in 1876 and located in Cedar Falls, Iowa, is owned and operated by the State of Iowa under the governance of the Board of Regents, State of Iowa. The Board of Regents is appointed by the Governor and confirmed by the State Senate. The University is not deemed to be legally separate because the Board of Regents holds corporate powers. The University is an integral part of the State of Iowa, the primary government. As such, the University is included in the State of Iowa's Comprehensive Annual Financial Report as one of the State's universities. This Comprehensive Annual Financial Report presents only the University Funds of the University of Northern Iowa.

The University is classified as a state instrumentality under Internal Revenue Code Section 115 and it is exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles for governmental colleges and universities, as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned, expenses are recorded when an obligation has been incurred, and all significant intra-department transactions have been eliminated. Under GASB, the University reports as a Business Type Activity, an activity financed in whole or in part by fees charged to external parties for goods or services.

Discretely Presented Component Unit

The University of Northern Iowa Foundation (Foundation) is a legally separate, tax-exempt 501(c)(3) corporation. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The University does not control the Foundation or the timing or amount of receipts from the Foundation. The majority of the Foundation's resources are restricted to the activities of the University by UNI Foundation donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. During the years ended June 30, 2019 and 2018, the Foundation provided \$7,272,186 and \$7,996,188, respectively, to the University.

The accompanying combined financial statements of the Foundation include the accounts of the University of Northern Iowa Foundation, the University of Northern Iowa Properties Corporation and the University of Northern Iowa Research Foundation. All material transactions between these organizations have been eliminated. Combined financial statements are presented because the organizations have common Trustees, common management and common objectives of promoting and benefiting the University of Northern Iowa.

The combined financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

The Foundation is a non-profit organization that reports according to standards prescribed by the Financial Accounting Standards Board (FASB). The Foundation's financial statements were prepared in accordance with the provisions of FASB No. 117, Financial Statements of Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting for these differences. A copy of the Foundation's financial statements may be obtained by contacting the University of Northern Iowa Foundation at Cedar Falls, Iowa.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note A – Organization and Summary of Significant Accounting Policies (continued)

Affiliated Organization

Affiliated organizations not controlled by the University, such as the UNI Alumni Association, are not included in the University's financial statements.

Cash and Cash Equivalents

For purposes of the Statement of Net Position and Statement of Cash Flows, cash and cash equivalents are reported in accordance with Board of Regents, State of Iowa policy, Chapter 2, section 4.C.ix: (<http://iowaregents.edu/plans-and-policies/board-policy-manual/22-business-procedures/%23Investment%20Policy>) which states in part: to appropriately reflect the Board's overall investment strategy and as outlined in the GASB Statement No. 9 Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, (paragraph 11), that all funds held by external investment managers, as defined in section 2.2.4.C.iv of the Board's investment policy, shall be reported on the audited financial statements of the Regents institutions as investments. Investments purchased by the institutions through Board authorized brokerage firms that meet the definition of cash equivalents or investments with original purchase dates to maturity of three months or less, shall be reported on the audited financial statements of the Regent institutions as cash equivalents.

Investments

Investments are reported at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments and GASB Statement No. 72, Fair Value Measurement and Application. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. See Note B for further discussion.

With the exception of funds specifically invested for bond issues and endowment funds, all other monies are pooled in an investment pool entitled "Treasurer's Temporary Investments". Investment income on the investment pool is allocated to the activities that participate in the pool. In fiscal years 2019 and 2018, the amount of income allocated from the Treasurer's Temporary Investment Pool was \$5,197,300 and \$1,969,676, respectively.

Investments (Foundation)

The Foundation has adopted FASB No. 157, Fair Value Measurements. FASB No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in its principal market or, in the absence of a principal market, the most advantageous market for the investment or liability. The Foundation categorizes its investments into a three-level fair value hierarchy.

Inventories

Inventories, consisting mainly of coal, fuel oil, bookstore merchandise, foodstuffs and supplies, are primarily valued at the lower of cost (first in, first out method) or market. The cost is recorded as an expense at the time individual inventory items are consumed.

Capital Assets

Capital assets, which include land, buildings and improvements, intangibles, equipment and library materials, are stated at cost at the date of acquisition. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note A – Organization and Summary of Significant Accounting Policies (continued)

Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets and it is recorded in the Plant Accounts.

The following useful lives are used:

Infrastructure	20-40 years
Buildings	40-50 years
Improvements other than buildings	20-30 years
Equipment	5-20 years
Vehicles	5-10 years
Library	10 years
Software	5-30 years

The following thresholds are used to define capital assets:

Infrastructure	\$ 25,000
Land improvements	\$ 25,000
Buildings and building improvements	\$100,000
Equipment	\$ 5,000
Intangible assets	\$500,000

The University does not capitalize works of art or historical treasures held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any manner. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

The University implemented GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, as of July 1, 2009. Intangible assets are recorded at cost at the date of acquisition or estimated fair value at the date of donation. A state government-wide capitalization threshold of \$500,000 was established by the Iowa Department of Administrative Services. Once intangible assets are placed in service, they are amortized on the straight-line basis over their estimated useful life.

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and contributions from the employer after the measurement date but before the end of the employer's reporting period. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments and unrecognized items not yet credited to pension and OPEB expense.

Bond Issuance Costs, Discounts and Premiums

Bond issuance costs are expensed in the year the bonds are sold. Bond discounts and premiums are deferred and amortized over the life of the bonds.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note A – Organization and Summary of Significant Accounting Policies (continued)

Unearned Revenue

Unearned revenue consists of revenue received in advance of an academic session or an event, such as student tuition or ticket sales related to future fiscal years. It also includes amounts received from grant and contract sponsors which have not yet been earned under the terms of the agreement.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of revenue bonds payable, notes payable and capital lease obligations with contractual maturities greater than one year, as well as estimated amounts for accrued compensated absences, early retirement benefits payable, refundable advances on student loans, other postemployment benefit obligations, net pension liability and other liabilities that will not be paid within the next fiscal year.

Net Pension Liability

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

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the University's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note A – Organization and Summary of Significant Accounting Policies (continued)

Net Position

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following net position categories:

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation/amortization and outstanding debt attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position:

Nonexpendable - Net position subject to externally imposed constraints in which the donors or other outside sources have stipulated the principal is to be maintained inviolate and retained in perpetuity and invested for the purpose of producing income which will either be expended or added to principal.

Expendable - Net position whose use by the University is subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time.

Unrestricted Net Position: Net position not subject to externally imposed constraints and which may be used to meet current obligations for any purpose or designated for specific purposes by action of management or the Board of Regents.

Auxiliary Enterprise Revenues

Auxiliary enterprise revenues primarily represent revenues generated by the Residence System, Intercollegiate Athletics, Student Union, Fieldhouse System, Wellness and Recreation Center, Student Health System and the Gallagher-Bluedorn Performing Arts Center.

Summer Session

The University operates summer sessions during May, June and July. Tuition and Mandatory Student Fee revenues and expenditures for the summer sessions are recorded in the appropriate fiscal year. Residence System revenues and expenditures for the noted summer sessions are also recorded in the appropriate fiscal year.

Tuition and Fees

Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Operating and Nonoperating Activities

Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions. Nonoperating revenues include state appropriations, gifts, grants and contracts and investment income. Nonoperating expenses include interest expense, loss on disposal of capital assets, and debt issuance costs.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note A – Organization and Summary of Significant Accounting Policies (continued)

Endowment Appreciation

For donor-restricted endowments, the Uniform Prudent Management of Institutional Funds Act permits management of the University to allocate the amount of realized and unrealized endowment appreciation it determines to be prudent. It is the University's policy to retain realized and unrealized appreciation within the endowment after spending rule distributions.

Distributions are made from the endowments to the departments which benefit from the endowment funds. The endowment spending rule provides for an annual distribution of 5% of the three-year moving average of the fair value of the fund.

Fringe Benefits

The University utilizes the fringe benefits pool method to account for fringe benefits. Under the fringe benefits pool method, fringe benefits are expensed as a percentage of actual salary or wage cost. Rates are reviewed annually prior to the beginning of the fiscal year and adjusted to reflect differences between the rates charged and actual benefits costs as well as future benefits projections.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note B – Cash and Investments
Cash and Cash Equivalents

A summary of the book and bank balances for cash and cash equivalents at June 30, 2019 and June 30, 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Book Balance	\$20,973,657	33,660,739
Bank Balance	<u>\$22,303,443</u>	<u>34,307,426</u>
Covered by FDIC insurance or State Sinking Fund	3,468,792	3,390,267
Invested in money market funds as cash equivalents	18,834,651	30,917,159

The University's balances for current cash and cash equivalents represent amounts that are reasonably expected to be consumed within a year and are comprised of deposit and disbursement bank accounts, the liquidity pool components of money market funds, demand deposit accounts, savings accounts, and government securities for the debt service and construction fund balances for bonded enterprises. The liquidity pool shall be managed to ensure funds are available to support operations for the current budget year.

Cash and cash equivalents are used to fund obligations such as controlled disbursements for accounts payable, salaries and wages payable, bond principal and interest payments, and federal and state withholding taxes.

Investments

Investments are made in accordance with Chapter 12B.10 of the Code of Iowa, and Board of Regents, State of Iowa policy (<http://www.iowaregents.edu/plans-and-policies/board-policy-manual/22-business-procedures/#InvestmentPolicy>). A portion of the University's operating portfolio is invested in the State University of Iowa's diversified pool. In addition, the University's endowments are pooled with the State University of Iowa's endowments to achieve economies of scale.

For donor restricted endowments, Chapter 540A of the Code of Iowa permits the University to spend the net appreciation of realized and unrealized earnings as the University determines to be prudent. The University's spending rule is that five percent (5%) of the three year moving average of the fair value of the endowment will be calculated and distributed. The net appreciation on true endowments available for expenditure at June 30, 2019 and 2018 was \$737,602 and \$727,671, respectively. The net appreciation is classified in the Statement of Net Position as follows:

	<u>2019</u>	<u>2018</u>
Restricted Expendable:		
Scholarships and fellowships	\$ 176,304	174,278
Loans	154,232	152,851
Other-Chair	<u>407,066</u>	<u>400,542</u>
Total	<u>\$ 737,602</u>	<u>727,671</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note B – Cash and Investments (continued)
Invested Assets

	<u>2019</u> <u>Total Fair Value</u> <u>Reported on</u> <u>the Statement</u> <u>of Net Position</u>	<u>2018</u> <u>Total Fair Value</u> <u>Reported on</u> <u>the Statement</u> <u>of Net Position</u>
Operating Portfolio:		
Fixed Income:		
U.S. Government Securities:		
U.S. Government Treasuries	\$ 33,396,019	26,299,660
U.S. Government Agencies	14,503,765	12,268,450
Short-Term Securities:		
Corporate Notes	3,999,720	-
Fixed Income Mutual Funds	<u>44,830,137</u>	<u>42,629,212</u>
Total Fixed Income Securities	<u>96,729,641</u>	<u>81,197,322</u>
Equity & Other Securities:		
Domestic Equity Mutual Funds	5,368,699	4,956,673
International Equity Mutual Funds	8,437,508	7,922,625
Real Assets	<u>4,364,416</u>	<u>4,303,522</u>
Total Equity & Other Securities	<u>18,170,623</u>	<u>17,182,820</u>
Cash & Cash Equivalents:		
Bank Investments	2,676,080	2,090,646
Money Market Fund Shares	<u>6,942,672</u>	<u>6,566,924</u>
Total Cash & Cash Equivalents	<u>9,618,752</u>	<u>8,657,570</u>
Total Operating Portfolio	<u>124,519,016</u>	<u>107,037,712</u>
Endowment Portfolio (UNI Equity in SUI Endowment Pool):		
Fixed Income:		
Short-Term Securities:		
Fixed Income Mutual Funds	<u>3,156,030</u>	<u>2,443,525</u>
Total Fixed Income Securities	<u>3,156,030</u>	<u>2,443,525</u>
Equity & Other Securities:		
Common Stock	394,118	349,550
Domestic Equity Mutual Funds	2,348,648	1,933,306
International Equity Mutual Funds	2,700,407	2,304,734
Real Assets	1,939,356	1,647,338
Private Equity	<u>2,760,004</u>	<u>1,738,215</u>
Total Equity & Other Securities	<u>10,142,533</u>	<u>7,973,143</u>
Cash & Cash Equivalents:		
Money Market Fund Shares	<u>106,639</u>	<u>45,062</u>
Total Cash & Cash Equivalents	<u>106,639</u>	<u>45,062</u>
Total Endowment Portfolio	<u>13,405,202</u>	<u>10,461,730</u>
Total Invested Assets	<u>\$137,924,218</u>	<u>117,499,442</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note B – Cash and Investments (continued)
Credit Risk Concentration

Issuers that represent 5% or more of total operating portfolio fixed income assets.

As of June 30, 2019 and June 30, 2018:

No one issuer represents more than 5 percent of total investments. Excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and pooled investments.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note B – Cash and Investments (continued)

Interest Rate Risk

Interest Rate Risk is the risk changes in interest rates will adversely affect the fair value of an investment. This risk is measured using effective duration. At the time of purchase, the effective maturity of direct investment purchases by the University in the operating portfolio cannot exceed sixty-three months. There is no explicit limit on the average maturity of fixed income securities in the endowment portfolios. Each fixed income portfolio is managed to an appropriate benchmark.

Credit Risk

Credit Risk is the risk an issuer or other counterparty to an investment will not fulfill its obligation to the University. The University manages exposure to credit risk by measuring portfolios against benchmarks as established by the Board of Regents.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss that may be attributed to the magnitude of a University's investment in a single issue or issuer. Except for Treasury or Agency debentures, no more than 5% of the operating portfolio can be invested in securities of a single issuer.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles provide a hierarchy that prioritizes the inputs to fair value measurements based on the extent inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that would reflect the University's assumptions about how market participants would value an asset or liability based on the best information available. Fair value measurements should maximize the use of observable inputs and minimize the use of the unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1-Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.

Level 2-Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3-Unobservable inputs for the asset or liability that are used to measure fair value when observable inputs are not available. These inputs are developed based upon the best information available in such circumstances.

The categorization of fair value measurements by level of the hierarchy is based upon the lowest level input that is significant to the overall fair value measurement for a given asset or liability. In the event that changes in the inputs used in the fair value measurement of an asset or liability result in a transfer into a different level, such transfers are recognized at the end of the reporting period. In the absence of actively quoted market prices, price information for external sources, including broker quotes and industry publications, is used. If pricing information from external sources is not available, or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value using discounted cash flows and other income valuation approaches.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note B – Cash and Investments (continued)

University investments that do not have a readily determinable fair value, such as ownership interest in partners' capital, are reported using Net Asset Value per share (NAV). Used as a practical expedient for the estimated fair value, NAV per share or its equivalent is provided by the fund manager and reviewed by the University. Investment holdings using the NAV as a practical expedient consist of University interests in funds investing in nonmarketable private equity and real assets, as well as indirect holdings of publicly traded assets in fixed income and international equity commingled funds.

Due to the nature of the investments held by the funds, changes in market conditions, economic environment, regulatory environment, currency exchange rates, interest rates, and commodity price fluctuations may significantly impact the NAV of the funds and, consequently, the fair value of the University's interest in the funds and could materially affect the amounts reported in the financial statements. The University attempts to manage these risks through diversification, ongoing due diligence of fund managers, maintain adequate liquidity, and continuously monitoring economic and market conditions.

The following tables reflect fair value measurements of investment assets at June 30, 2019 and June 30, 2018, respectively, as categorized by level of the fair value hierarchy according to the lowest level of inputs significant to each measurement or NAV:

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note B – Cash and Investments (continued)

As of June 30, 2019:

	Quoted Market Prices For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Total
Operating Portfolio:					
Fixed Income:					
U.S. Government Securities:					
U.S. Government Treasuries	\$33,396,019	-	-	-	33,396,019
U.S. Government Agencies	-	14,503,765	-	-	14,503,765
Short-Term Securities:					
Corporate Notes	-	3,999,720	-	-	3,999,720
Fixed Income Mutual Funds	<u>24,770,935</u>	-	-	<u>20,059,202</u>	<u>44,830,137</u>
Total Fixed Income Securities	<u>58,166,954</u>	<u>18,503,485</u>	-	<u>20,059,202</u>	<u>96,729,641</u>
Equity & Other Securities:					
Domestic Equity Mutual Funds	5,368,699	-	-	-	5,368,699
International Equity Mutual Funds	4,853,836	-	-	3,583,672	8,437,508
Real Assets	-	-	-	<u>4,364,416</u>	<u>4,364,416</u>
Total Equity & Other Securities	<u>10,222,535</u>	-	-	<u>7,948,088</u>	<u>18,170,623</u>
Cash & Cash Equivalents:					
Bank Investments	2,676,080	-	-	-	2,676,080
Money Market Fund Shares	<u>6,942,672</u>	-	-	-	<u>6,942,672</u>
Total Cash & Cash Equivalents	<u>9,618,752</u>	-	-	-	<u>9,618,752</u>
Total Operating Portfolio	<u>78,008,241</u>	<u>18,503,485</u>	-	<u>28,007,290</u>	<u>124,519,016</u>
Endowment Portfolio (UNI Equity in SUI Endowment Pool):					
Fixed Income:					
Short-Term Securities:					
Fixed Income Mutual Funds	-	-	-	<u>3,156,030</u>	<u>3,156,030</u>
Total Fixed Income Securities	-	-	-	<u>3,156,030</u>	<u>3,156,030</u>
Equity & Other Securities:					
Common Stock	373,185	20,933	-	-	394,118
Domestic Equity Mutual Funds	2,348,648	-	-	-	2,348,648
International Equity Mutual Funds	821,956	-	-	1,878,451	2,700,407
Real Assets	-	-	-	1,939,356	1,939,356
Private Equity	-	-	-	<u>2,760,004</u>	<u>2,760,004</u>
Total Equity & Other Securities	<u>3,543,789</u>	<u>20,933</u>	-	<u>6,577,811</u>	<u>10,142,533</u>
Cash and Cash Equivalents:					
Money Market Fund Shares	<u>106,639</u>	-	-	-	<u>106,639</u>
Total Cash & Cash Equivalents	<u>106,639</u>	-	-	-	<u>106,639</u>
Total Endowment Portfolio	<u>\$ 3,650,428</u>	<u>20,933</u>	-	<u>9,733,841</u>	<u>13,405,202</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note B – Cash and Investments (continued)

The following table summarizes the University's investments at June 30, 2019 for which net asset value (NAV) was used as a practical expedient to estimate fair value:

Asset Class	Fair Value Determined Using NAV 2019	Unfunded Commitments at June 30, 2019	Redemption Frequency	Redemption Notice Period
Fixed Income Mutual Funds	\$23,215,232	-	daily – monthly	5-60 days
Equity Mutual Funds	5,462,123	-	daily – monthly	2-30 days
Real Assets:				
Redeemable	5,185,846	-	quarterly	60-90 days
Nonredeemable	1,117,926	1,740,034	N/A	N/A
Private Equity:				
Redeemable	-	-	N/A	N/A
Nonredeemable	<u>2,760,004</u>	<u>304,218</u>	N/A	N/A
	<u>\$37,741,131</u>	<u>2,044,252</u>		

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note B – Cash and Investments (continued)

As of June 30, 2018:

	Quoted Market Prices For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Total
Operating Portfolio:					
Fixed Income:					
U.S. Government Securities:					
U.S. Government Treasuries	\$26,299,660	-	-	-	26,299,660
U.S. Government Agencies	-	12,268,450	-	-	12,268,450
Short-Term Securities:					
Fixed Income Mutual Funds	<u>23,570,096</u>	-	-	<u>19,059,116</u>	<u>42,629,212</u>
Total Fixed Income Securities	<u>49,869,756</u>	<u>12,268,450</u>	-	<u>19,059,116</u>	<u>81,197,322</u>
Equity & Other Securities:					
Domestic Equity Mutual Funds	4,956,673	-	-	-	4,956,673
International Equity Mutual Funds	2,155,626	-	-	5,766,999	7,922,625
Real Assets	-	-	-	<u>4,303,522</u>	<u>4,303,522</u>
Total Equity & Other Securities	<u>7,112,299</u>	-	-	<u>10,070,521</u>	<u>17,182,820</u>
Cash & Cash Equivalents:					
Bank Investments	2,090,646	-	-	-	2,090,646
Money Market Fund Shares	<u>6,566,924</u>	-	-	-	<u>6,566,924</u>
Total Cash & Cash Equivalents	<u>8,657,570</u>	-	-	-	<u>8,657,570</u>
Total Operating Portfolio	<u>65,639,625</u>	<u>12,268,450</u>	-	<u>29,129,637</u>	<u>107,037,712</u>
Endowment Portfolio (UNI Equity in SUI Endowment Pool):					
Fixed Income:					
Short-Term Securities:					
Fixed Income Mutual Funds	-	-	-	<u>2,443,525</u>	<u>2,443,525</u>
Total Fixed Income Securities	-	-	-	<u>2,443,525</u>	<u>2,443,525</u>
Equity & Other Securities:					
Common Stock	334,934	14,616	-	-	349,550
Domestic Equity Mutual Funds	1,933,306	-	-	-	1,933,306
International Equity Mutual Funds	-	-	-	2,304,734	2,304,734
Real Assets	-	-	-	1,647,338	1,647,338
Private Equity	-	-	-	<u>1,738,215</u>	<u>1,738,215</u>
Total Equity & Other Securities	<u>2,268,240</u>	<u>14,616</u>	-	<u>5,690,287</u>	<u>7,973,143</u>
Cash and Cash Equivalents:					
Money Market Fund Shares	<u>45,062</u>	-	-	-	<u>45,062</u>
Total Cash & Cash Equivalents	<u>45,062</u>	-	-	-	<u>45,062</u>
Total Endowment Portfolio	<u>\$ 2,313,302</u>	<u>14,616</u>	-	<u>8,133,812</u>	<u>10,461,730</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note B – Cash and Investments (continued)

The following table summarizes the University's investments at June 30, 2018 for which net asset value (NAV) was used as a practical expedient to estimate fair value:

Asset Class	Fair Value Determined Using NAV 2018	Unfunded Commitments at June 30, 2018	Redemption Frequency	Redemption Notice Period
Fixed Income Mutual Funds	\$21,502,641	-	daily – monthly	5-60 days
Equity Mutual Funds	8,071,733	-	thrice monthly – monthly	2-15 days
Real Assets:				
Redeemable	4,994,458	-	quarterly	60-90 days
Nonredeemable	956,402	1,481,122	N/A	N/A
Private Equity:				
Redeemable	-	-	N/A	N/A
Nonredeemable	<u>1,738,215</u>	<u>664,765</u>	N/A	N/A
	<u>\$37,263,449</u>	<u>2,145,887</u>		

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note B – Cash and Investments (continued)

The University's investments are recorded at fair value. As of June 30, 2019 and June 30, 2018, respectively, the University had the following investments and quality credit ratings:

2019 Credit Risk – Quality Ratings	2019			
	Treasury	AAA	AA	A
Fixed Income Securities:				
U.S. Government Securities:				
U.S. Government Treasuries	\$33,396,019	-	-	-
U.S. Government Agencies	-	-	14,503,765	-
Short-Term Securities:				
Corporate Notes	-	-	2,000,000	1,999,720
Fixed Income Mutual Funds	-	<u>27,345</u>	<u>29,678,058</u>	<u>7,401,859</u>
Total Fixed Income Securities	<u>\$33,396,019</u>	<u>27,345</u>	<u>46,181,823</u>	<u>9,401,579</u>

2018
Credit Risk – Quality Ratings

2018 Credit Risk – Quality Ratings	2018			
	Treasury	AAA	AA	A
Fixed Income Securities:				
U.S. Government Securities:				
U.S. Government Treasuries	\$26,299,660	-	-	-
U.S. Government Agencies	-	-	12,268,450	-
Short-Term Securities:				
Fixed Income Mutual Funds	-	-	<u>27,736,398</u>	<u>6,996,084</u>
Total Fixed Income Securities	<u>\$26,299,660</u>	-	<u>40,004,848</u>	<u>6,996,084</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

<u>BBB</u>	<u>BB</u>	<u>B</u>	<u>A1+P1</u>	<u>Total</u>
-	-	-	-	33,396,019
-	-	-	-	14,503,765
-	-	-	-	3,999,720
<u>2,426,667</u>	<u>5,217,713</u>	<u>3,234,525</u>	-	<u>47,986,167</u>
<u>2,426,667</u>	<u>5,217,713</u>	<u>3,234,525</u>	-	<u>99,885,671</u>

<u>BBB</u>	<u>BB</u>	<u>B</u>	<u>A1+P1</u>	<u>Total</u>
-	-	-	-	26,299,660
-	-	-	-	12,268,450
<u>2,460,013</u>	<u>3,988,960</u>	<u>3,891,282</u>	-	<u>45,072,737</u>
<u>2,460,013</u>	<u>3,988,960</u>	<u>3,891,282</u>	-	<u>83,640,847</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note B – Cash and Investments (continued)

The following table reflects the interest rate sensitivity as measured by duration of the University's fixed income securities:

Interest Rate Sensitivity – Duration

	2019 Fair Value	Duration (in years)	2018 Fair Value	Duration (in years)
Operating Portfolio:				
Fixed Income:				
U.S. Government Securities:				
U.S. Government Treasuries	\$ 33,396,019	0.99	26,299,660	1.04
U.S. Government Agencies	14,503,765	0.68	12,268,450	1.61
Short-Term Securities:				
Corporate Notes	3,999,720	0.07	-	0.00
Fixed Income Mutual Funds	<u>44,830,137</u>	4.50	<u>42,629,212</u>	4.54
Operating Portfolio-Total Fixed Income Securities	<u>96,729,641</u>		<u>81,197,322</u>	
Operating Portfolio Duration		2.08		2.96
Endowment Portfolio:				
Fixed Income:				
Short-Term Securities:				
Fixed Income Mutual Funds	<u>3,156,030</u>	4.50	<u>2,443,525</u>	4.44
Endowment Portfolio-Total Fixed Income Securities	<u>3,156,030</u>		<u>2,443,525</u>	
Endowment Portfolio Duration		4.50		4.44
Total All Portfolios	<u>\$ 99,885,671</u>		<u>83,640,847</u>	

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note B – Cash and Investments (continued)

The following information is provided for investments that are valued using the net asset value per share as a practical expedient:

Fixed Income Mutual Funds - This category includes investments in mutual funds holding assets that provide stability, generate income, and diversify market risk.

International Equity Funds - This category includes investments in international equities including both developed and emerging markets.

Note C – Accounts Receivable

Accounts receivable are summarized as follows:

	<u>2019</u>	<u>2018</u>
Student accounts	\$ 4,021,423	4,045,069
University of Northern Iowa Foundation	167,556	694,110
Sponsoring agencies	826,750	442,326
Other	<u>1,259,601</u>	<u>1,378,055</u>
Total	<u>\$ 6,275,330</u>	<u>6,559,560</u>

Note D – Pledges Receivable (Foundation)

Unconditional promises are included in the combined financial statements as pledges receivable and revenue of the appropriate net assets category. Unconditional promises are recorded at their net realizable value at the time the promise is made. Those promises expected to be collected in more than one year are discounted at various rates based on the length of time the payments are to be received. Unconditional promises are expected to be realized in the following periods:

	<u>2019</u>	<u>2018</u>
In one year or less	\$ 2,322,236	2,694,071
Between one year and five years	3,380,566	3,646,571
More than five years	<u>1,542,517</u>	<u>1,221,490</u>
	7,245,319	7,562,132
Less discounts to net present value	(375,618)	(378,581)
Less allowance for uncollectible pledges	<u>(205,894)</u>	<u>(187,218)</u>
Total	<u>\$ 6,663,807</u>	<u>6,996,333</u>

Pledges receivable at June 30, 2019 and 2018 have the following restrictions:

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions:		
Undesignated	\$ 23,953	44,333
Net assets with donor restrictions:		
Scholarships and department programs	3,969,862	4,058,177
Building, equipment and leasehold improvements	1,777,167	1,821,535
Endowments-Scholarships and department programs	<u>892,825</u>	<u>1,072,288</u>
Total	<u>\$ 6,663,807</u>	<u>6,996,333</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note E – Notes Receivable

Notes receivable are summarized as follows:

	<u>2019</u>	<u>2018</u>
Student loans:		
Federal loan programs	\$ 8,399,533	10,102,565
University loan funds	<u>91,514</u>	<u>92,965</u>
	8,491,047	10,195,530
Less allowance for uncollectible loans	<u>(1,254,820)</u>	<u>(1,402,446)</u>
Total	<u>\$ 7,236,227</u>	<u>8,793,084</u>

Notes receivable from students bear interest primarily at 5% and are generally repayable over a one to ten year period commencing six to nine months from the date of separation from the University.

Note F – Due From Government Agencies

Due from Government Agencies is summarized as follows:

	<u>2019</u>	<u>2018</u>
Federal Government	\$ 2,058,328	2,518,639
State Government	1,456,747	1,217,261
Local Governments	<u>1,028</u>	<u>7,768</u>
Total	<u>\$ 3,516,103</u>	<u>3,743,668</u>

Note G – Prepaid Expenses/Unearned Revenue

Prepaid expenses at June 30, 2019 and 2018 totaled \$5,532,957 and \$4,538,029, respectively, and unearned revenue at June 30, 2019 and 2018 totaled \$4,096,005 and \$4,449,658, respectively. The summer session portion for unearned tuition and fees for 2019 and 2018 was \$2,275,101 and \$2,080,841, respectively. Season ticket sales for the Gallagher-Bluedorn Performing Arts Center Artist Series and for Athletic events begin in the Spring for the following year. Unearned ticket sale revenues were \$1,166,516 and \$1,431,452 at June 30, 2019 and 2018, respectively.

Note H – Inventories

Inventories at June 30, 2019 and 2018, consisting mainly of coal, fuel oil, bookstore merchandise, foodstuffs and supplies, primarily valued at cost, had values of \$2,275,700 and \$2,297,996, respectively.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note I – Capital Assets

Capital assets activity for the year ended June 30, 2019 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation/Amortization</u>	<u>Book Value</u>
Land	\$ 4,694,546	118,200	(16,372)	4,796,374	-	4,796,374
Construction in Progress	<u>5,159,917</u>	<u>8,159,939</u>	<u>(6,582,960)</u>	<u>6,736,896</u>	-	<u>6,736,896</u>
Capital Assets, Nondepreciable/Amortizable	<u>9,854,463</u>	<u>8,278,139</u>	<u>(6,599,332)</u>	<u>11,533,270</u>	-	<u>11,533,270</u>
Land Improvements	17,188,834	-	(15,614)	17,173,220	(12,255,718)	4,917,502
Infrastructure	43,392,015	1,522,300	-	44,914,315	(19,128,736)	25,785,579
Buildings	563,063,003	2,698,058	-	565,761,061	(230,813,796)	334,947,265
Equipment	52,263,177	5,854,373	(2,326,396)	55,791,154	(39,462,002)	16,329,152
Intangibles	9,744,429	-	-	9,744,429	(3,503,989)	6,240,440
Library Materials	<u>34,749,064</u>	<u>125,116</u>	<u>(181,552)</u>	<u>34,692,628</u>	<u>(33,176,505)</u>	<u>1,516,123</u>
Capital Assets, Depreciable/Amortizable	<u>720,400,522</u>	<u>10,199,847</u>	<u>(2,523,562)</u>	<u>728,076,807</u>	<u>(338,340,746)</u>	<u>389,736,061</u>
Total Capital Assets	<u>\$730,254,985</u>	<u>18,477,986</u>	<u>(9,122,894)</u>	<u>739,610,077</u>	<u>(338,340,746)</u>	<u>401,269,331</u>

Depreciation and amortization activity for the year ended June 30, 2019 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land Improvements	\$ 11,716,460	539,258	-	12,255,718
Infrastructure	18,059,941	1,068,795	-	19,128,736
Buildings	217,918,257	12,895,539	-	230,813,796
Equipment	37,662,973	3,943,392	(2,144,363)	39,462,002
Intangibles	3,016,767	487,222	-	3,503,989
Library Materials	<u>32,891,448</u>	<u>466,609</u>	<u>(181,552)</u>	<u>33,176,505</u>
Total	<u>\$321,265,846</u>	<u>19,400,815</u>	<u>(2,325,915)</u>	<u>338,340,746</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note I – Capital Assets

Capital assets activity for the year ended June 30, 2018 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation/Amortization</u>	<u>Book Value</u>
Land	\$ 4,584,295	198,000	(87,749)	4,694,546	-	4,694,546
Construction in Progress	<u>23,344,784</u>	<u>5,789,660</u>	<u>(23,974,527)</u>	<u>5,159,917</u>	-	<u>5,159,917</u>
Capital Assets, Nondepreciable/Amortizable	<u>27,929,079</u>	<u>5,987,660</u>	<u>(24,062,276)</u>	<u>9,854,463</u>	-	<u>9,854,463</u>
Land Improvements	16,760,483	428,351	-	17,188,834	(11,716,460)	5,472,374
Infrastructure	42,554,542	837,473	-	43,392,015	(18,059,941)	25,332,074
Buildings	538,819,137	24,243,866	-	563,063,003	(217,918,257)	345,144,746
Equipment	53,749,768	3,217,999	(4,704,590)	52,263,177	(37,662,973)	14,600,204
Intangibles	8,605,780	1,138,649	-	9,744,429	(3,016,767)	6,727,662
Library Materials	<u>34,786,604</u>	<u>159,718</u>	<u>(197,258)</u>	<u>34,749,064</u>	<u>(32,891,448)</u>	<u>1,857,616</u>
Capital Assets, Depreciable/Amortizable	<u>695,276,314</u>	<u>30,026,056</u>	<u>(4,901,848)</u>	<u>720,400,522</u>	<u>(321,265,846)</u>	<u>399,134,676</u>
Total Capital Assets	<u>\$723,205,393</u>	<u>36,013,716</u>	<u>(28,964,124)</u>	<u>730,254,985</u>	<u>(321,265,846)</u>	<u>408,989,139</u>

Depreciation and amortization activity for the year ended June 30, 2018 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land Improvements	\$ 11,133,127	583,333	-	11,716,460
Infrastructure	17,017,016	1,042,925	-	18,059,941
Buildings	205,369,750	12,548,507	-	217,918,257
Equipment	38,034,186	3,939,198	(4,310,411)	37,662,973
Intangibles	2,581,734	435,033	-	3,016,767
Library Materials	<u>32,524,875</u>	<u>563,831</u>	<u>(197,258)</u>	<u>32,891,448</u>
Total	<u>\$306,660,688</u>	<u>19,112,827</u>	<u>(4,507,669)</u>	<u>321,265,846</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note J – Salaries and Wages Payable

All non-student University employees are paid the last working day of each month. Certain bargaining unit employees submit time sheets verifying hours worked up to the middle of the month. Student employees submit time sheets verifying hours worked and are paid bi-weekly. Accrued salaries and wages payable at June 30, 2019 and 2018 were \$869,616 and \$1,491,188, respectively.

Note K – Other Long-Term Liabilities

Other long-term liabilities at June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Other Long-Term Liabilities:		
Compensated absences payable	\$10,181,019	10,901,545
Net pension liability	17,752,632	18,065,849
Refundable advances on student loans	<u>8,659,330</u>	<u>8,650,173</u>
Total Other Long-Term Liabilities	<u>\$36,592,981</u>	<u>37,617,567</u>

Compensated Absences

University employees accumulate vacation and sick leave under provisions of Chapter 70A of the Code of Iowa. These accumulated benefits may be liquidated under specific circumstances. Accumulated vacation is paid at the employee's hourly rate upon retirement, death or termination.

With certain exceptions, accumulated sick leave is paid at the employee's hourly rate to a maximum of \$2,000 on retirement.

The following schedule presents the changes in the liability for compensated absences, including accrued retirement and FICA contributions, for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Amount of accrued compensated absences at beginning of year	\$10,901,545	10,941,629
Amount of compensated absences accrued during the fiscal year	7,004,845	7,596,410
Payments on compensated absences during the fiscal year	<u>(7,725,371)</u>	<u>(7,636,494)</u>
Amount of accrued compensated absences at end of year	<u>\$10,181,019</u>	<u>10,901,545</u>

As of June 30, 2019 and 2018, the current liabilities for compensated absences payable were \$5,458,234 and \$5,380,280, respectively.

OPEB (Other Postemployment Benefits)

Plan Description – The University operates a single-employer retiree benefit plan which provides medical, dental and life insurance benefits for retirees and their spouses. There are 1,851 active and 688 retired members in the plan. Retired members must be age 55 or older at retirement.

The medical benefit, which is a self-funded indemnity medical plan, is administered by Wellmark Blue Cross/Blue Shield of Iowa. The dental benefit, which is also self-funded, is administered by Delta Dental of Iowa and the life insurance benefit is administered by Principal Financial Group. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note K – Other Long-Term Liabilities (continued)

Funding Policy – The contribution requirements of plan members are established and may be amended by the University. Although no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, the University established a quasi-endowment fund in fiscal year 2015 to earmark funds for retiree medical premiums. At June 30, 2019, the quasi-endowment fund balance was \$4,261,205.

Total OPEB Liability – The University's annual OPEB liability of \$23,803,141 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date. The following table shows the components of the University's OPEB liability as of June 30, 2019, the estimated employer contributions to the plan and changes in the University's net OPEB obligation:

Total OPEB liability beginning of year	<u>\$ 23,824,836</u>
Changes for the year:	
Service cost	1,766,881
Interest	980,187
Changes in assumptions	1,091,230
Differences between expected and actual experience	(3,327,156)
Benefit payments	<u>(532,837)</u>
Decrease in net OPEB obligation	<u>(21,695)</u>
Total OPEB obligation end of year	<u>\$ 23,803,141</u>

Changes of assumptions reflect a change in the discount rate from 3.87% as of July 1, 2018 to 3.51% as of June 30, 2019.

Actuarial Methods and Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement. The actuarial assumptions used in the June 30, 2019 valuation were based on the IPERS actuarial valuation as of June 30, 2017.

Rate of inflation	2.60%
Rates of salary increase	3.25% to 13.00%, based on years of service
Discount rate	3.51%
Healthcare cost trend rate	8.50% initial rate decreasing by 0.5% annually to an ultimate rate of 4.50%

The discount rate used to measure the total OPEB liability was 3.51% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used on the IPERS actuarial valuation as of June 30, 2017.

Initial medical cost trend rates start at 8.50% in 2019, based on a combination of employer history, national trend surveys, and client market expectations, and grade down to an ultimate rate of 4.5% beginning in the year 2028. The ultimate trend rate was selected based on historical medical CPI information. Premiums for life insurance benefits are assumed to remain constant in the future.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note K – Other Long-Term Liabilities (continued)

Sensitivity Analysis – Changes to the Discount Rate. The total OPEB liability was calculated using a discount rate of 3.51%, as well as a discount rate that is 1-percentage-point lower (2.51%) or 1-percentage-point higher (4.51%) than the current rate. The sensitivity of the total OPEB liability to changes in the discount rate is presented below:

	1% Decrease 2.51%	Discount Rate 3.51%	1% Increase 4.51%
Total OPEB liability	\$27,352,785	23,803,141	20,969,549

Sensitivity Analysis – Changes to the Healthcare Cost Trend Rate. The total OPEB liability was calculated using a healthcare cost rate of 8.50%, as well as a discount rate that is 1-percentage-point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate. The sensitivity of the total OPEB liability to changes in the healthcare cost trend rate is presented below:

	1% Decrease 7.50%	Healthcare Cost Trend Rates 8.50%	1% Increase 9.50%
Total OPEB liability	\$20,287,873	23,803,141	28,427,303

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the University recognized OPEB expense of \$2,538,880. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows related to OPEB from the following resources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	-	(2,851,848)
Changes of assumptions	\$1,491,488	-
Total	\$1,491,488	(2,851,848)

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note K – Other Long-Term Liabilities (continued)

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2020	\$ (208,188)
2021	(208,188)
2022	(208,188)
2023	(208,188)
2024	(208,188)
Thereafter	(319,420)
Total	<u>\$ (1,360,360)</u>

Details of the University's OPEB plan may be obtained by writing Controller's Office, 122 Lang Hall, Cedar Falls, IA 50614-0003 or phone 319-273-4458.

Refundable Advances on Student Loans

The Perkins Federal Loan program requires a return of Federal Capital Contribution if the United States Government terminates the program. The accumulated Federal Capital Contribution received by the University over the lifetime of the Perkins Loan program is \$8,659,330 and \$8,650,173 at June 30, 2019 and 2018, respectively.

Note L – Retirement Programs

Teachers Insurance and Annuity Association – (TIAA)

The University contributes to the TIAA retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the University. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Board of Regents, State of Iowa policy, all eligible University employees must participate in a retirement plan from the date they are employed.

Benefit terms, including contribution requirements, for TIAA are established and specified by the contract with TIAA in accordance with Board of Regents, State of Iowa policy. For each employee in the TIAA University-sponsored retirement plan, the University is required to contribute 6.66% of the first \$4,800 of earnings and 10% of earnings above \$4,800 through the fifth fiscal year of employment. After five fiscal years, the University is required to contribute 10% of earnings to an individual employee account. Each employee is required to contribute 3.33% of the first \$4,800 of earnings and 5% of earnings above \$4,800 through the fifth fiscal year of employment. Upon completion of fifth fiscal year of employment, each employee is required to contribute 5%. Contributions made by both employer and employee vest immediately. During fiscal years 2019 and 2018, the University's required and actual contribution totaled \$9,763,049 and \$10,070,080, respectively. During fiscal years 2019 and 2018, the employees' required and actual contribution totaled \$4,881,445 and \$5,034,259, respectively.

As of June 30, 2019, the University remitted all required employer and employee contributions to TIAA.

Iowa Public Employees' Retirement System (IPERS)

Plan Description – IPERS membership is mandatory for employees of the University except for those covered by another retirement system. Employees of the University are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note L – Retirement Programs (continued)

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular Member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement before age 55. The formula used to calculate a Regular Member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age, which is generally age 55. Protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member received benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits contribution rate increases or decreases each year to 1%. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note L – Retirement Programs (continued)

liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board. In fiscal year 2019 and 2018, pursuant to the required rate, Regular Members contributed 6.29% and 5.95% of pay and the University contributed 9.44% and 8.93% for a total rate of 15.73% and 14.88%, respectively. In fiscal year 2019 and 2018, pursuant to the required rate, protection occupations contributed 6.81% and 6.56% of pay and the University contributed 10.21% and 9.84% for a total rate of 17.02% and 16.40%, respectively.

The University's contributions to IPERS for the years ended June 30, 2019 and 2018 were \$2,168,039 and \$1,943,005, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019 and June 30, 2018, the University reported a liability of \$17,752,632 and \$18,065,849, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. The University's proportion of the net pension liability was based on the University's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the University's proportion was 0.2805301%, which was an increase of 0.0093226% from its proportion measured as of June 30, 2017.

For the years ended June 30, 2019 and June 30, 2018, the University recognized pension expense of \$2,542,481 and \$2,671,718, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019 Deferred Outflows of Resources	2019 Deferred Inflows of Resources	2018 Deferred Outflows of Resources	2018 Deferred Inflows of Resources
Differences between expected and actual experience	\$ 98,857	406,234	167,445	163,740
Changes of assumptions	2,598,016	2,356	3,214,387	87
Net difference between projected and actual earnings on IPERS investments	-	507,146	-	195,072
Changes in proportion and differences between University contributions and its proportionate share of contributions	1,320,147	23,838	1,674,475	28,966
University contributions subsequent to the measurement date	2,168,039	-	1,943,005	-
Total	\$ 6,185,059	939,574	6,999,312	387,865

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note L – Retirement Programs (continued)

Deferred outflows of resources related to pensions of \$2,168,039 and \$1,943,005 represent the amount the University contributed subsequent to the measurement date but before the end of the reporting period and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020 and June 30, 2019, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>
2020	\$1,801,726	1,120,964
2021	1,012,921	1,900,366
2022	124,365	1,127,833
2023	126,434	260,415
2024	<u>12,000</u>	<u>258,865</u>
Total	<u>\$3,077,446</u>	<u>4,668,443</u>

There are no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	2.60%
Salary increases	3.25 to 16.25%, average, including inflation. Rates vary by membership group.
Investment rate of return	7.00% per annum, compounded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018. Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational scaling and age adjustments.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note L – Retirement Programs (continued)

The actuarial assumptions assumed from the experience study, including the long-term rate of return, was accelerated a year resulting in a full review of the economic assumptions in early 2018. These ranges are combined to develop the actuarial assumed investment return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. Prior year expected rate of return on IPERS' investments were deemed unnecessary in providing continuing significance and were not included. Best estimates of arithmetic real rates of return for each major asset class included in IPERS' target assets allocation are shown in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return</u>
Core Plus Fixed Income	27%	1.97%
Domestic Equity	22%	6.01%
International Equity	15%	6.48%
Private Equity	11%	10.81%
Private Real Assets	8%	4.14%
Public Real Assets	7%	2.91%
Public Credit	3%	3.93%
Global Smart Beta Equity	3%	6.23%
Private Credit	3%	3.11%
Cash	<u>1%</u>	(0.25%)
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions by the University will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the actuarial assumed investment return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
June 30, 2018	\$30,520,607	17,752,632	7,042,782

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note L – Retirement Programs (continued)

Pension Plan Fiduciary Net Position – Detailed information about IPERS’ fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2019 and June 30, 2018, the University reported payables to IPERS of \$152,333 and \$137,096, respectively, for legally required employer contributions and \$101,505 and \$91,348, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note M – Long-Term Debt

Long-term debt at June 30, 2019, consisted of the following:

	Interest Rates %	Maturity Date	Original Value	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Academic Bldg. Revenue Bonds:								
Series 2016-Refunding	5.00 – 5.00	2027	\$ 14,015,000	12,905,000	-	1,280,000	11,625,000	1,355,000
Series 2016A-Refunding	2.00 – 3.00	2035	12,460,000	11,990,000	-	545,000	11,445,000	565,000
Series 2017-Refunding	2.00 – 3.00	2035	13,835,000	13,835,000	-	650,000	13,185,000	630,000
Residence System Bonds:								
Series 2010-Refunding	2.00 – 3.13	2020	4,255,000	1,400,000	-	460,000	940,000	460,000
Series 2010B-Refunding	2.50 – 4.00	2021	10,160,000	4,440,000	-	1,045,000	3,395,000	1,090,000
Series 2011	2.00 – 4.00	2033	24,870,000	19,255,000	-	1,455,000	17,800,000	1,485,000
Series 2012	1.00 – 2.75	2023	13,810,000	7,000,000	-	1,505,000	5,495,000	1,050,000
Series 2016	3.00 – 3.25	2037	23,765,000	23,765,000	-	1,190,000	22,575,000	1,190,000
Series 2017-Refunding	2.00 – 2.75	2030	13,330,000	13,330,000	-	930,000	12,400,000	930,000
Field House Bonds:								
Series 2011-Refunding	2.00 – 3.50	2022	3,610,000	1,760,000	-	330,000	1,430,000	1,430,000
Series 2013-Refunding	2.00 – 3.00	2024	4,815,000	3,170,000	-	415,000	2,755,000	425,000
Series 2015-Refunding	2.00 – 2.13	2022	3,460,000	2,540,000	-	485,000	2,055,000	495,000
Student Union Bonds:								
Series 2011-Refunding	2.00 – 3.00	2022	8,425,000	4,065,000	-	765,000	3,300,000	790,000
Student Health System Bonds:								
Series 2013-Refunding	2.00 – 2.25	2024	2,435,000	1,610,000	-	215,000	1,395,000	220,000
Premiums-Reoffering:								
Residence-Series 2011			-	352,221	-	23,481	328,740	23,481
Field House-Series 2013			-	155,157	-	25,859	129,298	25,859
Student Health System-Series 2013			-	18,823	-	3,138	15,685	3,138
Field House-Series 2015			-	23,361	-	6,674	16,687	6,674
Residence-Series 2016			-	784,660	-	41,298	743,362	41,298
ABRB-Series 2016			-	2,160,066	-	240,007	1,920,059	240,007
ABRB-Series 2016A			-	222,337	-	13,079	209,258	13,079
ABRB-Series 2017R			-	320,173	-	18,834	301,339	18,834
Residence-Series 2017R			-	101,967	-	8,497	93,470	8,497
Total Bonds Payable			153,245,000	125,203,765	-	11,650,867	113,552,898	12,495,867
Notes Payable:								
City of Cedar Falls	0.00	2027	500,000	350,000	-	15,000	335,000	15,000
Iowa Finance Authority	1.25	2023	1,145,175	542,180	-	103,073	439,107	104,365
Total Notes Payable			1,645,175	892,180	-	118,073	774,107	119,365
Capital Leases Payable-Wells Fargo	3.06	2024	5,000,000	3,182,697	-	491,008	2,691,689	506,148
Total Long-Term Debt Payable			\$159,890,175	129,278,642	-	12,259,948	117,018,694	13,121,380

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note M – Long-Term Debt

Long-term debt at June 30, 2018, consisted of the following:

	Interest Rates %	Maturity Date	Original Value	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Academic Bldg. Revenue Bonds:								
Series 2009	3.00 – 5.00	2035	\$ 13,860,000	13,385,000	-	13,385,000	-	-
Series 2016-Refunding	5.00 – 5.00	2027	14,015,000	14,015,000	-	1,110,000	12,905,000	1,280,000
Series 2016A-Refunding	2.00 – 3.00	2035	12,460,000	12,460,000	-	470,000	11,990,000	545,000
Series 2017-Refunding	2.00 – 3.00	2035	13,835,000	-	13,835,000	-	13,835,000	650,000
Residence System Bonds:								
Series 2010-Refunding	2.00 – 3.13	2020	4,255,000	1,840,000	-	440,000	1,400,000	460,000
Series 2010A	3.25 – 5.00	2030	16,790,000	12,940,000	-	12,940,000	-	-
Series 2010B-Refunding	2.50 – 4.00	2021	10,160,000	5,455,000	-	1,015,000	4,440,000	1,045,000
Series 2011	2.00 – 4.00	2033	24,870,000	20,685,000	-	1,430,000	19,255,000	1,455,000
Series 2012	1.00 – 2.75	2023	13,810,000	8,490,000	-	1,490,000	7,000,000	1,505,000
Series 2016	3.00 – 3.25	2037	23,765,000	23,765,000	-	-	23,765,000	1,190,000
Series 2017-Refunding	2.00 – 2.75	2030	13,330,000	-	13,330,000	-	13,330,000	930,000
Field House Bonds:								
Series 2011-Refunding	2.00 – 3.50	2022	3,610,000	2,085,000	-	325,000	1,760,000	330,000
Series 2013-Refunding	2.00 – 3.00	2024	4,815,000	3,595,000	-	425,000	3,170,000	415,000
Series 2015-Refunding	2.00 – 2.13	2022	3,460,000	3,015,000	-	475,000	2,540,000	485,000
Student Union Bonds:								
Series 2011-Refunding	2.00 – 3.00	2022	8,425,000	4,815,000	-	750,000	4,065,000	765,000
Student Health System Bonds:								
Series 2013-Refunding	2.00 – 2.25	2024	2,435,000	1,825,000	-	215,000	1,610,000	215,000
Premiums-Reoffering:								
Residence-Series 2011			-	375,702	-	23,481	352,221	23,481
Field House-Series 2013			-	181,016	-	25,859	155,157	25,859
Student Health System-Series 2013			-	21,961	-	3,138	18,823	3,138
Field House-Series 2015			-	30,035	-	6,674	23,361	6,674
Residence-Series 2016			-	825,958	-	41,298	784,660	41,298
ABRB-Series 2016			-	2,400,074	-	240,008	2,160,066	240,007
ABRB-Series 2016A			-	235,416	-	13,079	222,337	13,079
ABRB-Series 2017R			-	-	337,437	17,264	320,173	18,834
Residence-Series 2017R			-	-	109,756	7,789	101,967	8,497
Total Bonds Payable			183,895,000	132,440,162	27,612,193	34,848,590	125,203,765	11,650,867
Notes Payable:								
City of Cedar Falls	0.00	2027	500,000	365,000	-	15,000	350,000	15,000
Iowa Finance Authority	1.25	2023	1,145,175	643,976	-	101,796	542,180	103,073
Total Notes Payable			1,645,175	1,008,976	-	116,796	892,180	118,073
Capital Leases Payable-Wells Fargo	3.06	2024	5,000,000	3,659,017	-	476,320	3,182,697	491,008
Total Long-Term Debt Payable			\$190,540,175	137,108,155	27,612,193	35,441,706	129,278,642	12,259,948

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note M – Long-Term Debt (continued)

Bonds Payable

The above bonds were issued for the following purposes:

Academic Building Revenue Bonds were issued primarily for the construction, renovation and equipping of academic buildings, libraries, administrative and service buildings.

Residence System Revenue Bonds were issued for the construction, renovation and equipping of residence halls, food service buildings and apartment housing.

Field House System Revenue Bonds were issued for the construction, renovation and repair of field house system facilities.

Student Union Revenue Bonds were issued to construct additions to, remodel, refurbish and equip the J. W. Maucker Student Union.

Student Health System Revenue Bonds were issued to construct additions to, remodel, refurbish and equip the UNI Student Health Center.

All of the bond issues included funding for a pre-funded debt service reserve and for issuance costs. A number of the bond issues refinanced previous issues to take advantage of lower interest rates.

The bonds mature as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 12,495,867	3,180,088	15,675,955
2021	11,360,867	2,840,650	14,201,517
2022	10,732,530	2,524,044	13,256,574
2023	9,754,193	2,236,656	11,990,849
2024	8,579,193	1,982,003	10,561,196
2025-2029	30,045,967	6,923,653	36,969,620
2030-2034	22,193,474	2,957,856	25,151,330
2035-2039	8,390,806	406,519	8,797,325
Total	\$113,552,897	23,051,469	136,604,366

The changes in Bonds Payable for fiscal years 2019 and 2018 are detailed below:

	2019	2018
Bonds payable beginning of year	\$125,203,765	132,440,162
Bonds retired during the fiscal year	(11,650,867)	(34,848,590)
Bonds issued during the fiscal year	-	27,612,193
Bonds payable end of year	\$113,552,897	125,203,765

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note M – Long-Term Debt (continued)

Notes Payable and Capital Leases

At its September 15, 2004 meeting, the Board of Regents, State of Iowa approved a 28E Agreement between the University and the City of Cedar Falls, Iowa. Under the terms of the Agreement, the City of Cedar Falls transferred \$500,000 of City funds received from the Black Hawk County Landfill to the University to assist with construction costs of the McLeod Center. Of the amount transferred, \$300,000 is repayable and \$200,000 is forgivable if all the conditions in the Agreement are met. The \$300,000 portion is repayable in the amount of \$15,000 per year for twenty years. The \$200,000 portion, if not forgiven, is repayable in the amount of \$10,000 per year for twenty years. The note is not interest bearing. The University agreed to transfer to the City \$15,000 of its annual rebate from the Black Hawk County Landfill to make the required payments. The City and the University simultaneously executed a Joint Use 28E Agreement permitting City use of University facilities, which may include the Wellness and Recreation Center Complex and outdoor athletic field.

At its March 21, 2012 meeting, the Board of Regents, State of Iowa authorized the University to enter into a loan agreement with the Iowa Finance Authority to finance energy management improvements in six academic buildings. The note principal of \$1,217,000 is to be repaid in 24 semi-annual payments ending on June 30, 2024. Upon completion of the project, it was determined an amount less than the original principal was owed. The remaining principal will be repaid in 19 semi-annual payments ending on December 30, 2023. The nominal interest rate remains 1.25%, consisting of a 1.00% interest rate and a 0.25% annual servicing fee.

At its June 4, 2014 meeting, the Board of Regents, State of Iowa authorized the University to enter into a master lease financing agreement with Wells Fargo Municipal Capital Strategies, LLC. The lease agreement provides funding for costs of \$5 million for power plant air regulations compliance, power plant boiler #3 wall panel replacement and power plant storage facility projects. Payments are due semi-annually through fiscal year 2024 and bears an interest rate of 3.06% per annum.

Advance Refundings

In August 2017, Dormitory Revenue Bonds, Series U.N.I. 2017 were issued in the amount of \$13,330,000, with interest rates ranging from 2.00% to 2.75%. The proceeds were used to advance refund \$16,790,000 of outstanding Dormitory Revenue Bonds, Series U.N.I. 2010A, with interest rates ranging between 3.25% and 5.00%, and pay the costs of issuing the Bonds.

Net bond proceeds of \$13,314,175 were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Dormitory Revenue Bonds, Series U.N.I. 2010A are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The Dormitory Revenue Bonds, Series U.N.I. 2010A will be called on July 1, 2020.

The advance refunding resulted in an economic gain of \$938,930, and reduced the aggregate debt service payments by \$1,029,581 over the next 12 years.

In August 2017, Academic Building Revenue Refunding Bonds, Series U.N.I. 2017 were issued in the amount of \$13,835,000, with interest rates ranging from 2.00% to 3.00%. The proceeds were used to advance refund \$13,860,000 of outstanding Academic Building Revenue Bonds, Series U.N.I. 2009, with interest rates ranging between 3.00% and 5.00%, and pay the costs of issuing the Bonds.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note M – Long-Term Debt (continued)

Net bond proceeds of \$14,025,316 were placed in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Academic Building Revenue Bonds, Series U.N.I. 2009 are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The Academic Building Revenue Bonds, Series U.N.I. 2009 will be called on July 1, 2019.

The advance refunding resulted in an economic gain of \$1,671,840, and reduced the aggregate debt service payments by \$2,070,958 over the next 17 years.

The University's policy is to not record the deferred inflows of resources for the gain resulting from the refunding of debt in those instances where the amounts are immaterial.

Note N – Endowments

Prior to the establishment of the Foundation in 1959, the University accepted \$615,895 from donors to be invested in perpetuity with only the agreed upon spending rule payout to be made available for annual expenditures according to the donor's restrictions. The revenue and appreciation on the non-expendable donations in excess of the spending rule is retained as an inflationary hedge. The net position retained by the University from these endowments as of June 30, 2019 and 2018 is classified as follows:

	<u>2019</u>	<u>2018</u>
Restricted-Nonexpendable	\$ <u>615,895</u>	<u>615,895</u>
Restricted-Expendable:		
Scholarships	\$ 176,304	174,278
Loans	154,232	152,851
Other-Chair	<u>407,066</u>	<u>400,542</u>
Total	\$ <u>737,602</u>	<u>727,671</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note O – Related Party Organization

The University of Northern Iowa Alumni Association is a related party organization to the University because of common management. The separate board of this organization includes members who are also officers of the University. The significant revenues for the Alumni Association are royalties, membership dues and investment income. The material expenses of the Alumni Association are alumni programming costs.

Significant Alumni Association financial data as of and for the years ended June 30, 2019 and 2018 follows:

	<u>2019</u>	<u>2018</u>
Total Assets	\$ 1,054,349	1,080,570
Total Liabilities	22,173	26,354
Total Equity	1,032,176	1,054,216
Due from the University	11,466	7,234
Total Support and Revenues	557,414	626,698
Total Expenses	579,454	618,615

Note P – Restricted Net Position (Foundation)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors during the years ended June 30, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Purpose restrictions accomplished:		
Scholarships and department programs	\$14,475,030	14,312,010
Plant	<u>536,592</u>	<u>1,842,919</u>
Total net assets with donor restrictions released	<u>\$15,011,622</u>	<u>16,154,929</u>

Net assets with donor restrictions as of June 30, 2019 and 2018 are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Scholarships and department programs	\$ 47,029,239	42,233,278
Plant	2,582,814	2,329,294
Charitable gift annuities	29,464	35,416
Charitable remainder trust annuities	194,580	222,544
Charitable remainder unitrusts	1,786,136	1,756,190
Endowment, held in perpetuity	95,912,464	98,401,789
Life insurance fund	955,576	841,607
Beneficial interest in trust	<u>1,433,803</u>	<u>1,452,162</u>
Total net assets with donor restrictions	<u>\$149,924,076</u>	<u>147,272,280</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2019

Note Q – Risk Management

It is the policy of the University not to purchase commercial insurance for the risks of certain losses to which it is exposed. Instead, management believes it is more economical to manage certain risks internally. It is also the policy of the Board of Regents, State of Iowa and the State of Iowa not to purchase commercial insurance for the risks of certain losses to which they are exposed.

Losses are reported when it is probable a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. The University is exposed to various risks of loss related to a number of matters enumerated below.

Business Income. The University participates in the Midwestern Higher Education Compact's Master Property Program, under this program the University has elected to insure business income losses for self-supporting facilities such as athletic facilities, residence facilities, etc.

Fidelity Bond. The State of Iowa maintains an employee fidelity bond insuring losses between \$250,000 and \$2,000,000. Underneath the State's fidelity bond the University maintains an employee fidelity bond insuring losses between \$10,000 and \$250,000.

General Liability. The State of Iowa self-insures, on behalf of the University, losses related to tort claims. Tort claims are handled as provided in the Iowa Code, Chapter 669, which also sets forth the procedures by which tort claims may be brought. Claims under Chapter 669 may be filed against the State on account of wrongful death, personal injury or property damage incurred by reason of the negligence of the University or its employees while acting within the scope of employment. By inter-agency agreement, tort claims under \$5,000 may be paid by the University subject to a maximum expenditure of \$50,000 per year. All other claims may be paid from the State's general fund.

Group Life, LTD and Accidental Death and Disability Insurance. The University purchased commercial insurance for group term life insurance and long-term disability insurance. The University purchased commercial insurance on a pooled basis for accidental death and disability.

Medical and Dental-Commercial Insurance. The State of Iowa purchased commercial health and dental insurance for general service staff of the University. The University and employees share the cost of the premium.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note Q – Risk Management (continued)

Medical and Dental-Self Insured. The University self-funds the medical and dental claims of its professional employees. The University and employees share the cost of the coverage. The University insures its medical claims with 120% aggregate stop-loss insurance.

The following schedule presents the changes in claims liabilities for medical and dental insurance for professional staff and unemployment compensation for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Amount of claims and contingent liabilities accrued beginning of year	\$ 1,733,111	1,499,456
Claims incurred and contingent liabilities accrued for the previous and current year and any changes in amounts estimated for prior years	27,239,525	21,590,965
Payments on claims during the fiscal year	<u>(26,200,158)</u>	<u>(21,357,310)</u>
Amount of claims liabilities end of year	<u>\$ 2,772,478</u>	<u>1,733,111</u>

Motor Vehicles. The Board of Regents' institutions cooperatively self-insure for liability losses related to motor vehicles, up to \$250,000 per claim. Losses in excess of \$250,000 are self-insured by the State as provided in the Iowa Code, Chapter 669. In addition to liability coverage, the insurance program also self-insures for comprehensive and collision damage.

Property. The University participates in the Midwestern Higher Education Compact's Master Property Program, this program provides all risk property coverage including earthquake, flood, and boiler/machinery. Covered property includes real property, personal property, extra expense, property in transit, etc. Deductibles range from \$100,000 to \$1,000,000 per occurrence depending on the nature of the property.

The State of Iowa self-insures, on behalf of the University, property deemed general university property, exclusive of self-supporting facilities. This contingency fund exists under Iowa Code, Section 29C.20. The Code of Iowa states that claims in excess of \$5,000 may be submitted to the Executive Council for consideration. When a loss exceeds \$500,000, it is necessary to seek an appropriation from the General Assembly.

Unemployment Compensation. The University self-funds unemployment compensation claims received from Iowa Workforce Development on a reimbursement basis.

Workers' Compensation. The State of Iowa self-funds on behalf of the University losses related to workers' compensation for all University employees. The University pays a quarterly assessment for this coverage.

In all the above instances of commercial insurance, claims settled have not exceeded coverage for the last three years.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note R – Operating Leases

The University has leased various buildings, tower space and equipment. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. These leases expire between December 31, 2019 and June 30, 2024 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some leases also require the payment of normal maintenance and insurance on the properties and equipment. In most cases, management expects the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2019:

Year ending <u>June 30,</u>	<u>Amount</u>
2020	\$343,160
2021	275,376
2022	149,905
2023	114,912
2024	<u>67,600</u>
Total	<u>\$950,953</u>

All leases contain non-appropriation clauses indicating continuation of the lease is subject to funding by the Legislature.

Rental expense for the years ended June 30, 2019 and 2018, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$821,923 and \$584,036, respectively.

Note S – Funds Held in Trust by Others

The University is a beneficiary of the Joseph S. Wright Trust, which is held by others and had an aggregate fair value of \$722,797 and \$727,708 at June 30, 2019 and 2018, respectively. The income received by the University from this trust was \$31,286 in fiscal year 2019 and \$29,546 in fiscal year 2018.

Note T – Other Commitments, Claims and Contingencies

Commitments: Changes to the University's outstanding construction contract commitments for Plant construction for the year ended June 30, 2019 are as follows:

Construction commitments beginning of year	\$ 5,236,537
Increases in commitments	13,173,292
Payments and decreases in commitments	<u>(11,945,391)</u>
Construction commitments end of year	<u>\$ 6,464,438</u>

There were no material claims or contingencies as of June 30, 2019.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note U – Segment Reporting

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bond issues are outstanding. Investors in Academic Building Revenue Bonds rely on pledged tuition and fees revenues generated by the University for repayment. Investors in bonds of all other bond enterprises rely solely on the revenue generated by the individual activities for repayment. A segment has a specifically identifiable revenue stream pledged in support of revenue bonds and has related expenses, assets and liabilities that are required by an external party to be accounted for separately. The University's segments are described as follows:

Academic Building Revenue Bonds were issued to defray the costs of constructing, renovating and equipping academic buildings, libraries and administrative and service buildings of the University.

Residence System Revenue Bonds were issued for the construction, renovation, and equipping of residence halls, food service buildings and apartment housing. The bonds are payable from the net rents, profits and income derived from operation of the system. Primary sources of revenue include: room and board contracts, apartment rents, retail food sales, catering sales and investment income.

Field House Revenue Bonds were issued in 1997 for the replacement of the air-supported fabric roof with a self-supported roof. In 2001, bonds were issued to make repairs to the roof and the structure of the building. In 2004, bonds were issued to construct the McLeod Center, an integral part of the Field House Enterprise. The bonds are payable from student fees and the net revenues of the Field House System. Primary sources of revenue include: concession stand sales, facility rentals to the University and the public, investment income and mandatory student fees.

Student Union Revenue Bonds were issued to construct additions to, remodel, refurbish and equip the J. W. Maucker Student Union. The bonds are payable from mandatory student fees and the net revenues of the Student Union System. Primary sources of revenue include: retail sales, commissions, meeting room rentals to the University and the public, investment income and mandatory student fees.

Student Health System Revenue Bonds were issued in 2004 for constructing, furnishing and equipping the Student Health Center building and to improve, remodel and repair the existing Student Health Center building. The bonds are payable from student fees and the net revenues of the Student Health System. Primary sources of revenue include: student receipts and health insurance revenues for health care provided to UNI students and mandatory student fees.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note U – Segment Reporting (continued)

Academic Buildings

Condensed Statement of Net Position	2019	2018
Assets:		
Current assets	\$ 5,435,955	4,956,073
Capital assets	50,362,200	52,889,091
Other noncurrent assets	<u>1,105,027</u>	<u>1,822,312</u>
Total assets	<u>56,903,182</u>	<u>59,667,476</u>
Liabilities:		
Current liabilities	3,431,879	3,557,371
Noncurrent liabilities	<u>35,863,737</u>	<u>38,685,657</u>
Total liabilities	<u>39,295,616</u>	<u>42,243,028</u>
Net position:		
Net investment in capital assets	14,226,543	13,931,515
Restricted, expendable	3,366,822	3,478,732
Unrestricted	<u>14,201</u>	<u>14,201</u>
Total net position	<u>\$ 17,607,566</u>	<u>17,424,448</u>
Condensed Statement of Changes in Net Position		
Operating revenues	\$ 70,293,524	71,758,220
Depreciation expense	<u>(2,526,891)</u>	<u>(2,537,140)</u>
Net operating income (loss)	67,766,633	69,221,080
Nonoperating revenues (expenses)	2,756,760	1,364,818
Transfers from (to) University funds	<u>(70,340,275)</u>	<u>(71,747,775)</u>
Change in net position	183,118	(1,161,877)
Net position, beginning of year	<u>17,424,448</u>	<u>18,586,325</u>
Net position, end of year	<u>\$ 17,607,566</u>	<u>17,424,448</u>
Condensed Statement of Cash Flows		
Net cash provided (used) by operating activities	\$ 70,293,524	71,758,220
Net cash provided (used) by capital and related financing activities	<u>(70,660,673)</u>	<u>(71,491,658)</u>
Net cash provided (used) by investing activities	<u>189,345</u>	<u>515,387</u>
Net increase (decrease) in cash	<u>(177,804)</u>	<u>781,949</u>
Cash and cash equivalents, beginning of year	<u>3,352,945</u>	<u>2,570,996</u>
Cash and cash equivalents, end of year	<u>\$ 3,175,141</u>	<u>3,352,945</u>
Debt Service Coverage		
Debt service coverage – required	1.25	1.25
Debt service coverage – actual	21.01	21.48
Proportion of Revenue Pledged		
Annual debt service (principal & interest)	\$ 3,783,269	3,783,269
Net operating income *	70,293,524	71,758,220
Annual debt service/net operating income (%)	5.4%	5.3%
As of June 30, 2019, revenue pledged for future principal and interest payments was \$45,177,141.		
* Net operating income plus depreciation added back per the bond indenture.		

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note U – Segment Reporting (continued)
Residence System

Condensed Statement of Net Position	2019	2018
Assets:		
Current assets	\$ 32,876,461	37,544,320
Capital assets	97,662,760	97,723,648
Other noncurrent assets	7,125,966	6,311,035
Total assets	<u>137,665,187</u>	<u>141,579,003</u>
Liabilities:		
Current liabilities	8,645,571	8,973,812
Noncurrent liabilities	57,937,085	64,259,388
Total liabilities	<u>66,582,656</u>	<u>73,233,200</u>
Net position:		
Net investment in capital assets	40,097,190	33,879,802
Restricted, expendable	25,407,401	28,371,530
Unrestricted	5,577,940	6,094,471
Total net position	<u>\$ 71,082,531</u>	<u>68,345,803</u>

Condensed Statement of Changes in Net Position

Operating revenues	\$ 35,978,279	37,975,024
Depreciation expense	(3,378,265)	(3,356,735)
Other operating expenses	<u>(30,571,549)</u>	<u>(30,088,747)</u>
Net operating income (loss)	2,028,465	4,529,542
Nonoperating revenues (expenses)	(35,469)	(2,500,778)
Transfers from (to) University funds	743,732	35,648
Change in net position	2,736,728	2,064,412
Net position, beginning of year	<u>68,345,803</u>	<u>66,281,391</u>
Net position, end of year	<u>\$ 71,082,531</u>	<u>68,345,803</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 5,324,613	8,072,399
Net cash provided (used) by non-capital financing activities	-	150,000
Net cash provided (used) by capital and related financing activities	(10,673,439)	(8,482,664)
Net cash provided (used) by investing activities	<u>269,755</u>	<u>3,377,154</u>
Net increase (decrease) in cash	(5,079,071)	3,116,889
Cash and cash equivalents, beginning of year	<u>29,551,457</u>	<u>26,434,568</u>
Cash and cash equivalents, end of year	<u>\$ 24,472,386</u>	<u>29,551,457</u>

Debt Service Coverage

Debt service coverage – required	1.35	1.35
Debt service coverage – actual	1.62	1.45

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 8,043,919	8,559,426
Net operating income *	12,946,966	12,282,907
Annual debt service/net operating income (%)	62.1%	69.7%

As of June 30, 2019, revenue pledged for future principal and interest payments was \$76,079,403.

* Net operating income plus investment income minus capital additions from operating fund per the bond indenture.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note U – Segment Reporting (continued)
Field House System

Condensed Statement of Net Position	2019	2018
Assets:		
Current assets	\$ 3,319,802	858,703
Capital assets	28,584,867	30,003,925
Other noncurrent assets	1,831,925	4,114,683
Total assets	<u>33,736,594</u>	<u>34,977,311</u>
Liabilities:		
Current liabilities	2,549,320	1,489,251
Noncurrent liabilities	4,355,831	6,763,346
Total liabilities	<u>6,905,151</u>	<u>8,252,597</u>
Net position:		
Net investment in capital assets	24,228,885	23,250,409
Restricted, expendable	1,187,906	1,200,533
Unrestricted	2,273,772	2,273,772
Total net position	<u>\$ 26,831,443</u>	<u>26,724,714</u>

Condensed Statement of Changes in Net Position

Operating revenues	\$ 3,536,418	3,495,378
Depreciation expense	(1,536,535)	(1,556,179)
Other operating expenses	<u>(3,089,262)</u>	<u>(3,323,252)</u>
Net operating income (loss)	(1,089,379)	(1,384,053)
Nonoperating revenues (expenses)	(78,553)	(237,079)
Other revenues (expenses)	<u>1,274,661</u>	<u>-</u>
Change in net position	106,729	(1,621,132)
Net position, beginning of year	<u>26,724,714</u>	<u>28,345,846</u>
Net position, end of year	<u>\$ 26,831,443</u>	<u>26,724,714</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 389,554	234,187
Net cash provided (used) by capital and related financing activities	(376,673)	(1,545,485)
Net cash provided (used) by investing activities	46,934	1,083,142
Net increase (decrease) in cash	59,815	(228,156)
Cash and cash equivalents, beginning of year	<u>239,750</u>	<u>467,906</u>
Cash and cash equivalents, end of year	<u>\$ 299,565</u>	<u>239,750</u>

Debt Service Coverage

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	1.78	2.38

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 1,444,238	1,444,638
Net operating revenue *	1,174,527	1,159,822
Annual debt service/net operating income (%)	198.8%	124.6%

As of June 30, 2019, revenue pledged for future principal and interest payments was \$6,677,331.

* Net operating income plus investment income, student fee income, casualty reimbursement and transfers-in of University funds minus capital additions from operating fund per the bond indenture.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note U – Segment Reporting (continued)
Student Union

Condensed Statement of Net Position	2019	2018
Assets:		
Current assets	\$ 3,389,702	2,012,061
Capital assets	11,484,723	11,964,443
Other noncurrent assets	-	<u>1,320,102</u>
Total assets	<u>14,874,425</u>	<u>15,296,606</u>
Liabilities:		
Current liabilities	891,556	891,391
Noncurrent liabilities	<u>2,542,452</u>	<u>3,345,457</u>
Total liabilities	<u>3,434,008</u>	<u>4,263,848</u>
Net position:		
Net investment in capital assets	8,974,723	8,664,443
Restricted, expendable	842,500	842,500
Unrestricted	<u>1,623,194</u>	<u>1,552,815</u>
Total net position	<u>\$ 11,440,417</u>	<u>11,059,758</u>

Condensed Statement of Changes in Net Position		
Operating revenues	\$ 1,371,048	1,372,434
Depreciation expense	(479,720)	(484,750)
Other operating expenses	<u>(1,345,061)</u>	<u>(1,253,024)</u>
Net operating income (loss)	(453,733)	(365,340)
Nonoperating revenues (expenses)	10,190	(86,458)
Transfers from (to) University funds	<u>824,202</u>	<u>811,792</u>
Change in net position	380,659	359,994
Net position, beginning of year	<u>11,059,758</u>	<u>10,699,764</u>
Net position, end of year	<u>\$ 11,440,417</u>	<u>11,059,758</u>

Condensed Statement of Cash Flows		
Net cash provided (used) by operating activities	\$ (1,878)	138,903
Net cash provided (used) by capital and related financing activities	(51,273)	(94,314)
Net cash provided (used) by investing activities	<u>91,478</u>	<u>45,241</u>
Net increase (decrease) in cash	38,327	89,830
Cash and cash equivalents, beginning of year	<u>1,752,145</u>	<u>1,662,315</u>
Cash and cash equivalents, end of year	<u>\$ 1,790,472</u>	<u>1,752,145</u>

Debt Service Coverage		
Debt service coverage – required	1.20	1.20
Debt service coverage – actual	3.11	2.97

Proportion of Revenue Pledged		
Annual debt service (principal & interest)	\$ 889,000	886,950
Net operating revenue *	1,068,568	985,127
Annual debt service/net operating income (%)	83.2%	90.0%

As of June 30, 2019, revenue pledged for future principal and interest payments was \$3,500,850.

* Net operating income plus investment income and transfers-in of University funds minus capital additions from operating fund per the bond indenture.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note U – Segment Reporting (continued)
Student Health System

Condensed Statement of Net Position	2019	2018
Assets:		
Current assets	\$ 2,153,409	2,199,718
Capital assets	<u>2,628,957</u>	<u>2,747,064</u>
Total assets	<u>4,782,366</u>	<u>4,946,782</u>
Liabilities:		
Current liabilities	312,407	317,980
Noncurrent liabilities	<u>1,250,594</u>	<u>1,491,773</u>
Total liabilities	<u>1,563,001</u>	<u>1,809,753</u>
Net position:		
Net investment in capital assets	1,438,270	1,333,239
Restricted, expendable	243,500	243,500
Unrestricted	<u>1,537,595</u>	<u>1,560,290</u>
Total net position	<u>\$ 3,219,365</u>	<u>3,137,029</u>

Condensed Statement of Changes in Net Position		
Operating revenues	\$ 3,482,324	3,579,056
Depreciation expense	(118,107)	(116,418)
Other operating expenses	<u>(3,912,520)</u>	<u>(3,839,762)</u>
Net operating income (loss)	(548,303)	(377,124)
Nonoperating revenues (expenses)	52,395	7,273
Transfers from (to) University funds	<u>578,244</u>	<u>381,851</u>
Change in net position	82,336	12,000
Net position, beginning of year	<u>3,137,029</u>	<u>3,125,029</u>
Net position, end of year	<u>\$ 3,219,365</u>	<u>3,137,029</u>

Condensed Statement of Cash Flows		
Net cash provided (used) by operating activities	\$ (404,667)	(232,629)
Net cash provided (used) by capital and related financing activities	332,282	84,437
Net cash provided (used) by investing activities	<u>70,368</u>	<u>43,170</u>
Net increase (decrease) in cash	(2,017)	(105,022)
Cash and cash equivalents, beginning of year	<u>1,039,775</u>	<u>1,144,797</u>
Cash and cash equivalents, end of year	<u>\$ 1,037,758</u>	<u>1,039,775</u>

Debt Service Coverage		
Debt service coverage – required	1.20	1.20
Debt service coverage – actual	7.34	7.35

Proportion of Revenue Pledged		
Annual debt service (principal & interest)	\$ 248,813	248,113
Net operating revenue *	233,735	231,253
Annual debt service/net operating income (%)	106.5%	107.3%

As of June 30, 2019, revenue pledged for future principal and interest payments was \$1,485,169.

* Net operating income plus investment income and transfers-in of University funds minus capital additions from operating fund per the bond indenture.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note V – Operating Expenses by Function

Operating expenses by natural classification for the year ended June 30, 2019 are summarized as follows:

	Personnel Services	Travel	Supplies	Contractual Services	Equipment and Repairs
Operating Expenses:					
Instruction	\$ 77,601,473	1,366,778	291,858	502,215	272,266
Research	2,072,620	259,052	16,820	455,824	33,144
Public Service	9,092,043	1,664,933	1,599,450	4,934,340	274,536
Academic Support	18,405,437	595,797	258,825	829,230	3,015,539
Student Services	8,116,303	449,055	445,532	424,388	67,679
Institutional Support	22,730,408	375,054	309,948	4,876,470	424,550
Operation and Maintenance of Plant	13,163,010	57,978	80,714	807,934	9,636,667
Scholarships and Fellowships	656,947	-	-	-	-
Depreciation	-	-	-	-	-
Other Operating Expenses	-	-	-	63,310	-
Auxiliary Enterprises	<u>32,110,805</u>	<u>2,119,665</u>	<u>5,740,157</u>	<u>3,199,805</u>	<u>1,733,245</u>
Total Operating Expenses	<u>\$183,949,046</u>	<u>6,888,312</u>	<u>8,743,304</u>	<u>16,093,516</u>	<u>15,457,626</u>

	Claims and Miscellaneous	Licenses, Permits & Refunds	Scholarships and Fellowships	Depreciation	Total Operating Expenses
Operating Expenses: (continued)					
Instruction	380,915	83,480	-	-	\$ 80,498,985
Research	51,372	41,562	-	-	2,930,394
Public Service	1,062,620	1,280,092	-	-	19,908,014
Academic Support	483,974	923,766	-	-	24,512,568
Student Services	295,171	437,301	-	-	10,235,429
Institutional Support	(3,662,009)	1,411,173	-	-	26,465,594
Operation and Maintenance of Plant	2,536,398	250,741	-	-	26,533,442
Scholarships and Fellowships	-	-	5,026,889	-	5,683,836
Depreciation	-	-	-	19,400,815	19,400,815
Other Operating Expenses	141,882	9,156	-	-	214,348
Auxiliary Enterprises	<u>11,284,912</u>	<u>794,038</u>	<u>4,240,846</u>	-	<u>61,223,473</u>
Total Operating Expenses	<u>12,575,235</u>	<u>5,231,309</u>	<u>9,267,735</u>	<u>19,400,815</u>	<u>\$277,606,898</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2019

Note V – Operating Expenses by Function

Operating expenses by natural classification for the year ended June 30, 2018 are summarized as follows:

	Personnel Services	Travel	Supplies	Contractual Services	Equipment and Repairs
Operating Expenses:					
Instruction	\$ 78,626,948	1,282,189	110,345	100,428	399,222
Research	1,837,087	310,656	39,643	195,669	42,393
Public Service	9,474,897	1,927,203	1,346,754	5,238,042	118,812
Academic Support	18,317,249	507,079	336,087	689,032	3,312,769
Student Services	7,705,775	496,613	462,206	475,324	83,932
Institutional Support	24,020,141	321,164	261,365	4,383,226	189,452
Operation and Maintenance of Plant	12,922,583	24,334	193,809	1,137,819	6,695,052
Scholarships and Fellowships	701,991	-	-	-	-
Depreciation	-	-	-	-	-
Other Operating Expenses	-	-	-	87,162	-
Auxiliary Enterprises	<u>31,556,313</u>	<u>2,015,000</u>	<u>5,996,403</u>	<u>3,179,285</u>	<u>1,298,063</u>
Total Operating Expenses	<u>\$185,162,984</u>	<u>6,884,238</u>	<u>8,746,612</u>	<u>15,485,987</u>	<u>12,139,695</u>

	Claims and Miscellaneous	Licenses, Permits & Refunds	Scholarships and Fellowships	Depreciation	Total Operating Expenses
Operating Expenses: (continued)					
Instruction	294,027	88,518	-	-	\$ 80,901,677
Research	13,981	15,359	-	-	2,454,788
Public Service	1,221,627	1,208,450	-	-	20,535,785
Academic Support	756,567	1,038,793	-	-	24,957,576
Student Services	321,107	561,509	-	-	10,106,466
Institutional Support	(5,389,241)	1,063,238	-	-	24,849,345
Operation and Maintenance of Plant	2,209,267	344,418	-	-	23,527,282
Scholarships and Fellowships	-	-	5,441,573	-	6,143,564
Depreciation	-	-	-	19,112,827	19,112,827
Other Operating Expenses	654,076	(477,622)	-	-	263,616
Auxiliary Enterprises	<u>6,896,311</u>	<u>756,729</u>	<u>4,126,296</u>	-	<u>55,824,400</u>
Total Operating Expenses	<u>6,977,722</u>	<u>4,599,392</u>	<u>9,567,869</u>	<u>19,112,827</u>	<u>\$268,677,326</u>

University of Northern Iowa
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of the University's Proportionate Share of the Net Pension Liability

Note W – Subsequent Event

In May 2019, the Board of Regents, State of Iowa approved a resolution authorizing redemption of outstanding Field House Revenue Refunding Bonds, Series U.N.I. 2011. The bonds became callable on July 1, 2019 and the University defeased the outstanding debt on July 1, 2019.

Iowa Public Employee's Retirement System
Last Fiscal Year*
 (In Thousands)

<u>Year Ended June 30,</u>	<u>University's Proportion of the Net Pension Liability</u>	<u>University's Proportionate Share of the Net Pension Liability</u>	<u>University's Covered Payroll</u>	<u>University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.2379216%	\$ 9,436	\$15,521	60.8%	87.61%
2016	0.2491278%	\$ 12,308	\$17,165	71.7%	85.19%
2017	0.2568560%	\$ 16,165	\$18,427	87.7%	81.82%
2018	0.2712075%	\$ 18,066	\$20,802	86.8%	82.21%
2019	0.2805301%	\$ 17,753	\$21,774	81.5%	83.62%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year.

See Note L in the accompanying Notes to Financial Statements for the IPERS plan description; pension benefits; disability and death benefits; contributions; net pension liabilities, pension expenses, deferred outflows of resources and deferred inflows of resources related to pensions; actuarial assumptions; discount rate; and sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate.

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten year trend is compiled, the University will present information for those years for which information is available.

See accompanying independent auditor's report.

**University of Northern Iowa
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of University Contributions**

**Iowa Public Employee's Retirement System
Last Ten Fiscal Years
(In Thousands)**

Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	University's Covered Payroll	Contributions as a Percentage of Covered Payroll
2010	615	(615)	_____ -	9,248	6.65%
2011	769	(769)	_____ -	11,065	6.95%
2012	1,047	(1,047)	_____ -	12,974	8.07%
2013	1,169	(1,169)	_____ -	13,483	8.67%
2014	1,386	(1,386)	_____ -	15,521	8.93%
2015	1,533	(1,533)	_____ -	17,165	8.93%
2016	1,646	(1,646)	_____ -	18,427	8.93%
2017	1,864	(1,864)	_____ -	20,802	8.96%
2018	1,943	(1,943)	_____ -	21,774	8.93%
2019	2,168	(2,168)	_____ -	23,091	9.39%

See accompanying independent auditor's report.

**University of Northern Iowa
Notes to Required Supplementary Information – Pension Liability
Year Ended June 30, 2019**

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% for each year of retirement before a member's normal retirement age, to 6% for each year of retirement before age 65.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the investment return assumption from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

See accompanying independent auditor's report.

University of Northern Iowa
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the University's Total OPEB Liability and Related Ratios and Notes
(In Thousands)

Total OPEB Liability	<u>2019</u>	<u>2018</u>
Service Cost	\$ 1,767	1,690
Interest	980	807
Changes in assumptions	1,091	778
Differences between expected and actual experience	(3,327)	-
Benefit payments	<u>(533)</u>	<u>(600)</u>
Net change in total OPEB liability	(22)	2,675
Total OPEB liability-beginning	<u>23,825</u>	<u>21,150</u>
Total OPEB liability-ending	<u>23,803</u>	<u>23,825</u>
Covered employee payroll	172,925	173,323
Total OPEB liability as a percentage of covered employee payroll	13.8%	13.7%

Data prior to 2018 is unavailable

Notes:

Changes in benefit terms:

Effective January 1, 2018, university employees are no longer covered by the State Plan.

Changes in assumptions:

Changes in assumption and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Years ended June 30:

2019	3.51%
2018	3.87%
2017	3.58%

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay the related benefits.

UNIVERSITY OF NORTHERN IOWA UTILITY ENTERPRISE
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2019

The financial report of the University's Utility Enterprise as of June 30, 2019 is included in this Appendix. This report has been audited by the State of Iowa Office of Auditor of State. The Office of Auditor of State has not been asked to make any additional review and has not consented to the use of its report in this Official Statement.

Independent Auditor's Report

To the Members of the Board of Regents, State of Iowa:

Report on the Financial Statements

We have audited the accompanying Statement of Net Position, and the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows, of the Utility Enterprise of the University of Northern Iowa, Cedar Falls, Iowa as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, which collectively comprise the Utility Enterprises' basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Utility Enterprises' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility Enterprises' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the Utility Enterprise as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended June 30, 2019 in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in Note A, the financial statements of the Utility Enterprise are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the financial reporting entity of the University of Northern Iowa that is attributable to the transactions of the Utility Enterprise. They do not purport to, and do not, present fairly the financial position of the University of Northern Iowa as of June 30, 2019 and the changes in its financial position and its cash flows for the year ended June 30, 2019 in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

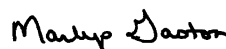
U.S. generally accepted accounting principles require the Schedule of Changes in the Utility Enterprise Total OPEB Liability and Related Ratios and Notes on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis for the Utility Enterprise that U.S. generally accepted accounting principles 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 is not modified with respect to this omission.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Utility Enterprise's basic financial statements. The supplementary information included on pages 19 through 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Marlyp K. Gaston, CPA
Deputy Auditor of State

UNIVERSITY OF NORTHERN IOWA
Utility Enterprise
Statement of Net Position
June 30, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$	10,806,023
Prepaid expenses		31,666
Inventories		316,344
Total Current Assets		11,154,033

Noncurrent Assets:

Capital assets, nondepreciable		1,349,929
Capital assets, depreciable		34,294,158
Total Noncurrent Assets		35,644,087
Total Assets		46,798,120

DEFERRED OUTFLOWS OF RESOURCES

Other post employment benefits related deferred outflows		25,206
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LIABILITIES

Current Liabilities:

Accounts payable		314,335
Compensated absences payable		151,275
Long-term debt		610,513
Total Current Liabilities		1,076,123

Noncurrent Liabilities:

Compensated absences payable		112,810
Other post employment benefits		402,273
Long term debt		2,520,283
Total Noncurrent Liabilities		3,035,366
Total Liabilities		4,111,489

DEFERRED INFLOWS OF RESOURCES

Other post employment benefits related deferred inflows		48,196
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NET POSITION

Net investment in capital assets		32,513,291
Unrestricted		10,150,350
Total Net Position	\$	42,663,641

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA
Utility Enterprise
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

REVENUES

Operating Revenues:

Sales and services	\$	11,278,286
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EXPENSES

Operating Expenses:

Operation and maintenance of plant	10,169,327
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Depreciation	1,815,226
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Total Operating Expenses	<u>11,984,553</u>
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Operating (Loss)	<u>(706,267)</u>
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NONOPERATING REVENUES (EXPENSES):

Interest on indebtedness	(100,120)
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Loss on disposal of capital assets	(3,059)
------------------------------------	---------

Net Nonoperating Expenses	<u>(103,179)</u>
----------------------------------	------------------

Income Before Other Revenues	<u>(809,446)</u>
-------------------------------------	------------------

OTHER REVENUES:

Transfers from other university funds	1,638,194
---------------------------------------	-----------

Change in Net Position	<u>828,748</u>
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NET POSITION

Net position, beginning of year	<u>41,834,893</u>
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Net position, end of year	<u>\$ 42,663,641</u>
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The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA
Utility Enterprise
Statement of Cash Flows
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Sales and Services receipts	\$	11,278,286
Payments for salaries & benefits		(3,107,352)
Payments for goods & services		(6,913,410)
Net Cash Provided by Operating Activities		1,257,524

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition of capital assets		(1,413,475)
Principal paid on capital debt		(594,081)
Interest paid on capital debt		(100,120)
Other capital and related financing receipts		2,229,213
Net Cash Provided by Capital and Related Financing Activities		121,537

NET INCREASE IN CASH AND CASH EQUIVALENTS		1,379,061
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		9,426,962
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$	10,806,023
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RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$	(706,267)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		1,815,226
(Increase)/Decrease in inventories		519,862
(Increase)/Decrease in prepaid expenses		(31,666)
(Increase)/Decrease in deferred outflows of resources		(11,279)
Increase/(Decrease) in accounts payable		(367,863)
Increase/(Decrease) in other liabilities		(8,685)
Increase/(Decrease) in deferred inflows of resources		48,196
Net Cash Provided By Operating Activities	\$	1,257,524

The notes are an integral part of the financial statements.

**UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE**

Notes to Financial Statements

**UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE**

Notes to Financial Statements

Note A – Organization and Summary of Significant Accounting Policies

Organization

The Utility Enterprise generates steam and electrical power for the main campus at University of Northern Iowa. The steam and electrical power generated provides energy for lighting, heating and cooling systems for the buildings on campus. The co-generation plant uses four boilers with a total steam capacity of 345,000 pounds/hour. The steam is used on campus for building heat, domestic hot water heating, cooking in food services, and making chilled water for cooling via steam absorption chillers. The plant is staffed 24 hours a day, 365 days a year. Steam and electricity are distributed from the plant to campus via tunnels, underground piping systems and underground conduit systems. The Utility Enterprise was established as a separate reportable entity in fiscal year 2019.

The financial statements of the Utility Enterprise of the University of Northern Iowa include only the financial position and operating activities of the Utility Enterprise. The financial statements present a portion of the funds of the University.

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles for governmental colleges and universities, as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned, expenses are recorded when an obligation has been incurred. Under GASB, the Utility Enterprise of the University reports as a Business Type Activity, an activity financed in whole or in part by fees charged to external parties for goods or services.

Cash and Cash Equivalents

For purposes of the Statement of Net Position and Statement of Cash Flows, cash and cash equivalents are reported in accordance with Board of Regents, State of Iowa policy, Chapter 2, section 4.C.ix: (<http://iowaregents.edu/plans-and-policies/board-policy-manual/22-business-procedures/%23Investment%20Policy>) which states in part: to appropriately reflect the Board's overall investment strategy and as outlined in the GASB Statement No. 9 Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, (paragraph 11), that all funds held by external investment managers, as defined in section 2.2.4.C.iv of the Board's investment policy, shall be reported on the audited financial statements of the Regents institutions as investments. Investments purchased by the institutions through Board authorized brokerage firms that meet the definition of cash equivalents or investments with original purchase dates to maturity of three months or less, shall be reported on the audited financial statements of the Regent institutions as cash equivalents.

Inventories

Inventories, consisting mainly of coal, fuel oil and petroleum coke, are primarily valued at the lower of cost (first in, first out method) or market. The cost is recorded as an expense at the time individual inventory items are consumed.

Note A – Organization and Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include buildings, equipment and infrastructure are stated at cost at the date of acquisition. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets and it is recorded in the Plant Accounts.

The following useful lives are used:

Infrastructure	20-40 years
Buildings	40-50 years
Equipment	5-20 years

The following thresholds are used to define capital assets:

Infrastructure	\$ 25,000
Buildings	\$100,000
Equipment	\$ 5,000

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to OPEB expense.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of notes payable and master financing agreement obligations with contractual maturities greater than one year, as well as estimated amounts for accrued compensated absences, other postemployment benefit obligations, and other liabilities that will not be paid within the next fiscal year.

Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the Utility Enterprise's proportionate share of the University's actuarial information. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consist of unrecognized items not yet charged to OPEB expense.

**UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE**

Notes to Financial Statements

Note A – Organization and Summary of Significant Accounting Policies (continued)

Net Position

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following net position categories:

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction or improvement of those assets.

Unrestricted Net Position: Net position not subject to externally imposed constraints and which may be used to meet current obligations for any purpose or designated for specific purposes by action of management or the Board of Regents.

Operating and Nonoperating Activities

Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all of the Utility Enterprises' expenses are from exchange transactions. Nonoperating expenses include interest expense and loss on disposal of capital assets.

Fringe Benefits

The University utilizes the fringe benefits pool method to account for fringe benefits. Under the fringe benefits pool method, fringe benefits are expensed as a percentage of actual salary or wage cost. Rates are reviewed annually prior to the beginning of the fiscal year and adjusted to reflect differences between the rates charged and actual benefits costs as well as future benefits projections.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Note B – Cash and Cash Equivalents

The Utility Enterprises' balances for current cash and cash equivalents represent amounts that are reasonably expected to be consumed within a year and are comprised of deposit and disbursement bank accounts, the liquidity pool components of money market funds, demand deposit accounts, savings accounts, and government securities for the debt service and construction fund balances for bonded enterprises. The liquidity pool shall be managed to ensure funds are available to support operations for the current budget year. Cash and cash equivalents are used to fund obligations such as controlled disbursements for accounts payable, salaries and wages payable, bond principal and interest payments, and federal and state withholding taxes. The \$10,806,023 cash and cash equivalents balance of the Utility Enterprise is combined with other University funds and pooled investments.

Note C – Inventories

Inventories at June 30, 2019, consisting mainly of coal, petroleum coke and fuel oil, are primarily valued at cost and had a value of \$316,344.

**UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE**

Notes to Financial Statements

Note D - Capital Assets

Capital assets activity for the year ended June 30, 2019 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Construction in Progress	\$ 22,794	1,327,135	-	1,349,929	-	1,349,929
Capital Assets, Nondepreciable	22,794	1,327,135	-	1,349,929	-	1,349,929
Infrastructure	35,161,549	61,410	-	35,222,959	(14,358,281)	20,864,678
Buildings	33,404,180	-	-	33,404,180	(22,961,985)	10,442,195
Equipment	3,814,796	10,639	(166,128)	3,659,307	(672,022)	2,987,285
Capital Assets, Depreciable	72,380,525	72,049	(166,128)	72,286,446	(37,992,288)	34,294,158
Total Capital Assets	\$ 72,403,319	1,399,184	(166,128)	73,636,375	(37,992,288)	35,644,087

Depreciation activity for the year ended June 30, 2019 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Infrastructure	\$ 13,548,126	810,155	-	14,358,281
Buildings	22,158,381	803,604	-	22,961,985
Equipment	636,683	201,467	(166,128)	672,022
Total	\$ 36,343,190	1,815,226	(166,128)	37,992,288

The cost of land used for the utility system is not shown on the balance sheet. This land is included in the general books and records of the University of Northern Iowa.

**UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE**

Notes to Financial Statements

Note E - Long Term Debt

Long-term debt at June 30, 2019, consisted of the following:

	Interest Rates %	Maturity Date	Original Value	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Notes Payable:								
Iowa Finance Authority	1.25	2023	\$ 1,145,175	542,180	-	103,073	439,107	104,365
Master Financing Agreement	3.06	2024	<u>5,000,000</u>	<u>3,182,697</u>	-	<u>491,008</u>	<u>2,691,689</u>	<u>506,148</u>
Total Long-Term Debt Payable			<u>\$ 6,145,175</u>	<u>3,724,877</u>	-	<u>594,081</u>	<u>3,130,796</u>	<u>610,513</u>

At its March 21, 2012 meeting, the Board of Regents, State of Iowa authorized the University to enter into a loan agreement with the Iowa Finance Authority to finance energy management improvements in six academic buildings. The note principal of \$1,217,000 is to be repaid in 24 semi-annual payments ending on December 31, 2023. Upon completion of the project, it was determined an amount less than the original principal was owed. The remaining principal will be paid in full on December 30, 2019, including interest of \$2,757.

At its June 4, 2014 meeting, the Board of Regents, State of Iowa authorized the University to enter into a master financing agreement with Wells Fargo Municipal Capital Strategies, LLC. The agreement provides funding for costs of \$5 million for power plant air regulations compliance, power plant boiler #3 wall panel replacement and power plant storage facility projects. Payments are due semi-annually through fiscal year 2024 and bear an interest rate of 3.06% per annum. The remaining principal will be paid in full on February 28, 2020 including interest.

Note F - Debt Service Coverage

The debt service coverage as of June 30, 2019 is as follows (in thousands):

Current Fund – Operating Fund			Surplus Fund Balance	Debt Service Requirements			Actual Coverage
Gross Revenues	Less Operating Expenses	Net Available Revenues		Principal	Interest	Total	
\$ 11,278	8,460	2,818	9,805	610	83	693	4.07

Note G – Compensated Absences Payable

University employees accumulate vacation and sick leave under provisions of Chapter 70A of the Code of Iowa. These accumulated benefits may be liquidated under specific circumstances. Accumulated vacation is paid at the employee's hourly rate upon retirement, death or termination.

With certain exceptions, accumulated sick leave is paid at the employee's hourly rate to a maximum of \$2,000 on retirement.

**UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE**

Notes to Financial Statements

Note G – Compensated Absences Payable (continued)

The following schedule presents the changes in the liability for compensated absences for the Utility Enterprise, including accrued retirement and FICA contributions, for the year ended June 30, 2019:

	2019
Amount of accrued compensated absences at beginning of year	\$ 272,770
Amount of compensated absences accrued during the fiscal year	184,600
Payments on compensated absences during the fiscal year	(193,285)
Amount of accrued compensated absences at end of year	\$ 264,085

As of June 30, 2019, the current liabilities for compensated absences payable were \$151,275.

Note H – OPEB (Other Postemployment Benefits)

Plan Description – The University operates a single-employer retiree benefit plan which provides medical, dental and life insurance benefits for retirees and their spouses. There are 33 active and no retired Utility Enterprise members in the plan. Retired members must be age 55 or older at retirement.

The medical benefit, which is a self-funded indemnity medical plan, is administered by Wellmark Blue Cross/Blue Shield of Iowa. The dental benefit, which is also self-funded, is administered by Delta Dental of Iowa and the life insurance benefit is administered by Principal Financial Group. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the University. Although no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, the University established a quasi-endowment fund in fiscal year 2015 to earmark funds for retiree medical premiums. At June 30, 2019, the quasi-endowment fund balance was \$4,261,205.

Total OPEB Liability – The University's Utility Enterprise annual OPEB liability of \$402,273 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date. The following table shows the components of the Utility Enterprise's OPEB liability as of June 30, 2019, the estimated employer contributions to the plan and changes in the net OPEB obligation:

Total OPEB liability beginning of year	\$ 402,640
Changes for the year:	
Service cost	29,860
Interest	16,565
Changes in assumptions	18,442
Differences between expected and actual experience	(56,229)
Benefit payments	(9,005)
Decrease in net OPEB obligation	(367)
Total OPEB obligation end of year	\$ 402,273

**UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE**

Notes to Financial Statements

Note H – OPEB (Other Postemployment Benefits) (continued)

Changes of assumptions reflect a change in the discount rate from 3.87% as of July 1, 2018 to 3.51% as of June 30, 2019.

Actuarial Methods and Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement. The actuarial assumptions used in the June 30, 2019 valuation were based on the IPERS actuarial valuation as of June 30, 2017.

Rate of inflation	2.60%
Rates of salary increase	3.25% to 13.00%, based on years of service
Discount rate	3.51%
Healthcare cost trend rate	8.50% initial rate decreasing by 0.5% annually to an ultimate rate of 4.50%

The discount rate used to measure the total OPEB liability was 3.51% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used on the IPERS actuarial valuation as of June 30, 2017.

Initial medical cost trend rates start at 8.50% in 2019, based on a combination of employer history, national trend surveys, and client market expectations, and grade down to an ultimate rate of 4.5% beginning in the year 2028. The ultimate trend rate was selected based on historical medical CPI information. Premiums for life insurance benefits are assumed to remain constant in the future.

Sensitivity Analysis – Changes to the Discount Rate. The total OPEB liability was calculated using a discount rate of 3.51%, as well as a discount rate that is 1-percentage-point lower (2.51%) or 1-percentage-point higher (4.51%) than the current rate. The sensitivity of the total OPEB liability to changes in the discount rate is presented below:

	1% Decrease	Discount Rate	1% Increase
	2.51%	3.51%	4.51%
Total OPEB liability	\$ 462,262	402,273	354,385

Sensitivity Analysis – Changes to the Healthcare Cost Trend Rate. The total OPEB liability was calculated using a healthcare cost rate of 8.50%, as well as a discount rate that is 1-percentage-point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate. The sensitivity of the total OPEB liability to changes in the healthcare cost trend rate is presented below:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	7.50%	8.50%	9.50%
Total OPEB liability	\$ 342,865	402,273	480,421

**UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE**

Notes to Financial Statements

Note H – OPEB (Other Postemployment Benefits) (continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the Utility Enterprise recognized OPEB expense of \$42,907. At June 30, 2019, the Utility Enterprise reported deferred outflows of resources and deferred inflows related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(48,196)
Changes of assumptions	<u>25,206</u>	-
Total	\$ <u>25,206</u>	<u>(48,196)</u>

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year	Amount
2020	\$ (3,518)
2021	(3,518)
2022	(3,518)
2023	(3,518)
2024	(3,518)
Thereafter	<u>(5,398)</u>
Total	\$ <u>(22,990)</u>

Details of the University's OPEB plan may be obtained by writing Controller's Office, 122 Lang Hall, Cedar Falls, IA 50614-0003 or phone 319-273-4458.

**Note I – Retirement Programs
Teachers Insurance and Annuity Association – (TIAA)**

The University contributes to the TIAA retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the University. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Board of Regents, State of Iowa policy, all eligible Utility Enterprise employees must participate in a retirement plan from the date they are employed.

Benefit terms, including contribution requirements, for TIAA are established and specified by the contract with TIAA

**UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE**

Notes to Financial Statements

Note I – Retirement Programs (continued)

in accordance with Board of Regents, State of Iowa policy. For each employee in the TIAA University-sponsored retirement plan, the University is required to contribute 6.66% of the first \$4,800 of earnings and 10% of earnings above \$4,800 through the fifth fiscal year of employment. After five fiscal years, the University is required to contribute 10% of earnings to an individual employee account. Each employee is required to contribute 3.33% of the first \$4,800 of earnings and 5% of earnings above \$4,800 through the fifth fiscal year of employment. Upon completion of fifth fiscal year of employment, each employee is required to contribute 5%. Contributions made by both employer and employee vest immediately. During fiscal year 2019, the Utility Enterprise's required and actual contribution totaled \$188,240. During fiscal year 2019, the employees' required and actual contribution totaled \$93,991.

As of June 30, 2019, the University remitted all required employer and employee contributions to TIAA.

Note J - Risk Management

It is the policy of the University not to purchase commercial insurance for the risks of certain losses to which it is exposed. Instead, management believes it is more economical to manage certain risks internally. It is also the policy of the Board of Regents, State of Iowa and the State of Iowa not to purchase commercial insurance for the risks of certain losses to which they are exposed.

Losses are reported when it is probable a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. The University is exposed to various risks of loss related to a number of matters enumerated below.

Business Income. The University participates in the Midwestern Higher Education Compact's Master Property Program, under this program the University has elected to insure business income losses for self-supporting facilities such as athletic facilities, residence facilities, etc.

Fidelity Bond. The State of Iowa maintains an employee fidelity bond insuring losses between \$250,000 and \$2,000,000. Underneath the State's fidelity bond the University maintains an employee fidelity bond insuring losses between \$10,000 and \$250,000.

General Liability. The State of Iowa self-insures, on behalf of the University, losses related to tort claims. Tort claims are handled as provided in the Iowa Code, Chapter 669, which also sets forth the procedures by which tort claims may be brought. Claims under Chapter 669 may be filed against the State on account of wrongful death, personal injury or property damage incurred by reason of the negligence of the University or its employees while acting within the scope of employment. By inter-agency agreement, tort claims under \$5,000 may be paid by the University subject to a maximum expenditure of \$50,000 per year. All other claims may be paid from the State's general fund.

Group Life, LTD and Accidental Death and Disability Insurance. The University purchased commercial insurance for group term life insurance and long-term disability insurance. The University purchased commercial insurance on a pooled basis for accidental death and disability.

Medical and Dental-Commercial Insurance. The State of Iowa purchased commercial health and dental insurance for general service staff of the University. The University and employees share the cost of the premium.

Medical and Dental-Self Insured. The University self-funds the medical and dental claims of its professional employees. The University and employees share the cost of the coverage. The University insures its medical claims with 120% aggregate stop-loss insurance.

**UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE**

Notes to Financial Statements

Note J - Risk Management (continued)

The following schedule presents the changes in claims liabilities for medical and dental insurance for professional staff and unemployment compensation for the year ended June 30, 2019:

	<u>2019</u>
Amount of claims and contingent liabilities accrued beginning of year	\$ 1,733,111
Claims incurred and contingent liabilities accrued for the previous and current year and any changes in amounts estimated for prior years	27,239,525
Payments on claims during the fiscal year	<u>(26,200,158)</u>
Amount of claims liabilities end of year	\$ <u>2,772,478</u>

The above schedule represents data for the entire University. Information for the Utility Enterprise alone is not readily available.

Motor Vehicles. The Board of Regents' institutions cooperatively self-insure for liability losses related to motor vehicles, up to \$250,000 per claim. Losses in excess of \$250,000 are self-insured by the State as provided in the Iowa Code, Chapter 669. In addition to liability coverage, the insurance program also self-insures for comprehensive and collision damage.

Property. The University participates in the Midwestern Higher Education Compact's Master Property Program, this program provides all risk property coverage including earthquake, flood, and boiler/machinery. Covered property includes real property, personal property, extra expense, property in transit, etc. Deductibles range from \$100,000 to \$1,000,000 per occurrence depending on the nature of the property.

The State of Iowa self-insures, on behalf of the University, property deemed general university property, exclusive of self-supporting facilities. This contingency fund exists under Iowa Code, Section 29C.20. The Code of Iowa states that claims in excess of \$5,000 may be submitted to the Executive Council for consideration. When a loss exceeds \$500,000, it is necessary to seek an appropriation from the General Assembly.

Unemployment Compensation. The University self-funds unemployment compensation claims received from Iowa Workforce Development on a reimbursement basis.

Workers' Compensation. The State of Iowa self-funds on behalf of the University losses related to workers' compensation for all University employees. The University pays a quarterly assessment for this coverage.

In all the above instances of commercial insurance, claims settled have not exceeded coverage for the last three years.

Note K - Other Commitments, Claims, and Contingencies

At June 30, 2019, the University had outstanding construction contract commitments for the utility system of \$875,760.

There were no material claims or contingencies as of June 30, 2019.

University of Northern Iowa
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the Utility Enterprise Total OPEB Liability and Related Ratios and Notes

Total OPEB Liability	2019
Service Cost	\$ 29,860
Interest	16,565
Changes in assumptions	18,442
Differences between expected and actual experience	(56,229)
Benefit payments	(9,005)
Net change in total OPEB liability	(367)
Total OPEB liability-beginning	<u>402,640</u>
Total OPEB liability-ending	<u>402,273</u>
Covered employee payroll	3,110,381
Total OPEB liability as a percentage of covered employee payroll	12.9%

Data prior to 2019 is unavailable

Notes:

Changes in benefit terms:
Effective January 1, 2018, university employees are no longer covered by the State Plan.

Changes in assumptions:
Changes in assumption and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Years ended June 30:	
2019	3.51%
2018	3.87%
2017	3.58%

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay the related benefits.

UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE FUNDS
Combining Statement of Net Position
As of June 30, 2019

	Current Fund Operating Fund	Unexpended Surplus Fund	Investment in Plant	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 986,990	9,819,033	-	10,806,023
Prepaid expenses	31,666	-	-	31,666
Inventories	316,344	-	-	316,344
Total Current Assets	<u>1,335,000</u>	<u>9,819,033</u>	<u>-</u>	<u>11,154,033</u>
Noncurrent Assets:				
Capital assets, nondepreciable	-	-	1,349,929	1,349,929
Capital assets, depreciable	-	-	34,294,158	34,294,158
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>35,644,087</u>	<u>35,644,087</u>
Total Assets	<u>1,335,000</u>	<u>9,819,033</u>	<u>35,644,087</u>	<u>46,798,120</u>
DEFERRED OUTFLOWS OF RESOURCES				
Other post employment benefits related deferred outflows	25,206	-	-	25,206
LIABILITIES				
Current Liabilities				
Accounts payable	300,190	14,145	-	314,335
Compensated absences payable	151,275	-	-	151,275
Long-term debt	-	-	610,513	610,513
Total Current Liabilities	<u>451,465</u>	<u>14,145</u>	<u>610,513</u>	<u>1,076,123</u>
Noncurrent Liabilities				
Compensated absences payable	112,810	-	-	112,810
Other post employment benefits	402,273	-	-	402,273
Long-term debt	-	-	2,520,283	2,520,283
Total Noncurrent Liabilities	<u>515,083</u>	<u>-</u>	<u>2,520,283</u>	<u>3,035,366</u>
Total Liabilities	<u>966,548</u>	<u>14,145</u>	<u>3,130,796</u>	<u>4,111,489</u>
DEFERRED INFLOW OF RESOURCES				
Other post employment benefits related deferred inflows	48,196	-	-	48,196
NET POSITION				
Invested in capital assets net of related debt	-	-	32,513,291	32,513,291
Unrestricted	345,462	9,804,888	-	10,150,350
Total Net Position	<u>\$ 345,462</u>	<u>9,804,888</u>	<u>32,513,291</u>	<u>42,663,641</u>

UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE FUNDS

Combining Statement of Changes in Fund Net Position
For the Year Ended June 30, 2019

	Current Fund Operating Fund	Unexpended Surplus Fund	Investment in Plant	Total
Operating Revenues:				
Sales, Rents & Services	\$ 11,278,286	-	-	11,278,286
Operating Expenses:				
Operation and maintenance of plant	8,460,612	1,708,715	-	10,169,327
Depreciation	-	-	1,815,226	1,815,226
Total Operating Expenses	<u>8,460,612</u>	<u>1,708,715</u>	<u>1,815,226</u>	<u>11,984,553</u>
Operating Income (Loss)	2,817,674	(1,708,715)	(1,815,226)	(706,267)
Nonoperating Revenues (Expenses)				
Interest Expense	-	(100,120)	-	(100,120)
Loss on Disposal of Capital Assets	-	(3,059)	-	(3,059)
Net Nonoperating Revenues (Expenses)	<u>-</u>	<u>(103,179)</u>	<u>-</u>	<u>(103,179)</u>
Income (Loss) Before Other Revenues (Expenses)	<u>2,817,674</u>	<u>(1,811,894)</u>	<u>(1,815,226)</u>	<u>(809,446)</u>
Other Revenues (Expenses):				
Expended for Capital Assets	(10,639)	(1,388,545)	1,399,184	-
Voluntary Transfers, net	<u>(1,599,877)</u>	<u>3,238,071</u>	<u>-</u>	<u>1,638,194</u>
	<u>(1,610,516)</u>	<u>1,849,526</u>	<u>1,399,184</u>	<u>1,638,194</u>
Change in Net Position	1,207,158	37,632	(416,042)	828,748
Total Net Position - July 1	<u>(861,696)</u>	<u>9,767,256</u>	<u>32,929,333</u>	<u>41,834,893</u>
Total Net Position - June 30	<u>\$ 345,462</u>	<u>9,804,888</u>	<u>32,513,291</u>	<u>42,663,641</u>

UNIVERSITY OF NORTHERN IOWA
UTILITY ENTERPRISE FUNDS

Schedule of Revenues and Expenses - Current Operating Fund
As of June 30, 2019

Revenues:	
Electrical and Steam	<u>\$ 11,278,286</u>
Expenses:	
Personnel Services	\$ 3,124,319
Travel	12,546
Supplies	46,681
Contractual Services	98,941
Equipment & Repairs	236,121
Utilities	4,782,250
Claims & Miscellaneous	33,117
Licenses, Permits, & Refunds	126,636
Total Expenses	<u>\$ 8,460,611</u>

Board of Regents, State of Iowa
\$16,455,000* Utility System Revenue Bonds, Series U.N.I. 2020
(The University of Northern Iowa)

For the Bonds of this issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$_____ (which may not be less than \$16,455,000 (Par)) plus accrued interest, if any, to the date of delivery.

Table with 8 columns: Year, Interest Rate (%), Yield (%), Dollar Price, Year, Interest Rate (%), Yield (%), Dollar Price. Rows for years 2020-2030.

Designation of Term Maturities

Years of Term Maturities

Two horizontal lines for entering term maturity years.

In making this offer on the sale date of February 5, 2020 we accept all of the terms and conditions of the Official Terms of Offering published in the Preliminary Official Statement dated January 17, 2020, including the Board's right to modify the principal amount of the Bonds.

By submitting this bid, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$_____

TRUE INTEREST RATE: _____ %

The Bidder [] will [] will not purchase municipal bond insurance from _____.

Account Members

By: _____ Account Manager
Phone: _____

The foregoing bid has been accepted by the Board.

Attest: _____

Date: _____

* Preliminary; subject to change.