OFFICIAL STATEMENT

$13,580,000
NEVADA SYSTEM OF HIGHER EDUCATION
UNIVERSITIES REVENUE BONDS, SERIES 2016B

NEW ISSUE
BOOK-ENTRY ONLY

RATINGS: S&P: "AA-"
Moody's: "Aa2"
See "RATINGS"

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2016B Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016B Bonds (the "Tax Code") and interest on the 2016B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS – Federal Tax Matters."

$13,580,000
NEVADA SYSTEM OF HIGHER EDUCATION
UNIVERSITIES REVENUE BONDS
SERIES 2016B

Dated: Date of Delivery **Due: July 1, as shown herein**

The 2016B Bonds are issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof. The 2016B Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the 2016B Bonds. Purchases of the 2016B Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2016B Bonds. See "THE 2016B Bonds – Book-Entry Only System." The 2016B Bonds bear interest at the rates set forth herein, payable semiannually on January 1 and July 1 of each year, beginning July 1, 2017, to and including the maturity dates shown herein (unless the 2016B Bonds are redeemed earlier), by check or draft mailed to the registered owner of the 2016B Bonds, initially Cede & Co. The principal of the 2016B Bonds will be payable upon presentation and surrender at the operations office of U.S. Bank National Association or its successor as the paying agent for the 2016B Bonds. See "THE 2016B Bonds."

The maturity schedule for the 2016B Bonds is set forth on the inside cover page of this Official Statement.

The 2016B Bonds are subject to redemption prior to maturity at the option of the Nevada System of Higher Education (the "System") and certain of the 2016B Bonds are subject to mandatory sinking fund redemption, as described in "THE 2016B Bonds – Prior Redemption."

Proceeds of the 2016B Bonds will be used to: (i) acquire a parking structure; and (ii) pay the costs of issuing the 2016B Bonds. See "SOURCES AND USES OF FUNDS."

The 2016B Bonds are special obligations of the System payable solely from, and secured by a pledge of and a prior lien upon: (i) certain student fees, (ii) net revenues from student housing and dining facilities, parking facilities and special event facilities at the University of Nevada, Las Vegas, (iii) net revenues from student housing and dining facilities and parking facilities at the University of Nevada, Reno, and (iv) all grants, conditional or unconditional, from the United States of America, the State of Nevada (the "State") or any other donor which are specifically designated for the payment of the 2016B Bonds (collectively, the "Net Pledged Revenues") as described herein. The lien of the 2016B Bonds on the Net Pledged Revenues is on a parity with certain outstanding bonds of the System, as described herein, and any additional bonds issued in the future. See "INTRODUCTION – Security" and "SECURITY FOR THE BONDS." **The 2016B Bonds do not constitute a debt of the State or a debt or an indebtedness of the System within the meaning of any constitutional or statutory provision or limitation and shall not be considered to be a general obligation of the System or the State. The System has no taxing power.**

This cover page contains certain information for quick reference only. It is *not* a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision, giving particular attention to the section entitled "CERTAIN RISK FACTORS."

The 2016B Bonds are offered when, as, and if issued by the System, subject to the approval of the 2016B Bonds by Sherman & Howard L.L.C., Reno and Las Vegas, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Sherman & Howard L.L.C., also has acted as special counsel to the System in connection with this Official Statement. It is expected that the 2016B Bonds will be available for delivery through the facilities of DTC on or about October 26, 2016.

Official Statement Dated October 5, 2016

MATURITY SCHEDULE
(CUSIP© 6-digit issuer number: 641496)

$13,580,000
NEVADA SYSTEM OF HIGHER EDUCATION
UNIVERSITIES REVENUE BONDS
SERIES 2016B

Maturing (July 1)	Principal Amount	Interest Rate	Yield	CUSIP© Issue Number	Maturing (July 1)	Principal Amount	Interest Rate	Yield	CUSIP© Issue Number
2018	$480,000	5.000%	1.000%	NS9	2026	$690,000	4.000%	1.820%	PA6
2019	505,000	5.000	1.090	NT7	2027	720,000	4.000	1.920(1)	PB4
2020	530,000	5.000	1.140	NU4	2028	745,000	4.000	2.080(1)	PC2
2021	555,000	5.000	1.240	NV2	2029	775,000	2.500	2.550	PD0
2022	585,000	5.000	1.350	NW0	2030	795,000	2.625	2.670	PE8
2023	615,000	4.000	1.460	NX8	2031	815,000	3.000	2.770(1)	PF5
2024	640,000	4.000	1.600	NY6	2032	840,000	3.000	2.880(1)	PG3
2025	665,000	4.000	1.710	NZ3					

$3,625,000 3.000% Term Bond due July 1, 2036, Yield: 3.080% CUSIP © Issue No.: PL2

(1) Priced to the first optional redemption date of July 1, 2026.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2016B Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2016B Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the System. The System maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2016B Bonds.

The information set forth in this Official Statement has been obtained from the System and from the other sources referenced throughout this Official Statement which the System believes to be reliable. No representation is made by the System, however, as to the accuracy or completeness of such information received from parties other than the System. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2016B Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the System, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2016B Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2016B Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2016B Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE 2016B BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASERS OF THE 2016B BONDS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2016B BONDS, THE INITIAL PURCHASERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2016B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEVADA SYSTEM OF HIGHER EDUCATION

BOARD OF REGENTS

Rick Trachok, Chairman
Michael B. Wixon, Vice Chairman

Andrea Anderson	James Dean Leavitt
Cedric Crear	Sam Lieberman
Robert Davidson	Kevin C. Melcher
Mark W. Doubrava	Kevin Page
Jason Geddes	Allison Stephens
Trevor Hayes	

ADMINISTRATIVE OFFICERS

Acting Chancellor: John V. White
Vice Chancellor for Finance: Vic Redding
Vice Chancellor for Academic and Student Affairs: Crystal Abba
Vice Chancellor for Legal Affairs: Nicholas Vaskov
Vice Chancellor for Government and Community Affairs: Dr. Constance Brooks
Interim Vice Chancellor for Information Technology: Robert Moulton

President, UNR: Marc Johnson
President, UNLV: Len Jessup
Vice President for Administration and Finance, UNR: Ronald M. Zurek
Senior Vice President for Finance and Business, UNLV: Gerry Bomotti

BOND AND SPECIAL COUNSEL

Sherman & Howard L.L.C.
Las Vegas and Reno, Nevada

FINANCIAL ADVISOR

JNA Consulting Group, LLC
Boulder City, Nevada

PAYING AGENT AND REGISTRAR

U.S. Bank National Association
Phoenix, Arizona

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NOTE: Tables marked with an (*) indicate Annual Financial Information to be updated pursuant to SEC Rule 15c2-12, as amended. See Appendix F – Form of Continuing Disclosure Certificate.

OFFICIAL STATEMENT

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NEVADA SYSTEM OF HIGHER EDUCATION
UNIVERSITIES REVENUE BONDS
SERIES 2016B

INTRODUCTION

General

This Official Statement, which includes the cover page, the inside cover page and the appendices, provides information concerning the Nevada System of Higher Education (the "System"), its $13,580,000 Nevada System of Higher Education, Universities Revenue Bonds, Series 2016B (the "2016B Bonds"). The Official Statement also includes certain information concerning the University of Nevada, Reno ("UNR"), the University of Nevada, Las Vegas ("UNLV") (collectively, UNR and UNLV are referred to as the "Universities"), and the State of Nevada (the "State" or "Nevada"). The 2016B Bonds will be issued pursuant to a resolution (the "Bond Resolution") adopted by the Board of Regents of the System (the "Board") on September 9, 2016.

The offering of the 2016B Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2016B Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, particularly the section entitled "CERTAIN RISK FACTORS." Detachment or other use of this "INTRODUCTION" without the entire Official Statement, including the cover page, the inside cover page and appendices, is unauthorized. Unless otherwise provided, capitalized terms used herein are defined in Appendix C hereto.

The Issuer

The System was established by the Nevada State Constitution in 1864 as a body corporate and politic. Formerly known as the University of Nevada and the University and Community College System of Nevada, the System is the only public institution of higher learning in the State. The System has two principal university campuses (at UNLV and UNR) (collectively, UNLV and UNR are referred to herein as the "Universities"). The System also includes: the Desert Research Institute ("DRI"), the System's basic and applied environmental research division; four community colleges (College of Southern Nevada in North Las Vegas and additional campuses in southern Nevada, Great Basin College in Elko, Truckee Meadows Community College in Reno, and Western Nevada College in Carson City (collectively, the "Community Colleges")) and Nevada State College at Henderson ("Nevada State College"). See "THE SYSTEM."

Purpose

Proceeds of the 2016B Bonds will be used to: (i) purchase currently leased assets of the System (the "Project"); and (ii) pay the costs of issuing the 2016B Bonds. See "SOURCES AND USES OF FUNDS," for more detailed descriptions of the Project.

Authority for Issuance

The 2016B Bonds will be issued pursuant to the Bond Resolution and under authority granted by Nevada Revised Statutes ("NRS") Sections 396.809 through 396.885 (the "Bond Act"), and by Chapter 501, Statutes of Nevada 1991, as amended by Chapter 93, Statutes of Nevada 1995, as amended by SB 584, Statutes of Nevada 2001, as further amended by SB 413, Statutes of Nevada 2003, as further amended by AB 534, Statutes of Nevada 2005 as further amended by SB 455, Statutes of Nevada 2007(collectively, the "Project Act").

The 2016B Bonds; Prior Redemption

The 2016B Bonds are issued solely as fully registered certificates in the denomination of $5,000, or any integral multiple thereof. The 2016B Bonds are dated, mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the cover page and inside cover page of this Official Statement. The payment of principal of and interest on the 2016B Bonds is described in "THE 2016B Bonds – Payment Provisions." The 2016B Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the 2016B Bonds. Purchases of the 2016B Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2016B Bonds. See "THE 2016B Bonds – Book-Entry Only System."

The 2016B Bonds are subject to redemption prior to maturity at the option of the System and certain of the 2016B Bonds are subject to mandatory sinking fund redemption, as described in "THE 2016B Bonds – Prior Redemption."

Security

Special Limited Obligations. The 2016B Bonds are special, limited obligations of the System payable from certain "Net Pledged Revenues" described in the following paragraph. The 2016B Bonds do not constitute a debt or an indebtedness of the System within the meaning of any constitutional or statutory provision or limitation and are not general obligations of the System or general, special or other obligations of the State. The owner of any 2016B Bond may not look to any general or other fund of the System for the payment of the 2016B Bonds except the special funds pledged for the 2016B Bonds. *The System does not pledge its full faith and credit for the payment of the 2016B Bonds. The System has no taxing power*. See "SECURITY FOR THE 2016B BONDS."

Net Pledged Revenues. The 2016B Bonds are payable solely out of and secured by an irrevocable pledge of certain income derived from: (i) the gross fees collected from students attending the Universities, which fees are commonly designated as the General Fund Fee, the Capital Improvement Fee, the Student Union Capital Improvement Fee and the General Improvement Fee (collectively, the "Student Fees"), (ii) the gross revenues derived from or otherwise pertaining to the operation of certain special event facilities located on the UNLV campus (known as the Thomas and Mack Center, the Cox Pavilion, and the Sam Boyd Stadium), the operation of all System-owned student housing facilities, dining facilities and parking facilities, whether or not presently existing, situated on the campus of UNLV, after the deduction of the expenses of operation and maintenance of such facilities (other than salaries and the costs of utility services) (collectively, the "UNLV Facilities Revenues"), (iii) the gross revenues derived from or otherwise pertaining to the operation of all System-owned student housing facilities, dining facilities and parking facilities, whether or not presently existing, situated on the campus of UNR, after the deduction of the expenses of operation and maintenance of such facilities (other than salaries and the costs of utility services) (collectively, the "UNR Facilities Revenues"), and (iv) all grants, conditional or unconditional, from the United States of America, the State of Nevada, or any other donor for the payment of the 2016B Bonds, if any (the "Grant Revenues") (collectively, the "Net Pledged Revenues"). *Other funds of the Universities, including tuition and summer school fees, are not pledged to pay the 2016B Bonds*. See "SECURITY FOR THE 2016B BONDS – Student Fees." Only non-resident students are charged tuition in addition to a registration fee. See "THE SYSTEM – Tuition."

Parity Lien Bonds. As of September 1, 2016, the System has outstanding $404,775,000 aggregate principal amount of bonds with a lien on the Net Pledged Revenues that is on a parity with the lien thereon of the 2016B Bonds (the "Prior Parity Bonds"). The following table illustrates the outstanding Prior Parity Bonds before taking the issuance of the 2016B Bonds into account.

Outstanding Prior Parity Bonds(1)

Name of Issue	Amount Outstanding
Universities Revenue Bonds, Series 2008A (the "2008A Bonds")	$4,245,000
Universities Revenue Bonds, Series 2009A (the "2009A Bonds")	2,770,000
Universities Revenue Bonds, Series 2010A (Taxable BABS) (the "2010A Bonds")	28,860,000
Universities Revenue Bonds, Series 2010B (Tax-Exempt") (the "2010B Bonds")	705,000
Universities Revenue Bonds, Series 2011A (the "2011A Bonds")	27,135,000
Universities Revenue Bonds, Series 2012A (the "2012A Bonds")	25,965,000
Universities Revenue Bonds, Series 2012B (Taxable) (the "2012B Bonds")	2,760,000
Universities Revenue Bonds, Series 2013A (the "2013A Bonds")	33,415,000
Universities Revenue Bonds, Series 2013B (the "2013B Bonds")	104,340,000
Universities Revenue Bonds, Series 2014A (the "2014A Bonds")	47,895,000
Universities Revenue Bonds, Series 2015A (the "2015A Bonds")	61,455,000
Universities Revenue Bonds, Series 2015B (the "2015B Bonds")	7,480,000
Universities Revenue Bonds, Series 2016A (the "2016A Bonds")	57,750,000
TOTAL	$404,775,000

(1) Does not take the issuance of the 2016B Bonds into account.

Source: The System.

The Prior Parity Bonds and the 2016B Bonds will be on a parity with any additional bonds of the System issued with a parity lien on the Net Pledged Revenues (collectively with the Prior Parity Bonds and the 2016B Bonds, the "Parity Lien Bonds"). See

"SECURITY FOR THE 2016B BONDS – Additional Bonds" and "DEBT STRUCTURE – Authorized But Unissued Obligations."

Additional Bonds. The System has covenanted not to issue any additional bonds having a lien on the Net Pledged Revenues prior or superior to that of the Parity Lien Bonds. Additional bonds or other obligations having a lien on the Net Pledged Revenues on a parity with the Parity Lien Bonds ("Additional Parity Bonds") or having a lien thereon which is subordinate to the lien of the Parity Lien Bonds may be issued upon certain conditions set forth in the resolutions authorizing the issuance of the Parity Lien Bonds.

See "SECURITY FOR THE BONDS – Additional Bonds" and Appendix C – Summary of Certain Provisions of the Bond Resolution. See "DEBT STRUCTURE – Authorized But Unissued Obligations" for a description of the System's plans for issuance of other Additional Parity Bonds as well as a description of the current legal limitations on the issuance of Additional Parity Bonds.

Other Outstanding Obligations. The System has outstanding other obligations that are payable from any legally available System revenues (which may include Net Pledged Revenues remaining after the payment of the Parity Lien Bonds). These include (i) numerous promissory notes issued pursuant to various loan agreements (collectively, the "Notes"); (ii) the System's Certificates of Participation, Series 2014A (the "2014A Certificates"); (iii) the System's Certificates of Participation, Series 2016A (the "2016A Certificates"); and (iv) the System's Certificates of Participation, Series 2016B (the "2016B Certificates"). None of these obligations has a lien on the Net Pledged Revenues or any other System revenues. See "DEBT STRUCTURE – Other Obligations of the System."

Professionals

Sherman & Howard L.L.C., Reno and Las Vegas, Nevada has acted as Bond Counsel and also has acted as Special Counsel to the System in connection with preparation of this Official Statement. The System's financial advisor in connection with the 2016B Bonds is JNA Consulting Group, LLC, Boulder City, Nevada. See "FINANCIAL ADVISOR." The financial statements in Appendix A of this Official Statement have been audited by Grant Thornton LLP, certified public accountants, San Jose, California, as stated in their report appearing herein. The audited financial statements of the System are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. See "INDEPENDENT ACCOUNTANTS." U.S. Bank National Association, Phoenix, Arizona, will act as the registrar and paying agent for the 2016B Bonds (the "Registrar" and "Paying Agent").

Continuing Disclosure Undertaking

The System will execute a continuing disclosure certificate (the "Disclosure Certificate") at the time of the closing for the 2016B Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2016B Bonds and the System will covenant in the Bond Resolution to comply with its terms. The Disclosure Certificate will provide that so long as the 2016B Bonds remain outstanding, the System will provide the following information to the Municipal Securities Rulemaking Board ("MSRB") through the

Electronic Municipal Market Access ("EMMA") system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain specified events; all as more particularly described in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix F. In the last five years, the System has not failed to materially comply with any undertakings made pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule"). However, the System did file its annual filings relating to fiscal year 2011 with EMMA three days late. The annual filings relating to fiscal years 2012, 2013, 2014 and 2015 were filed on time.

Tax Matters

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2016B Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2016B Bonds (the "Tax Code") and interest on the 2016B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS – Federal Tax Matters."

Under the laws of the State in effect as of the date of delivery of the 2016B Bonds, the 2016B Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS. See "TAX MATTERS – State Tax Exemption."

Additional Information

<u>This introduction is only a brief summary of the provisions of the 2016B Bonds and the Bond Resolution; a full review of the entire Official Statement should be made by potential investors</u>. Brief descriptions of the System, the Board, the Project, the Net Pledged Revenues, the 2016B Bonds and the Bond Resolution are included in this Official Statement. All references herein to the 2016B Bonds, the Bond Resolution and other documents or statutes are qualified in their entirety by reference to such documents and all capitalized terms used herein which are not defined have the meanings given such terms in the Bond Resolution. *This Official Statement speaks only as of its date, and the information contained herein is subject to change*.

Copies of the Bond Resolution, the other documents and additional information may be obtained from the System and the Financial Advisor at the following addresses:

Nevada System of Higher Education
Attn: Vice Chancellor for Finance
2601 Enterprise Road
Reno, NV 89512
Telephone: (775) 784-4901

JNA Consulting Group, LLC
410 Nevada Way
Suite 200
Boulder City, NV 89005
Telephone: (702) 294-5100.

CERTAIN RISK FACTORS

The purchase of the 2016B Bonds involves special risks and the 2016B Bonds may not be appropriate investments for all types of investors. Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below, which, among others factors discussed herein, could affect the payment of the 2016B Bonds and could affect the market price of the 2016B Bonds to an extent that cannot be determined at this time. *The following does not purport to be an exhaustive or definitive listing of risks and other considerations which may be relevant to investing in the 2016B Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks. There can be no assurance that other risk factors not discussed herein will not become material in the future*.

No Mortgage or Lien Interests Secure the 2016B Bonds

The 2016B Bonds are not secured by any encumbrance, mortgage or other pledge of property of the System or the Board, except for the Net Pledged Revenues and any moneys pledged in the future for payment of the 2016B Bonds. For a discussion of existing liens on the Net Pledged Revenues, see "DEBT STRUCTURE."

Future Capital Expenditures; Additional Bonds

The System's future capital expenditures may be funded by additional borrowings. Although such expenditures are largely discretionary, the failure to continue capital expenditures could result in a loss of competitive position. It is likely that the System will issue Additional Parity Bonds to fund capital expenditures in the future. See "DEBT STRUCTURE – Authorized But Unissued Obligations."

The System may issue Additional Parity Bonds at any time legal requirements are met. Upon the satisfaction of all legal requirements, the System also may refund outstanding Notes, the 2014A Certificates, the 2016A Certificates or the 2016B Certificates, which do not currently have a lien on the Net Pledged Revenues, as Additional Parity Lien Bonds. Issuance of Additional Parity Bonds will dilute the Net Pledged Revenues available to pay debt service on the 2016B Bonds and the Prior Parity Bonds.

Risks Related to System Operations

The ability of the System to meet its payment obligations under the Indenture will depend upon the continued availability to the System of revenues from a variety of sources sufficient to meet such obligations, the System's operating expenses, debt service on other debt, extraordinary costs or expenses which may occur and other costs and expenses. Revenues and expenses of the System will be affected by future events and conditions relating generally to, among other things, the ability of the System to provide educational programs to attract and retain sufficient numbers of students during the time that the 2016B Bonds remain outstanding, demographic changes that may affect the number of students, particularly traditional students, who will be attracted to and enroll at the System's institutions, the ability of the Board to direct and the System's administration to manage and operate the System, the System's ability to control expenses, the System's ability to maintain or increase rates for tuition and registration fees without adversely affecting enrollment, the ability of the System to maintain adequate physical plant to house its programs; the ability of the System to attract and retain quality faculty members for its educational programs, the investment of the System's endowment and other funds, the ability of the System to solicit and obtain future gifts and bequests, governmental assistance for student financial aid, and grants and contracts from governmental bodies, agencies and others. No assurances can be given that these or other sources of revenues will be adequate to meet the expenses of the System while the 2016B Bonds are outstanding.

Admission and Enrollment Trends. The 2016B Bonds and the Prior Parity Bonds primarily are secured by the Student Fees and other Net Pledged Revenues; those revenue sources are dependent upon student enrollment figures. Accordingly, any circumstances that significantly reduce the number of students at the Universities may negatively impact Net Pledged Revenues and the ability of the System to pay debt service on its outstanding bonds.

Increasing Need for Financial Aid. The System operates in a competitive market for students with other educational institutions. As registration fees and tuition costs have risen, so has the demand for financial aid. The System expects that students will require more financial aid than past populations. The System staff expects that it will continue to have to balance its rate of increase in tuition and fees and financial aid needs in the future in order to attract sufficient numbers of qualified students. See "SECURITY FOR THE 2016B BONDS – Student Fees – Student Registration Fees," "THE SYSTEM – Student Body" and "Student Financial Aid."

System Appropriation. A significant portion of System revenues come from amounts appropriated by the State Legislature (the "Legislature"). Amounts appropriated by the Legislature are critical to the continuing operation of the System's programs and facilities. See "SYSTEM FINANCIAL INFORMATION – Budget." Should the Legislature significantly cut amounts appropriated to the System in the future, it may not be able to maintain facilities and programs that attract prospective students. Should that occur, the amount of Net Pledged Revenues may be negatively impacted.

Future Conditions are Uncertain; Sequestration. Future revenues and expenses of the System will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time. Descriptions of the System's operations and other factors that will affect the System's ability to meet its payment obligations under the Bond Resolution are contained in "THE SYSTEM" and "SYSTEM FINANCIAL INFORMATION."

For example, the System, like other governmental entities, is subject to developments at the federal level with respect to the Budget Control Act of 2011 ("sequestration"). Federal funding to the System for research and other grants will be reduced by the percentage included in the executive order implementing sequestration. In addition, the originally scheduled subsidy payments on certain Universities Revenue Bonds issued in 2010 (the "BAB Credit"), which were issued as taxable Build America Bonds ("BABs"), was reduced by 6.8% for federal fiscal year 2016 (which ended September 30, 2016) as a result of sequestration. The originally scheduled BAB Credit is to be reduced by 6.9% in federal fiscal year 2017. Under a federal budget bill enacted in November 2015, the sequestration reduction will continue through federal fiscal year 2025. The sequestration reduction rate remains subject to change should additional laws be enacted which impact the sequester.

Future Changes in Laws or Regulations

Various State laws, regulations and constitutional provisions apply to the imposition, collection, and expenditure of System revenues and the operation and finances of the System. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the operations or affairs of the System, the imposition, collection, and expenditure of its revenues or its various programs. See "SYSTEM FINANCIAL INFORMATION."

Limitations on Remedies Available to 2016B Bond Owners

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2016B Bonds in the event of a default in the payment of principal of or interest on the 2016B Bonds. Consequently, remedies available to the owners of the 2016B Bonds may have to be enforced from year to year.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2016B Bonds and the obligations incurred by the System in issuing the 2016B Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2016B Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights. The various legal opinions to be delivered concurrently with the delivery of the 2016B Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State, and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Judicial Limitations on Enforcement. The remedies available to the owners of 2016B Bonds upon an event of default under the Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Bond Resolution may not be readily available or may be limited.

Other Potential Limitations on Rights of 2016B Bond Owners. The 2016B Bonds are secured by a pledge of and a lien on the Net Pledged Revenues on a parity with the lien thereon of the Prior Parity Bonds and any Additional Parity Bonds. That lien is intended to be prior to any other security interest in, lien on or pledge of the Net Pledged Revenues. However, in addition to the limitations discussed above, that lien may be subject to or limited by other factors, including without limitation statutory liens, and rights arising in favor of the United States of America or any agency thereof (including federal tax liens or other federal liens existing in the future).

Forward-Looking Statements

This Official Statement, particularly (but not limited to) any sections discussing expected or interim financial results of the System or the State for fiscal year 2016 or amounts budgeted for fiscal year 2017 (or future fiscal years) and the sections entitled “CERTAIN RISK FACTORS,” “SOURCES AND USES OF FUNDS,” “SYSTEM FINANCIAL INFORMATION – Budget” and Appendix B – State Financial, Economic And Demographic Information – Certain Financial Information-State General Fund and – Recent and Current State Budgets, contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of funds to pay debt service on the 2016B Bonds.

Secondary Market

No assurance can be given that a secondary market for the 2016B Bonds will be maintained by the successful bidders for the 2016B Bonds (the “Initial Purchaser”) or by any other entity. Prospective purchasers of the 2016B Bonds should therefore be prepared to bear the risk of the investment represented by the 2016B Bonds to maturity.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The estimated sources and uses of funds are set forth in the following table.

Sources and Uses of Funds

	Amount
SOURCES:	
Principal amount	$13,580,000
Plus: net original issue premium	1,063,151
Total	$14,643,151
USES:	
The Project	$14,255,000
Costs of issuance (including underwriting discount)	388,151
Total	$14,643,151

Source: The Financial Advisor.

The Project

A portion of the 2016B Bond proceeds will be used to acquire a parking structure and associated land located adjacent to the main campus of UNLV. The building contains 813 parking spaces and 10,000 gross square feet of office space. The office space will be dedicated to a UNLV police services facility. Of the 813 parking spaces in the parking structure, UNLV will have exclusive use of 610 spaces while 16 spaces will be reserved for the police services facility and the remaining 197 spaces are subject to a reciprocal easement agreement which grants exclusive use to the owners and occupants of a mixed-use commercial building which is planned for development adjacent to the parking structure. UNLV entered into a lease agreement with the building's current owner in October 2015.

THE 2016B BONDS

General

The 2016B Bonds will be issued as fully registered bonds in denominations of $5,000 and any integral multiple thereof. The 2016B Bonds will be dated as of their date of delivery and will mature and bear interest as set forth on the inside cover page of this Official Statement. The 2016B Bonds initially will be registered in the name of "Cede & Co.," as nominee for DTC, the securities depository for the 2016B Bonds. Purchases of the 2016B Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2016B Bonds. See "Book-Entry Only System" below.

Payment Provisions

Interest on the 2016B Bonds is payable on January 1 and July 1 of each year, commencing July 1, 2017. Interest will be paid by the Paying Agent on or before the interest payment date (or if such day is not a business day, on the next succeeding business day) to the person in whose name each 2016B Bond is registered (*i.e.*, Cede & Co.) on the 15th day of the calendar month preceding the interest payment date (the "Regular Record Date") as described below, at the address shown on the registration records maintained by the Paying Agent as of the close of business on the Regular Record Date. However, if there is a default in payment or provision of interest due with respect to a 2016B Bond on any interest payment date, such interest thereafter will be paid to the registered owner of such 2016B Bond as of a special record date (the "Special Record Date") to be established by the Registrar whenever moneys become available for payment of the defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever monies become available for payment of the defaulted interest, and notice of the Special Record date shall be given to the registered owners of the 2016B Bonds not less than ten days prior thereto by first-class mail to each such registered owner as shown on the Registrar's registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. Principal of the 2016B Bonds will be payable at maturity or upon prior redemption at the principal operations office of the Paying Agent (or at such other office designated by the Paying Agent) upon presentation and surrender thereof. Any 2016B Bond not paid upon presentation and surrender at or after maturity or prior redemption shall continue to draw interest at the rate stated in the 2016B Bond until the principal is paid in full. All such payments of principal and interest shall be made in lawful money of the United States of America. Payments to beneficial owners are to be made as described below in "Book-Entry Only System."

Notwithstanding the foregoing, payments of the principal and interest on the 2016B Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the 2016B Bonds. Disbursement of such payments to DTC's Participants (defined in Appendix D) is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners (defined in Appendix D) is the responsibility of DTC's Participants and the Indirect Participants (defined in Appendix D), as more fully described herein. See "Book-Entry Only System" below.

Prior Redemption

Optional Redemption. The 2016B Bonds (or portions thereof in the amount of $5,000 or any integral multiple thereof), maturing on and after July 1, 2027, will be subject to redemption prior to their respective maturities, at the option of the System, on and after July 1, 2026, in whole or in part at any time from such maturities selected by the Vice Chancellor for Finance and, if less than all of the 2016B Bonds of a maturity are to be redeemed, the 2016B Bonds of such maturity are to be redeemed by lot, at a price equal to the principal amount of each 2016B Bond, or portion thereof so redeemed, plus accrued interest thereon to the redemption date, without premium.

Mandatory Sinking Fund Redemption. The 2016B Bonds maturing on July 1, 2036 are subject to mandatory sinking fund redemption to be redeemed on July 1 of the years and in the principal amounts provided below:

July 1 of the Year	Amounts
2033	$865,000
2034	895,000
2035	920,000
2036	945,000 (stated maturity)

Redemption Procedures. Unless waived by any registered owner of a 2016B Bond to be redeemed, notice of prior redemption shall be given by the Registrar, by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the Redemption Date, to the Municipal Securities Rulemaking Board (the "MSRB"), the registered owner of any 2016B Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his address as it last appears on the registration records kept by the Registrar. The notice shall identify the 2016B Bonds and state that on such date the principal amount thereof will become due and payable at the Paying Agent (accrued interest to the Redemption Date is payable by mail as described above or as otherwise provided in the Bond Resolution), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said 2016B Bonds, the 2016B Bonds called for redemption will be paid. Actual receipt of mailed notice by the MSRB and any registered owner of 2016B Bonds shall not be a condition precedent to redemption of such 2016B Bonds. Failure to give such notice by mailing to the MSRB and the registered owner of any 2016B Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2016B Bond.

Notwithstanding the foregoing, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2016B Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the 2016B Bonds called for redemption in the same manner as the original redemption notice was mailed.

Tax Covenant

The System covenants for the benefit of the holders of the 2016B Bonds that it will not take any action or omit to take any action with respect to the 2016B Bonds, the proceeds thereof, any other funds of the System, or any facilities financed with the proceeds of the 2016B Bonds if such action or omission would (i) cause interest on the 2016B Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code or (ii) cause interest on the 2016B Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2016B Bonds until the date on which all obligations of the System in fulfilling the above-described covenant have been met.

Defeasance

When all Bond Requirements of any 2016B Bond or any other securities of any other issue payable from Net Pledged Revenues have been duly paid, the pledge and lien and all obligations hereunder shall thereby be discharged as to such issue of securities and they shall no longer be deemed to be Outstanding within the meaning of the Bond Resolution. There shall be deemed to be such due payment if the System has placed in escrow or in trust with a trust bank exercising trust powers, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities (defined in Appendix C) in which such amount wholly or in part may be initially invested) to meet all Bond Requirements (defined in Appendix C) of the securities issue, as such requirements become due to the fixed maturity dates of the securities or to any Redemption Date or Redemption Dates as of which the System shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the securities thereafter maturing for payment then. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the System and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. If at any time the System has so placed in escrow or trust any amount so sufficient to pay designated Bond Requirements of securities constituting less than all of the Bond Requirements of the securities becoming due on and before their respective due dates, be they the fixed maturity dates of the securities or any such Redemption Date pertaining to the securities, such designated Bond Requirements shall be deemed paid and discharged under the Bond Resolution.

Book-Entry Only System

The 2016B Bonds will be available only in book-entry form in the principal amount of $5,000 and any integral multiples thereof. DTC will act as the initial securities depository for the 2016B Bonds. The ownership of one fully registered 2016B Bond for each maturity, as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix D – Book-Entry Only System.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2016B BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS WILL MEAN CEDE & CO. AND WILL <u>NOT</u> MEAN THE BENEFICIAL OWNERS.

Neither the System nor the Registrar/Paying Agent will have any responsibility or obligation to DTC's Direct Participants or Indirect Participants (defined herein), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the 2016B Bonds as further described in Appendix D to this Official Statement.

SECURITY FOR THE 2016B BONDS

Special, Limited Obligations

The 2016B Bonds are special, limited obligations of the System payable solely from and secured by a prior lien on the Net Pledged Revenues. The 2016B Bonds will not be considered or held to be a general obligation of the Board or the System or a debt or obligation of the State, nor do they constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation.

Net Pledged Revenues

The 2016B Bonds are payable solely from and are secured by an irrevocable pledge of the Net Pledged Revenues, comprised of certain income derived from (i) Student Fees (which do not include tuition payable by nonresident students, any fees collected during summer sessions, certain registration fees, or fees collected at the Community Colleges or Nevada State College), which fees are commonly designated as the General Fund Fee, the Capital Improvement Fee, the Student Union Capital Improvement Fee and the General Improvement Fee, (ii) the UNLV Facilities Revenues, (iii) the UNR Facilities Revenues, and (iv) the Grant Revenues. The primary Net Pledged Revenue categories are discussed below.

Student Fees

Student Registration Fees. Both resident and nonresident students must pay registration fees that are established by the Board annually. The Board's current policy (which may be changed at any time) is to set the increase in tuition and fees to at least the most recent Higher Education Price Index available for each year of the biennium. Additional factors are considered when setting professional school tuition and fees. There is no legal limit on the Board's ability to raise fees and tuition. The Board's current policy (which may be changed at any time) is to give certain in-state and out-of-state students grants-in-aid waivers of certain of the Student Fees for up to 3% of the enrollment for the prior fall semester. The Board historically has not provided grants-in-aid funding for the full 3% allowed by the policy.

The Board imposes numerous fees in addition to those listed below, such as technology and student services fees; the proceeds of those fees are not included in Net Pledged Revenues. The Universities currently use student fee revenues to fund a variety of programs and services. Should the amount of student fee revenues decline significantly for any reason, programs and services at the Universities may be reduced.

The following table sets forth a five-year history of the regular (resident) student registration fees assessed per credit hour for full-time undergraduate and graduate students at both UNR and UNLV. These fees are approved by the Board; however, the internal allocation of certain fees is approved at the campus level. This table does not include special registration fees imposed by the Board (such as the special registration fees for technology and student services discussed in the previous paragraph).

Student Registration Fees Per Credit Hour Per Semester(1)

UNDERGRADUATE FULL-TIME	2012-13	2013-14	2014-15	2015-16	2016-17
University of Nevada-Reno					
General Fund	$111.78	$129.21	$129.21	$135.26	$141.50
Capital Improvement(2)	16.00	16.00	16.00	16.00	16.00
General Improvement	16.02	16.02	16.02	16.02	16.02
Activities and Program Fund(3)	10.64	10.64	10.64	10.64	10.64
Student Access(3)	16.56	19.63	19.63	21.33	23.09
	$171.00	$191.50	$191.50	$199.25	$207.25
University of Nevada, Las Vegas					
General Fund	$111.78	$129.21	$129.21	$134.79	$140.55
Capital Improvement	13.00	13.00	13.00	13.00	13.00
General Improvement	22.66	22.66	22.66	22.66	22.66
Activities and Program Fund(4)	7.00	7.00	7.00	7.00	7.00
Student Access(3)	16.56	19.63	19.63	21.80	24.04
	$171.00	$191.50	$191.50	$199.25	$207.25
GRADUATE FULL-TIME					
University of Nevada-Reno					
General Fund	$166.21	$187.04	$187.04	$187.04	$187.04
Capital Improvement(2)	16.00	16.00	16.00	16.00	16.00
General Improvement	11.37	11.37	11.37	11.37	11.37
Activities and Program Fund	8.80	8.80	8.80	8.80	8.80
Student Access(3)	27.12	30.79	30.79	30.79	30.79
Student Association(3)	10.00	10.00	10.00	10.00	10.00
	$239.50	$264.00	$264.00	$264.00	$264.00
University of Nevada, Las Vegas					
General Fund	$166.21	$184.59	$184.59	$184.59	$184.59
Capital Improvement	13.00	13.00	13.00	13.00	13.00
General Improvement	25.21	25.21	25.21	25.21	25.21
Activities and Program Fund(4)	7.96	7.96	7.96	7.96	7.96
Student Access(3)	27.12	33.24	33.24	33.24	33.24
	$239.50	$264.00	$264.00	$264.00	$264.00

(1) Full time status constitutes seven or more credits.
(2) The Capital Improvement Fee at UNR includes $1 that is allocable to the Student Union Capital Improvement Fee.
(3) These student fees do not constitute Net Pledged Revenues.
(4) The Activities and Program Fund fee at UNLV includes amounts allocable to the Student Union Capital Improvement Fee (Undergraduate - $2.23 and Graduate - $0.96). The remainder of these student fees do not constitute Net Pledged Revenues.

Source: The System.

Fee Policies. Registration fees are generally payable upon registration for the fall and spring semesters. Students registered for at least seven credits may enter into contracts for deferred payment of room and board costs, course registration fees (which include Student Fees) and tuition fees. Additional fees, such as special course fees, student health center fee, and accident and health insurance fees are not deferrable. Each institution determines the number of deferred payment installments that can be made throughout the semester; all deferred amounts must be paid no later than the end of the 10th week of instruction. There is a fee for deferment of tuition ($50 at UNR and $45 at UNLV) plus a penalty of 10% charged on the deferred balance not paid by the due date. The Board has adopted a partial rebate program for employees who are activated to service in the U.S. armed forces and has adopted a waiver program for members of the National Guard. The Board or the Legislature may approve additional fee waiver programs at any time.

UNR and UNLV both have policies (which are subject to change) addressing the refund of fees. UNLV permits 100% of fees to be refunded for withdrawals and net credit load reductions completed within the first week of the beginning of instruction. For total withdrawals through the end of the sixth calendar week of instruction, a 50% refund of fees will be granted. No refund is generally granted thereafter. UNR permits 100% of fees to be refunded for withdrawals or net credit load reductions made on or before the last day of registration. For total withdrawals after the last day of registration and prior to the end of the sixth calendar week of instruction, a 50% refund of fees will be granted. No refund is generally granted thereafter.

UNLV Facilities Revenues

Special Event Facilities. The UNLV Facilities Revenues consist in part of gross revenues derived from or otherwise pertaining to the operation of UNLV's special event facilities after the deduction of expenses of operation and maintenance of those facilities (other than salaries and the costs of utility services). The special event facilities include Thomas and Mack, the Cox Pavilion and Sam Boyd Stadium. Thomas and Mack is a multi-purpose pavilion constructed on the UNLV campus in 1983. Thomas and Mack, which seats 18,500, houses many of the intercollegiate athletic offices as well as a portable basketball court and concession stands. Various sporting events, concerts, rodeos and miscellaneous University events are held in Thomas and Mack. The Cox Pavilion, which opened in the spring of 2001, is a 3,000 seat venue adjacent to Thomas and Mack. Cox Pavilion houses UNLV's volleyball and women's basketball program. It is also used for academic functions, concerts, trade shows and other functions. Sam Boyd Stadium was constructed in 1971 and currently seats 32,000. The venue is the home to UNLV's football team and also houses other athletic and motor sport events. See "University of Nevada, Las Vegas Campus Improvement Authority" below for a discussion of speculation relating to stadium proposals. The Net Pledged Revenues attributable to Sam Boyd Stadium in fiscal year 2015 were approximately $5.37 million or approximately 2.4% of total Net Pledged Revenues. There is no guarantee that revenues of any facility that might replace Sam Boyd Stadium would become Net Pledged Revenues.

UNLV engaged in a comprehensive planning process to assess Thomas and Mack and develop some options for facility improvements and modernization to ensure that it remains a high-quality, attractive and in-demand facility for UNLV Athletics and events. UNLV's planning process resulted in a $72.5 million major renovation and expansion project that is expected to be completed in September 2016. The addition of 835,000 square feet on two levels with the top level adjoining the concourse and will be available to support events at Thomas and Mack as well as independent use of the new space. Completed infrastructure improvements include replacement, improvement and enhancements to efficiency in items such as mechanical, plumbing, lighting and electrical systems/service, data service/distribution, event services/support infrastructure items, elevator and accessibility upgrades, energy performance and sustainability improvements and improvements to life safety systems, such as sprinklers, smoke control and fire alarm systems, among other systems/items. Facility modernization improvements and repairs also include improvements such as seating replacements, concourse and portal improvements to improve interior access, movement and safety, exterior building access improvements, replacement events sound systems, refinishing or replacement of flooring systems/stages, facility operation and service improvements, upgrades to ADA/accessibility items/systems to meet current standards, among other items. Phased construction began in the fall of 2014. Most of the renovation work has already been completed. Full completion of the project, including the expansion, is expected in September 2016.

UNLV's special event facilities compete with certain private venues in the Las Vegas area to attract non-university events, such as concerts and certain sporting events. Additional private venues that compete with UNLV's special event facilities may be constructed in the future. If constructed, any such arena would compete directly with UNLV facilities, particularly Thomas and Mack. Thomas and Mack has remained competitive with other competing venues constructed over the past 30 years. However, to the extent that such venues offer more competitive pricing or amenities not offered at UNLV's venues in the future, rental activity at UNLV's special event facilities (and resulting facilities revenues) may decline or UNLV may determine to lower its rates, in which case UNLV Facilities Revenues may decline.

University of Nevada, Las Vegas Campus Improvement Authority. UNLV had been working with a private developer to investigate the feasibility of a project defined as "UNLVNow" which consisted of an approximately 60,000 seat event center and 'student village' component which would consist of retail space and student housing. In early 2013, UNLV separated from its private partner and during the 2013 legislative session, the Nevada Legislature passed Assembly Bill 335 establishing the University of Nevada, Las Vegas, Campus Improvement Authority (the "Authority"). The Authority was established as a political subdivision by the State Legislature to study the need for and feasibility of a large events center on the UNLV campus and, should the Authority determine that such a facility is needed and is feasible, the Authority may develop recommendations for type, general design, approximate number of seats, and other factors to be included in the structure. Based on these recommendations, the Authority was also authorized to prepare preliminary cost estimates for construction and general infrastructure and improvements in addition to study feasible financing alternatives. The results of the Authority's studies and its recommendations were to be reported to the Legislative Counsel Bureau by September 30, 2014, for consideration by the 2015 Legislature. The Authority requested an extension of the timeline for its work. The Authority's final report and recommendations were presented for discussion during the 2015 Nevada Legislative Session. The 2015 Legislature passed Assembly Bill 451 extending the life of the Authority to October 2017 allowing the Authority to continue its work through the 2017 Nevada Legislative Session.

The Authority's final report presented during the 2015 Legislative Session did not include a recommendation to publicly fund a stadium. However, since submission of the report, UNLV updated its campus master plan to include a 42-acre parcel on Tropicana Avenue (the "Tropicana Parcel") west of the UNLV campus and certain property owned by Clark County (the "County Property") (which was specifically identified in the September 30, 2014 report from the Authority to the State legislature). The Tropicana Parcel was purchased by UNLV in December 2015 and such property is now included within the boundaries of the Campus Improvement Authority (through amendments adopted during the 2015 legislative session). The master plan update approved by the Board in December 2015 outlined potential uses of the Tropicana Parcel and County Property including a campus village and a stadium. Both options assume that the County Property could also be acquired in order to provide connectivity between the UNLV campus and the Tropicana Parcel. While the possible replacement of Sam Boyd stadium is contemplated in the UNLV master plan, the discussions regarding the possible additional or alternative use of the stadium by an NFL team developed after the NFL's decision to not allow the Oakland Raiders franchise to relocate to Los Angeles. Since then, that franchise has expressed interest in finding another location and Las Vegas has been mentioned as a possibility. Despite such speculation, the NFL has previously voiced concerns about locating a franchise in Las Vegas and the owners of the NFL would need to review and approve any new proposal. Additionally, the Board would need to approve the final use for the Tropicana Parcel and a stadium is only one of several alternatives under consideration by the Board. While the 2015 legislative session extended the life of the Authority by two years, and requested an updated final report by September 30, 2016, the creation of the Committee (defined below) essentially overlaps with the responsibilities of the Authority, therefore this group has not been very active since the end of the 2015 legislative session.

Southern Nevada Tourism Infrastructure Committee. On July 6, 2015, Governor Sandoval signed an executive order forming the Southern Nevada Tourism Infrastructure Committee ("the Committee") to prioritize tourism improvement projects in Southern Nevada. The Committee is tasked with evaluating existing public and private convention and entertainment facilities, including existing and proposed sports stadiums and large-scale entertainment facilities and make recommendations regarding the need and viability of new facilities and to identify and analyze funding for tourism infrastructure improvement projects. The Committee shall make recommendations in a report to the Governor and the Interim Finance Committee of the Nevada Legislature on or before September 30, 2016. The Committee will then expire unless further directed by the Governor.

Student Housing and Dining Facilities. The UNLV Facilities Revenues also include gross revenues derived from or otherwise pertaining to the operation of all System-owned student housing and dining facilities, whether or not presently existing, situated on the campus of UNLV, after the deduction of the expenses of operation and maintenance of such housing and dining facilities (other than salaries and the cost of utility services). UNLV currently has eleven resident halls and a separate dining commons. The residence halls have an aggregate capacity, based on the current configuration, of 1,770 students and can vary depending on single/double configurations and staff assignments. During the fall 2015 term, the residence halls had 1,711 student residents, an increase of 131 students or 2% from 1,680 residents in fall 2014. For fall 2015, students were charged between $2,700 and $2,940 for room (double occupancy depending on facility) and between $1,925 and $2,425 per semester for board, depending on the meal plan chosen. Room and board fees were unchanged for fall 2015 term from fall 2014. Room fees were unchanged for fall 2016, but board fees increased to $2,002 to $2,522 per semester.

UNLV collects the full charge at the beginning of the semester unless students have enrolled in a deferred payment plan which allocates payments monthly through the end of each semester. Customers who are not on-campus residents may use the dining facilities but are charged different rates depending on the number of meals purchased per week.

In 2015, the Board approved the purchase of the University Park Apartments (located on Maryland Parkway at Cottage Grove) and a ground lease to a private developer to design, finance, build and operate housing for UNLV for students that are not freshmen, in order to meet expected demand, and UNLV gave exclusive right to the developer to market this housing as owned by UNLV. However, UNLV has no contractual financial risk in the results of the operation of this housing. The redevelopment of the University Park Apartments has started and phase 1 is planned to be 758 beds covering about 40% of the entire property. This housing is scheduled to be available for fall 2017. The remaining units are going through a transition to house UNLV students. The first major increase in housing UNLV students is expected to start in the fall of 2016. Over the course of the next few years the existing units are expected to primarily support UNLV student housing.

Parking Facilities. The UNLV Facilities Revenues also include gross revenues derived from or otherwise pertaining to the operation of all University-owned parking facilities, whether or not presently existing, situated on the campus of UNLV, after the deduction of the expenses of operation and maintenance of such parking facilities (other than salaries and the cost of utility services). Currently, UNLV has 36 parking lots/structures of various sizes with 12,789 total parking spaces available. Parking fees are based upon status (*i.e.*, student, faculty/staff, resident in on-campus housing or vendor) and whether spaces are reserved. Annual parking fees for fall 2015 were $137 for students and $274 for faculty/staff, an increase of 9.6% from fall 2014, the first increase since fall 2009. Rates remained unchanged for fall 2016 and are expected to remain unchanged for fall 2017, then increase by 9.5% in fall 2018 to $150 for students and to $300 for faculty and staff.

As described under "SOURCES AND USES OF FUNDS – The Project," the proceeds of the 2016B Bonds are to be used to purchase a parking structure that will provide an additional 626 parking spaces for UNLV's exclusive use on the east side of Maryland Parkway in an area central to the campus with high parking demand.

UNR Facilities Revenues

Student Housing and Resident Dining Facilities. The UNR Facilities Revenues include gross revenues derived from or otherwise pertaining to the operation of all System-owned student housing and dining facilities, whether or not presently existing, situated on the campus of UNR, after the deduction of the expenses of operation and maintenance of such facilities (other than salaries and the cost of utility services). UNR has nine residence halls and a separate resident dining facility. The nine residence halls have a design capacity of 2,425 students. During the 2013 fall term, the residence halls were at 124% occupancy. In 2010 through the current period, UNR accommodated excess students by converting double rooms to triples and single rooms to doubles for temporary overflow housing. Peavine Hall, a new 400-bed student resident hall, funded with bond proceeds, opened on the UNR campus for fall 2015 occupancy. Current occupancy is 113%. The dining facility is used primarily by the students residing on campus.

For the 2016-17 academic year, students are being charged annual rates that are between $5,150 and $6,600 for room, depending upon the residence hall (double occupancy; single rooms and private double-sized rooms are more). For fall 2016, academic year meal plan rates are between $3,934 and $5,058. Fifty-five percent of meal plan costs is payable in the fall and forty-five percent is payable in the spring. Several board plans and à la carte dining are available to all students.

Parking Facilities. The UNR Facilities Revenues also include gross revenues derived from or otherwise pertaining to the operation of all System-owned parking facilities, whether or not presently existing, situated on the campus of UNR, after the deduction of the expenses of operation and maintenance of such parking facilities (other than salaries and the cost of utility services). Currently, UNR has 8,687 total parking spaces available, including permit-required spaces, motorcycle spaces, parking meters and visitor spaces. For the 2015-16 academic year, 9,836 vehicle permits, including disabled, contractor, reserved and evening-permitted spaces were sold in 6 permitted parking zones with 6,461 spaces available. The parking spaces have fees generally based upon the zone for which a permit is purchased; zones are priced according to their proximity to certain campus buildings. Annual parking fees currently range from $125 to $400; permits for limited reserved spaces (available to the president, the provost, the deans and the vice presidents) are $475 per year. Motorcycle permits also are available for $50 per year. Visitor parking starts at $1.50 per hour.

Pro-Forma Debt Service Coverage

The following table shows Net Pledged Revenues and pro-forma debt service coverage on the Parity Lien Bonds for each of the five fiscal years ending June 30, 2012 through June 30, 2016. Pro-forma debt service coverage is calculated by dividing the Net Pledged Revenues by the estimated Combined Maximum Annual Debt Service on the Parity Lien Bonds (after taking issuance of the 2016B Bonds into account). *There is no assurance that Net Pledged Revenues, or any component thereof, will be generated at the levels indicated in this table in the future*. See "CERTAIN RISK FACTORS."

Five-Year Summary of Net Pledged Revenues and Debt Service Coverage[1]

	Fiscal Year Ended June 30				
STUDENT FEES	2012	2013	2014	2015	2016
UNR General Fund Fees	$42,990,665	$45,639,173	$54,659,508	$59,142,253	$65,856,195
UNLV General Fund Fees	58,178,442	60,760,271	72,860,714	76,572,382	83,617,179
UNR Capital Improvement and Student Union Capital Improvement Fees	5,476,428	5,726,809	5,961,390	7,105,852	7,566,387
UNLV Capital Improvement and Student Union Capital Improvement Fees	8,048,972	8,072,250	8,448,764	8,805,679	9,109,455
UNR General Improvement Fees	4,046,343	6,265,861	6,537,998	7,136,833	7,679,614
UNLV General Improvement Fees	9,414,859	12,407,827	12,911,372	13,576,544	14,128,522
Total Student Fees[2]	128,155,709	138,872,191	161,379,746	172,339,543	187,957,352
UNLV FACILITIES REVENUES					
Special Event Facilities	17,133,868	18,460,927	18,037,027	22,070,524	15,447,822
Dining and Housing Facilities	7,024,453	6,503,107	7,636,012	7,404,727	6,931,468
Parking Facilities[3]	3,326,392	3,379,302	3,725,544	3,501,722	3,504,645
Total UNLV Facilities Revenues	27,484,713	28,343,336	29,398,583	32,976,973	25,883,935
UNR FACILITIES REVENUES					
Dining and Housing Facilities[4]	8,705,678	11,354,954	11,682,333	12,236,561	14,078,152
Parking Facilities[3]	3,682,961	3,408,303	3,534,145	3,839,697	3,528,058
Total UNR Facilities Revenues	12,388,639	14,763,257	15,216,478	16,076,258	17,606,210
NET PLEDGED REVENUES	$168,029,061	$181,978,784	$205,994,807	$221,392,774	$231,447,497
Estimated Combined Maximum Annual Debt Service-Parity Lien Bonds[5]	$36,945,531	$36,945,531	$36,945,531	$36,945,531	$36,945,531
Coverage	4.548	4.926	5.576	5.992	6.265

(1) Unaudited
(2) Year-to-year increases are primarily a result of increased General Fund Fees. See "Student Fees" above.
(3) Parking revenues include revenues from parking permit sales, meters and fines.
(4) UNR Dining and Housing Facilities revenues increased in fiscal year 2013 due to the opening of the UNR Living/Learning Center.
(5) The Combined Maximum Annual Debt Service on the Parity Lien Bonds (including the 2016B Bonds) is $36,945,531 for the Bond Year ended July 1, 2019. The 2010A Bonds were issued as Build America Bonds ("BABs") and the System expects to receive annual interest subsidy payments with respect to the 2010A Bonds (the "BAB Credit"). Any BAB Credit received by the System must be deposited into the Bond Fund. The amount shown reflects the total debt service due; it is not net of any BAB Credits. See "DEBT STRUCTURE – Debt Service Requirements."

Source: The System.

Additional Bonds

General. Upon issuance of the 2016B Bonds, the Prior Parity Bonds and the 2016B Bonds will be outstanding in the aggregate principal amount of $418,355,000. No Outstanding 2016B Bond or other securities heretofore or hereafter issued on a parity therewith has or will have any priority over any other such bond or security with respect to the application of Net Pledged Revenues regardless of the time or times of issuance of such bonds or securities.

The Board may issue Additional Parity Bonds and also may issue bonds or other obligations which are subordinate to the 2016B Bonds subject to the provisions of the Bond Resolution. See "Additional Parity Bonds" below and Appendix C – Summary of Certain Provisions of the Bond Resolution – Additional Securities. The System currently has authorization to issue additional obligations as described in "DEBT STRUCTURE – Authorized But Unissued Obligations." The Legislature may grant additional authorization at any time in the future.

Additional Parity Bonds. The System may issue Additional Parity Bonds upon satisfaction of the following conditions (except refunding bonds, which are subject to the requirements described in Appendix C - Summary of Certain Provisions of the Bond Resolution--Refunding Securities).

A. Absence of Default. At the time of the adoption of the instrument authorizing the issuance of the Additional Parity Bonds, the System shall not be in default in making any payments required by the Bond Resolution or the bond resolutions for the other Parity Lien Bonds.

B. Earnings Test. (1) The Net Pledged Revenues derived for either the Fiscal Year immediately preceding, or any 12 consecutive months of the 18 months immediately preceding, the date of the issuance of the Additional Parity Bonds, shall have been sufficient to pay an amount at least equal to 150% of the combined maximum annual principal and interest requirements (excluding amounts payable by virtue of the System's exercise of a prior redemption option but taking into account mandatory sinking fund redemptions) to be paid during any one Bond Year ending on or before July 1, 2043, of the Outstanding Parity Lien Bonds and the bonds or other securities proposed to be issued (excluding any reserves therefor), except as otherwise expressly provided in the Bond Resolution; and (2) the Net Pledged Revenues, excluding from those revenues the proceeds of the General Fund Fees and the General Improvement Fees pertaining to the Universities, derived for the Fiscal Year immediately preceding, or any 12 consecutive months of the 18 months immediately preceding, the date of the issuance of the additional parity securities, shall have been sufficient to pay an amount at least equal to 110% of the combined maximum annual principal and interest requirements to be paid during any one Bond Year ending on or before July 1, 2043, of the Outstanding Parity Lien Bonds, and the securities proposed to be issued (excluding any reserves therefor), except as otherwise expressly provided in the Bond Resolution.

C. Adjustment of Net Pledged Revenues. (1) In any computation of the earnings test described in clause (2) of paragraph B above (but not in any computation of the earnings test described in clause (1) of paragraph B above) as to whether or not Additional Parity Bonds may be issued, the amount of the Net Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of loss or gain, respectively, estimated by the Vice Chancellor for Finance (defined in Appendix C) resulting from any change in any Student Fees based on the number of full time students (or the equivalent thereof) during the next preceding Fiscal Year, as if the schedule of such modified Student Fees had been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the Board prior to such computation of the designated earnings test but made in the same Fiscal Year as such computation or in the next preceding Fiscal Year.

(2) In addition, in any computation of the earnings test described in clause (2) of paragraph B above (but not in any computation of the earnings test described by clause (1) of paragraph B above), the amount of Net Pledged Revenues for the next preceding Fiscal Year may be increased by the revenues to be generated by the facilities constructed with the additional securities in the first fiscal year immediately succeeding the last fiscal year following the issuance of such additional parity securities in which interest on the additional parity securities is provided from the proceeds thereof as estimated by an independent consulting engineer or the Vice Chancellor for Finance.

D. Adjustment of Expenses. In any computation of the earnings test described in clause (2) of paragraph B above (but not in any computation of the earnings test described in clause (1) of paragraph B above), there also shall be deducted from or added to the amount of any operation and maintenance expenses pertaining to any income-producing Facilities of the Universities and pertaining to any Net Pledged Revenues any estimated decrease or increase, respectively, in such expenses that will result from the expenditure of the funds to be derived from the issuance and sale of the additional bonds or other additional securities.

E. Reduction of Annual Requirements. In any computation of the earnings tests described in clauses (1) or (2) of paragraph B above, the respective annual Bond Requirements (including the amount of any prior redemption premiums due on any Redemption Date as of which the System shall have exercised or shall have obligated itself to exercise its prior redemption option) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Bond Years with monies held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

A written certification or written opinion by the Vice Chancellor for Finance that such annual revenues, when adjusted as described in paragraphs C, D and E above, are sufficient to pay such amounts, as described in paragraph B above, shall be conclusively presumed to be accurate in determining the right of the System to authorize, issue, sell and deliver additional bonds or other additional securities on a parity with the 2016B Bonds.

Superior Securities Prohibited; Subordinate Securities Permitted. The System may not issue additional bonds or other securities having a lien on the Net Pledged Revenues that is superior to the lien thereon of the Parity Lien Bonds.

The System may issue additional bonds or other securities payable from Net Pledged Revenues and having a lien thereon subordinate, inferior, junior to the lien thereon of the Parity Lien Bonds in accordance with the Bond Resolution.

THE SYSTEM

General

The System. The University of Nevada was established as a body corporate and politic by the Nevada State Constitution in 1864, the year of the State's admission to the Union. The institution commenced as a preparatory school and began operation in Elko. In 1886, the campus was moved to Reno, the center of the State's population at the time, and college-level study formally began at the site of the UNR campus in 1887. In 1957, in order to meet the needs of population growth in the southern part of the State, the UNLV campus at Las Vegas was established. The DRI, established in 1959, primarily functions as an educational and scientific research division of the System. In 1969, in order to broaden the scope of higher educational opportunities within the State, the Legislature provided funding to the Board in order to develop and administer the Community Colleges. Beginning in January 1992, the System was known as the University and Community College System of Nevada. Effective in May 2005, the System was renamed to the "Nevada System of Higher Education."

The System is the only public institution of higher education in the State. The System is also the only public provider of post-secondary education. The System currently includes the two Universities, the DRI, the Community Colleges and Nevada State College.

The Universities. UNR and UNLV are fully accredited by the Northwest Commission on Colleges and Universities. In addition, numerous programs at each University are accredited by their national professional accrediting organizations. Both UNR and UNLV are members of many national professional associations.

UNR offers 73 major fields of study leading to baccalaureate and more than 100 major fields of study leading to advanced degrees through academic departments in these colleges and schools: Agriculture, Biotechnology and Natural Resources; Business; Education; Engineering; Health Sciences; Liberal Arts; Science; Reynolds School of Journalism; and Graduate School. In addition, UNR offers degrees through the University of Nevada School of Medicine.

UNLV offers more than 100 major fields of study leading to baccalaureate and nearly 120 major fields of study leading to advanced degrees through academic departments in these colleges and schools: Business; Continuing Education and Outreach; Education; Engineering; Fine Arts; Graduate College; Health Sciences; Honors College; Hotel Administration; Liberal Arts; Sciences; and Urban Affairs. In addition, UNLV offers degrees through the William S. Boyd School of Law and the UNLV School of Dental Medicine.

The Board of Regents

The governance of the System is vested by the State Constitution in the "Board of Regents," a body currently comprised of thirteen persons. Regents are elected by popular vote in the State's general elections for staggered terms of six years. Regents are subject to term limitations (12 years) approved by State voters in 1996. Each of the thirteen Regents must be a qualified elector of, and elected by the qualified electors of, each of the districts described in NRS Sections 396.040 through 396.046. Vacancies are filled by appointment of the Governor to a term that continues until the next general election. The Board makes all major System policy decisions, grants degrees and honors, approves administrative and faculty salaries, and appoints a chancellor to carry out specific duties prescribed by the Board. Regents currently receive $80 per day for each authorized meeting and are reimbursed for expenses incurred in performing their duties.

The current members of the Board, the date of expiration of their current terms and their principal occupations are as follows.

Regent	Title	Principal Occupation	Term Expires December 31
Mr. Rick Trachok, Reno	Chair	Attorney	2018
Mr. Michael Wixom, Las Vegas	Vice Chair	Attorney	2016
Dr. Andrea Anderson, Las Vegas	Member	Retired Education Administrator	2018
Mr. Cedric Crear, Las Vegas	Member	Businessman	2018
Mr. Robert Davidson, Incline Village	Member	Retired	2016
Dr. Mark Doubrava, Las Vegas	Member	Ophthalmologist	2022
Dr. Jason Geddes, Reno	Member	Environmental Services Administrator	2020
Mr. Trevor Hayes, Las Vegas	Member	Attorney	2020
Mr. James Dean Leavitt, Las Vegas	Member	Attorney	2016
Mr. Sam Lieberman, Las Vegas	Member	Government and Community Relations	2020
Mr. Kevin Melcher, Elko	Member	Retired School District Administrator	2016
Ms. Allison Stephens, Las Vegas	Member	Health Insurance Program Manager	2018

Administrative Officers

The Board appoints a Chancellor to administer the System and implement the Board's policies. The Board continually reviews all of the Board's policies and procedures, including procedures that delegate additional authority to the Chancellor. This action provides for a more streamlined, timely and cost-effective decision-making process. The president of each institution in the System reports to the Chancellor. The Chancellor serves at the pleasure of the Board and each president serve at the pleasure of the Chancellor.

The administrative officers and employees of the System who are most directly involved in the financial operation and general administration of the System and the operation and management of its facilities are as follows:

<u>John V. White – Acting Chancellor</u>. Mr. White became acting Chancellor in June 2016. He previously served as a strategic advisor to the president of UNLV and as a professor of law at both Boyd School of Law and Louisiana State University. Mr. White served as the second dean of the Boyd School of Law from 2007 to 2012, during which time he was named executive vice president and provost of UNLV. He concluded that appointment on June 30, 2015 to serve as the president's strategy advisor. He received his J.D. from Yale Law School in 1991, where he was a Notes and Topics Editor for the Yale Law Journal and participated in the Jerome N. Frank Legal Service Organization.

<u>Crystal Abba – Vice Chancellor for Academic and Student Affairs</u>. Crystal Abba was appointed as the Vice Chancellor for Academic and Student Affairs in March 2013 after having served as the Interim Vice Chancellor since January 2012. Prior to her appointment, Ms. Abba was the Associate Vice Chancellor for Academic and Student Affairs. She began her

career with the System in 2002 and has served in multiple positions including Assistant Vice Chancellor and Director of Public Policy. In her previous System roles she worked closely with Nevada postsecondary leadership to identify and develop higher education policies and practices that meet the challenges of a changing State and the needs of its residents. Prior to joining the System, she worked in the Research Division of the Nevada Legislative Counsel Bureau for several legislative sessions as a policy analyst and committee staffer for both the Senate and Assembly Committees on Commerce and Labor. Ms. Abba received her bachelor's degree (with distinction) from UNR and her MBA from the University of Delaware.

Vic Redding – Vice Chancellor for Finance. Vic Redding was appointed as Vice Chancellor for Finance in June 2012, overseeing a variety of functions in the areas of fiscal policy, capital budgeting and financial reporting, as well as the day-to-day operations of the System Risk Management office, Banking and Investment office, and System Facilities office. Prior to this, he served as Assistant Vice Chancellor of Finance and Senior Fiscal Operations Officer in the System Administration office. Before joining System Administration in 2005, Mr. Redding was the Assistant CFO for the University of Nevada School of Medicine. Mr. Redding has a bachelor's degree in Business Management and a minor in Accounting from Montana State University, Bozeman and a Master of Business Administration from the University of Nevada, Reno.

Employees

As of November, 2015, UNR employed approximately 1,915 faculty members and administrative personnel (1,650 full-time and 265 part-time) and approximately 1,034 classified employees (984 full-time and 50 part-time). As of November, 2015, UNLV employed approximately 3,204 faculty members and administrative personnel (2,207 full-time and 997 part-time) and approximately 955 classified employees (918 full-time and 37 part-time). Classified staff of the Universities are employed under the provisions of the State's personnel system. Faculty and certain personnel employed in executive or administrative positions, however, are not included under the State personnel system, but are employed pursuant to the System code (the "System Code"). The System Code governs the tenure of faculty, personnel policy for faculty and disciplinary procedures. Many students also are employed part-time by the Universities on a continuing basis, the numbers of which are not included in the amounts set forth above.

Academic Year

The System follows the academic semester system by which the academic year is divided into two instructional semesters of approximately 16 weeks each and summer terms between May and August. The regular academic year traditionally begins in late August and concludes in May, with vacation breaks between the fall and spring semesters and the summer session.

Admissions Policy

Admission to the Universities and the State College is open to residents and non-residents of the State on a competitive basis. Admission to the Universities is given to applicants who satisfy certain criteria relating to standardized tests and high school curriculum. There are different admission requirements for the various schools and colleges of the Universities, including particularly stringent requirements for admission to the professional schools, even at the undergraduate levels. Since 2006, the Universities have moved to being restrictive admission institutions. Effective for fall 2008, the System established a required minimum weighted GPA for admission to the Universities of 3.0 in the high school classes required for admission (this approximates a non-weighted GPA of 3.25); and high school course work must include a minimum number of semesters in various disciplines. That GPA reflects an increase from the weighted 2.75 GPA in effect since fall 2006, which was itself an increase from the 2.5 overall GPA (not weighted) requirement in effect prior to fall 2006. Effective fall 2013, students seeking admission to the Universities are required to take the American College Test ("ACT") or the Scholastic Aptitude Test ("SAT"). The Universities may admit certain first-time freshman who fall outside of those requirements in limited circumstances.

For admission to Nevada State College, a 2.0 minimum grade point average is required and there also is a requirement that high school course work include a minimum number of hours in the various disciplines.

The System may make other revisions to its admissions policies (or other policies) in the future that could have direct or indirect impact on enrollments. If enrollments decline, the revenues received from the Student Fees constituting Net Pledged Revenues may also decline.

Tuition

All System students pay registration fees (see "SECURITY FOR THE 2016B BONDS – Student Fees"). The System is prohibited by State statute from charging tuition to students who are "bona fide residents" of the State (generally, residents for 12 months). Nonresident students, however, generally are charged tuition in addition to the registration fees in accordance with current Board policy. Revenues realized from tuition do not constitute Net Pledged Revenues.

Tuition varies between the Universities, Nevada State College and the Community Colleges and also varies by full- and part-time status. For the 2016-17 academic year, the tuition charged at the Universities is as follows: undergraduate full-time tuition (seven credit hours or more per semester) is $13,910 per year, an amount which has remained flat since the 2012-13 academic year. For 2016-17 part-time undergraduates are charged $228.00 per credit for one to six credits and part-time graduate students are charged $290.50 per credit for one to six credits per semester. Part-time tuition (for one to six credits) is scheduled to increase $5.75 for graduate students and increase $9.00 per credit for undergraduate students in 2017-18, however future tuition increases remain subject to change by the Board. Additional tuition increases are expected in the future.

The System currently participates in the Western Undergraduate Exchange ("WUE") tuition reduction program for students from selected western states.

Competition for Students

The System competes with other colleges and universities for qualified applicants, and revenues available to pay Net Pledged Revenues (as well as other University revenues) are directly dependent on the number of students enrolled in the System. The System believes that decisions of students to apply and enroll at the System are based primarily on the perceived quality of the academic programs offered, the cost and reputation of the institution and the availability of financial aid. See "Student Financial Aid" below. The System believes that its most significant competitors for mutually accepted candidates are those state universities located in California, Arizona and New Mexico.

Millennium Scholarship Program

In 1999, the State established the Millennium Scholarship in order to increase the number of Nevada students who perform well in high school and then enroll in and graduate from one of the eligible institutions.

Generally, to be eligible for a Millennium Scholarship, students must have graduated with a diploma from a public or private high school in Nevada after May 1, 2000, with a grade point average specified by statute, passed all areas of the Nevada High School Proficiency Examination, been a resident of the State for at least two years of high school and, effective with the graduating class of 2009, completed the required core curriculum while in high school. The Millennium Scholarships are funded from a trust fund established with proceeds received by the State from a master settlement agreement with selected manufacturers of tobacco products and other funds as designated by the Legislature. In the past, the Legislature has appropriated additional funds from the State general fund to the Millennium Scholarship Fund; however, there is no requirement that such appropriations be made.

In order to extend the life of the program, the Legislature periodically has revised eligibility criteria. Most notably, requirements for high school grade point averages have been increased; eligibility criteria for maintaining the scholarship also were revised upward. The amount of the scholarship award each semester is determined on the established dollars-per-credit hour established by State law. The scholarships may be used for registration fees, class or laboratory fees and expenses, required textbooks and course materials and other costs related to attending a university, state college or community college, including some institutions that are not part of the System. Currently, the scholarships provide between $40 and $80 per credit hour depending on the institution. According to the Nevada Office of the Treasurer, 11,292 students from the graduating class of 2015 were eligible for the scholarship. Of that number, 51.7% had utilized their award as of fall 2015. Students have six years after high school graduation during which they may utilize their scholarships.

There is no assurance that the Millennium Scholarships will continue to be funded from tobacco settlement funds or any other State funding sources. For example, starting in 2006, the Legislature approved transfer of $7.6 million from the Unclaimed Property Fund to the Millennium Scholarship Trust Fund each fiscal year. However, during the special legislative session in summer 2008, the Legislature chose to transfer the $7.6 million directly from the Unclaimed Property Fund to the State's general fund; the Legislature later suspended this funding source for the entire 2009-11 biennium. At the December 2008 special session, the Legislature approved the transfer of $5 million from the Millennium Scholarship Trust Fund to the State's general fund. The Legislature provided approximately $2.2 million of funding for the Millennium Scholarship program for fiscal year 2011. The 2011 Legislature took action to restore the $7.6 million per year transfer from the Unclaimed Property Fund and provided a one-time General Fund appropriation of $10 million to support the program. In 2013, the Legislature appropriated a total of $7 million in the Regular Session ($5 million) and 27th Special Session ($2 million). In June 2013, the State Treasurer announced an additional $8 million in funding was added to the Trust Fund from a settlement agreement reached with major tobacco manufacturers. According to the State Treasurer, these actions will fund the Millennium Scholarship program through 2018. Should the State cease to fund Millennium Scholarships in the future, students may choose to enroll at other universities and enrollment at the institutions within the System could decline.

Student Body – The Universities

Applications and Admissions. The following tables show the number of applications for acceptance and new students registered at UNR and UNLV, respectively, during the fall semester of each of the years 2011-2015.

Applications and Admissions - UNR

Fall Term	Applications	Applicants Accepted	Enrolled
2011	12,625	10,093	5,473
2012	12,880	10,067	5,411
2013	12,960	10,460	5,590
2014	14,255	11,337	5,852
2015	15,548	12,599	6,599

Source: Compiled by UNR.

Applications and Admissions - UNLV

Fall Term	Applications	Applicants Accepted	Enrolled
2011	14,085	10,335	6,691
2012	14,704	10,758	7,177
2013	15,347	11,691	7,535
2014	15,044	11,756	7,565
2015	15,309	12,024	7,401

Source: Compiled by UNLV.

Enrollment and Residency Status. The following tables show the total number and residency status of students (undergraduate and graduate students) enrolled at UNR and UNLV, respectively, during the fall semesters of each of the years shown.

Enrollment and Residency Status - UNR

Fall Term	Total Students	Residents	Percentage of Total	Non-Residents	Percentage of Total
2011	17,599	13,657	77.6%	3,942	22.4%
2012	18,363	14,592	79.5	3,769	20.5
2013	18,853	13,970	74.1	4,883	25.9
2014	19,934	14,272	71.6	5,662	28.4
2015	20,898	14,820	70.9	6,078	29.1

Source: 2011-15 compiled by UNR; System Data Warehouse for 2015.

Enrollment and Residency Status - UNLV

Fall Term	Total Students	Residents	Percentage of Total	Non-Residents	Percentage of Total
2011	27,306	22,271	81.6%	5,035	18.4%
2012	27,109	22,322	82.3	4,787	17.7
2013	27,704	22,867	82.5	4,837	17.5
2014	28,515	23,539	82.5	4,976	17.5
2015	28,600	24,000	83.9	4,600	16.1

Source: 2011-15 compiled by UNLV; System Data Warehouse for 2015.

FTE Enrollments. The following tables show the total annualized full-time equivalent ("FTE") undergraduate and graduate students enrolled at UNR and UNLV, respectively, during fiscal years 2011 through 2015. The FTE formula recognizes the different costs associated with various levels of education. Accordingly, FTE enrollments are calculated based upon 15 credits at the undergraduate level, 12 credits at the masters' degree level and 9 credits at the doctorate degree level. FTE enrollments currently are calculated as of the last date of each semester.

FTE Enrollment - UNR

Fiscal Year	Undergraduate Annualized FTE	Graduate Annualized FTE	Total Annualized FTE
2011-12	11,962	1,620	13,583
2012-13	12,134	1,587	13,721
2013-14	12,906	1,562	14,468
2014-15	14,177	1,585	15,762
2015-16	15,286	1,630	16,916

Source: Official System Enrollment Reports.

FTE Enrollment - UNLV

Fiscal Year	Undergraduate Annualized FTE	Graduate Annualized FTE	Total Annualized FTE
2011-12	16,085	2,494	18,580
2012-13	16,080	2,417	18,497
2013-14	16,802	2,467	19,269
2014-15	17,731	2,569	20,301
2015-16	18,676	2,676	21,352

Source: Official System Enrollment Reports.

Student Financial Aid – The Universities

Financial aid at the System is awarded by individual System institutions generally in the form of a "package" consisting of grants, scholarships, loans and campus employment. State financial aid to students at both Universities for fiscal year 2014-15 was $67,623,823 and for fiscal year 2013-14 was $64,353,874. Federal financial aid to the Universities for fiscal year 2014-15 was $271,082,262 and for fiscal year 2013-14 was $261,189,781. Financial aid to students at the Universities has increased every year in recent years.

Student Financial Aid - 2014-15

	UNLV	UNR	Total
TOTAL AWARDS OF FINANCIAL AID[(1)]	54,275	44,785	99,060
NUMBER OF STUDENTS IN EACH CATEGORY OF FINANCIAL AID[(1)]:			
Private Scholarships and Other	1,020	1,381	2,401
Institutional Aid	8,425	7,238	15,663
State of Nevada Aid[(2)]	7,878	8,751	16,629
Federal Aid	16,056	9,692	25,748
AMOUNT OF FEDERAL AID	$171,400,214	$99,682,048	$271,082,262
AMOUNT OF STATE AID[(3)]	$ 36,188,272	$31,435,551	$ 67,623,823

(1) Awards are duplicated. Students may receive funds from more than one program within each category.
(2) Consists primarily of Millennium Scholarships, Student Access Aid, NSHE grants-in-aid, campus employment and graduate assistantships.
(3) The System is unable to determine from payroll records which departmental funds were truly State funds and which were departmental money from non-state sources. Therefore, all these funds were classified under the State category. The true State aid total is inflated because of this.

Source: Compiled by System Administration.

DEBT STRUCTURE

Outstanding Parity Lien Bonds

As of September 1, 2016, the System has outstanding the following Parity Lien Bonds.

Outstanding Parity Lien Bonds

	Original Amount	Amount Outstanding	Final Maturity
2008A Bonds	$60,135,000	$4,245,000	07/01/19
2009A Bonds	18,140,000	2,770,000	07/01/20
2010A Bonds	29,455,000	28,860,000	07/01/40
2010B Bonds	3,275,000	705,000	07/01/17
2011A Bonds	50,470,000	27,135,000	07/01/24
2012A Bonds	27,375,000	25,965,000	07/01/32
2012B Bonds	5,010,000	2,760,000	07/01/22
2013A Bonds	40,035,000	33,415,000	07/01/33
2013B Bonds	105,300,000	104,340,000	07/01/35
2014A Bonds	49,995,000	47,895,000	07/01/43
2015A Bonds	61,455,000	61,455,000	07/01/35
2015B Bonds	7,480,000	7,480,000	07/01/26
2016A Bonds	57,750,000	57,750,000	07/01/38
Total	$515,875,000	$404,775,000	

Source: The System.

Other Obligations of the System

The System also has outstanding certain existing or planned obligations which are not secured by Net Pledged Revenues. As of September 1, 2016, those obligations included the following: (1) the certificates of participation, currently outstanding in the aggregate principal amount of $146,255,000; (2) outstanding $26,438,038 and proposed $34,039,000 aggregate principal amount of other obligations, bank loans and leases.

The System also will have outstanding, as of September 1, 2016, certain letters of credit (which are not secured by Universities Net Pledged Revenues), including (1) a $2,100,000 letter of credit associated with DRI lease revenue bonds; and (2) $1,998,000 aggregate amount of two letters of credit acquired to fund the System's obligations under the State Workers Compensation Insurance Program and its self-insured workers' compensation liability. See Notes 9-13 in the audited financial statements attached hereto as Appendix A for a description of the System's long-term debt, capital and operating lease obligations and other non-current liabilities as of June 30, 2015.

Authorized but Unissued Obligations

General. Since 1999, the Legislature has authorized the issuance of obligations that are fully or partially payable from the Net Pledged Revenues for UNR, UNLV, Nevada State College and the Community Colleges. The legislative authorization for UNR and UNLV may be used for the construction, rehabilitation and improvement of additional student housing and dining facilities, parking facilities and other campus facilities required or desired by the university master plans. The legislative authorization for Nevada State College may be used for student housing and parking. The legislative authorization for the Community Colleges may be used for student service facilities, classrooms and parking facilities. The total authorized for UNR since 1999 is $348,360,000, the total authorized since 1999 for UNLV is $422,155,000, the total authorized for Nevada State College since 1999 is $20,000,000 and the total authorized for the Community Colleges since 1999 is $65,000,000. Under current law, the authorization for UNR and UNLV to issue bonds expires on January 1, 2029 and the authorization for Nevada State College and the Community Colleges expire on June 13, 2022.

The current remaining legislative authorization for UNR is $2,790,000. UNLV's current remaining legislative authorization is $156,020,000. Upon issuance of the 2016B Bonds, UNLV's remaining legislative authorization will be $142,440,000. Neither Nevada State College nor the Community Colleges have issued any bonds; accordingly, the remaining legislative authorizations are $20,000,000 and $65,000,000, respectively. UNLV has various projects identified as part of its long-term facility master plan associated with available authorization; however, UNLV has no specific plans to issue additional bonds at this time.

The Legislature may authorize the issuance of additional obligations payable from all or a part of the Net Pledged Revenues at any time in the future. Legislature also may authorize the issuance of additional obligations payable from revenues other than the Net Pledged Revenues. The Board also may be authorized from time to time to issue general obligation bonds of the State for capital construction purposes. However, the Board does not currently have authorization to do so.

In addition, the Universities, Nevada State College and the Community Colleges may obtain bank loans at any time for various capital projects (subject to Board approval and compliance with State statutes). Certain outstanding loans and other obligations are discussed above.

Contemplated Projects for the Universities.

The System reserves the privilege of issuing bonds whenever legal and financial requirements have been met. Issuance of bonds, including refunding bonds, is contingent upon approval by the Board.

Debt Service Requirements

The following schedule shows: (1) the debt service payable on the 2016B Bonds; (2) the debt service payable on the Prior Parity Bonds; and (3) the combined debt service on the 2016B Bonds and the Prior Parity Bonds. *The schedule shows debt service payable in each bond year ending July 1, not in the System's fiscal year*.

Debt Service Requirements[(1)]

Fiscal Year Ending July 1[(2)]	2016B Bonds Principal	2016B Bonds Interest[(3)]	Total Debt Service on Prior Parity Bonds[(4)]	Total Debt Service
2017	--	$336,462	$35,158,528	$35,494,990
2018	$480,000	494,394	35,842,320	36,816,714
2019	505,000	470,394	35,970,138	36,945,531
2020	530,000	445,144	35,435,388	36,410,531
2021	555,000	418,644	34,243,788	35,217,431
2022	585,000	390,894	33,987,663	34,963,556
2023	615,000	361,644	34,091,193	35,067,836
2024	640,000	337,044	33,603,413	34,580,456
2025	665,000	311,444	32,872,108	33,848,551
2026	690,000	284,844	28,557,123	29,531,966
2027	720,000	257,244	27,305,653	28,282,896
2028	745,000	228,444	27,275,258	28,248,701
2029	775,000	198,644	27,243,658	28,217,301
2030	795,000	179,269	27,290,803	28,265,071
2031	815,000	158,400	26,246,743	27,220,143
2032	840,000	133,950	26,217,543	27,191,493
2033	865,000	108,750	24,955,683	25,929,433
2034	895,000	82,800	20,479,618	21,457,418
2035	920,000	55,950	20,430,928	21,406,878
2036	945,000	28,350	9,510,363	10,483,713
2037	--	--	9,468,089	9,468,089
2038	--	--	9,415,281	9,415,281
2039	--	--	5,100,964	5,100,964
2040	--	--	5,050,166	5,050,166
2041	--	--	2,849,225	2,849,225
2042	--	--	2,844,850	2,844,850
2043	--	--	2,847,625	2,847,625
Total	$13,580,000	$5,282,706	$614,294,103	$633,156,809

(1) Totals may not add due to rounding.
(2) Based on the Bond Year ending July 1st of each year, not on the System's fiscal year. Includes payments of interest on January 1 of the calendar year shown and payments of principal and interest on July 1 of that year.
(3) Assumes interest at rates estimated by the Financial Advisor.
(4) The amounts shown in this table reflect the total interest due on the 2010A Bonds; the amounts are not net of the BAB Credit. If the BAB Credit is received, the amount of interest on the 2010A Bonds to be paid from Net Pledged Revenues will be lower.

Source: The System and the Financial Advisor.

SYSTEM FINANCIAL INFORMATION

Financial Management

Pursuant to State statute, the Board is the sole trustee to receive and disburse all funds of the System and the Chancellor of the System is empowered by the System's bylaws to act as the Chief Executive Officer and Treasurer of the System. The Chancellor is responsible for the financial management and coordination of the administration for the System. The Chancellor's office performs the treasury functions for the System, including administration of the cash management system.

All State appropriated monies are drawn upon from the State treasury by the Chancellor's office for disbursement to the respective institutions of the System, including UNR and UNLV. The expenditure of State appropriated monies once disbursed to the individual institutions is controlled by those institutions. The Board does not have the discretionary power, once the Legislature has approved the System's budget, to alter the budgeted disbursements to each institution within the System.

Budget

General. The System operates under a biennial budget system prescribed by the State. See Appendix B – State Financial, Economic and Demographic Information – Certain Financial Information – State General Fund – Budget Procedure." The Fiscal Year begins on July 1 of each year and the biennium begins on July 1 of each odd numbered year. After the biennial budget is set by the Legislature, the System develops an operating budget for each year of the biennium. The current biennium began July 1, 2015.

The System and each of its institutions (including each of the Universities and Community Colleges, Nevada State College and DRI) are required to maintain balanced budgets. The System's biennial budget request is developed over a period of several years. More than one year prior to the budget request being submitted to the Legislature, a series of hearings with each campus is held, at which programs and goals are discussed and later translated into numerical requests in specified dollar amounts. Following the hearings, the presidents of the Universities, Nevada State College, DRI and the Community Colleges and their respective staffs review the composite requests and formulate recommendations for each college or division. These recommendations are reviewed first by the appropriate dean or director, then by the Chancellor, and then by the Board. The budget request is then sent to the Governor's office for further review and modification. Comments and modifications are made at each step of this review procedure.

In the event of emergencies when additional funds become necessary for the operation of the System during any biennium and the Legislature is not in session, the Board may submit a request to the State Board of Examiners (consisting of the Governor of the State, the Secretary of State and the State Attorney General) for an allocation by the Interim Finance Committee. The Interim Finance Committee is composed of the members of the State Assembly Standing Committee on Ways and Means and the State Senate Standing Committee on Finance during the current or immediately preceding session of the Legislature. The State Interim

Finance Committee (the "IFC") may allocate monies from a special State contingency fund for payment to the System of funds not otherwise appropriated.

Pursuant to the authorized expenditure bill for the 2015-17 biennium ("AB490"), the System may expend any additional registration fees collected from students for the purpose of meeting salaries and related benefits for incremental instructional faculty necessary as a result of registering additional students beyond budgeted enrollments. The System also may expend, with the approval of the IFC, any additional nonresident tuition fees and any additional registration fees not utilized for incremental instructional faculty costs in addition to the authorized amounts for the respective years of the biennium. The System may also expend, with the approval of the IFC, any additional registration and nonresident fees resulting from the imposition of fee increases.

2015-17 Biennial Budget. The 2015 Legislature appropriated a net increase in general fund dollars to the System for fiscal year 2015-16 and fiscal year 2016-17. These included both general operating dollars – primarily tied to inflationary costs. A table showing the 2015-17 biennial general fund appropriations, as compared to fiscal year 2015 and 2014, is set forth below.

(in millions)	2013-14	2014-15	2015-16	2016-17
General Fund	$480.7	$492.7	$539.1	$557.0
COLA Increase	--	--	4.8	14.4
Salary Restoration	6.5	6.6	--	--
Total	$487.2	$499.3	$543.9	571.4

2017-19 Biennial Budget. As it does in the spring of even-numbered years, the Governor's Office issued budget instructions in the spring of 2016 for all State entities regarding the preparation of the next biennial budget request, which was due September 1, 2017 for review and approval by the 2017 Legislature. As approved by the Board on August 25, 2016, the System's systemwide total amount requested from all funding sources, which includes General Fund, student registration fees allocated to the State budget and non-resident tuition, totals $953.0 million in fiscal year 2017-18, which represents an increase of 8.2% over fiscal year 2016-17. In fiscal year 2018-19, the amount requested totals $989.1 million, an additional increase of 3.9% over fiscal year 2017-18. State support (General Fund only) requested, included student growth ($29.5 million/year) and enhancements, totals $626.1 million in fiscal year 2017-18, which represents an increase of 9.7% over fiscal year 2016-17. In fiscal year 2018-19, total State support requested totals $649.8 million, an increase of 3.8% over fiscal year 2017-18.

Separately, all State entities receiving General Funds or Highway Funds (including the System) were asked in the budget instructions to identify potential budget reduction plans for up to 5% for each year of the next biennium for consideration by the Governor while preparing his Executive Budget in the fall of 2016. For the System, those cuts would total $27.3 million/year and are not reflected in the above totals.

Higher Education Funding Formula. The 2011 Legislature passed Senate Bill 374 which authorized a legislative interim study to review the funding formula utilized for higher education. The last time the Legislature authorized a study to update the higher education funding formula was in 1999. The Interim Study Committee was chaired by the State Senate Majority Leader and had 11 other voting members including 5 legislators, 3 regents, and 3 appointed community members as well as 4 non-voting representatives from the Executive Budget Office and the System. The Committee was charged with comparing the existing method for funding higher education in Nevada with the methods used in other states and determining whether those methods would be appropriate and useful in Nevada.

The Committee made final recommendations in August 2012. These recommendations were substantially reflected in the higher education section of the Executive Budget which was ultimately approved by the 2013 Legislature. The primary changes included a shift from inputs (enrollments) as the main driver to weighted outputs (completed credit hours) for the main funding calculation. The Legislature also approved a performance component which began in fiscal year 2015 with an initial funding amount of 5% of the base general fund appropriation, increasing by 5% each successive year, until a 20% (of base funding) pool is created in fiscal year 2018.

For fiscal year 2016, the Interim Study Committee recommended a 10% carve out from each institution's general fund appropriation that would be earned back based upon performance criteria recommended by the Board of Regents. The Committee recommended that the rate increase by 5% each year through 2018. The carve-out for the initial year (FY 2015) was 5% and is increased by 5% each succeeding year until it reaches 20 percent in fiscal year 2018.

Historical Budget Summary of Appropriated Funds. A budget summary of appropriated funds for the System for the years stated is set forth below. See "CERTAIN RISK FACTORS – Risks Related to System Operations – System Appropriation" and the discussion in "Budget Issues" above.

Budget Summary of Appropriated Funds

	2011-12		2012-13		2013-14		2014-15		2015-16	
	State[1][4]	Other Revenue Sources[1][4]	State[1][4]	Other Revenue Sources[2][4]	State[1][5]	Other Revenue Sources[2][5]	State[1][3]	Other Revenue Sources[2]	State[1]	Other Revenue Sources[2]
General	$416,870,688	$245,555,038	$415,486,988	$255,168,786	$424,419,771	$252,985,646	$435,107,430	$254,853,658	$467,202,510	$287,540,659
Statewide Programs	3,462,122	--	5,782,860	--	9,960,330	--	10,658,062	--	11,642,185	--
Intercollegiate Athletics	10,155,520	--	11,946,203	--	12,003,355	--	12,052,260	--	12,541,337	--
Agric. Experiment Station	4,613,011	1,529,685	4,866,936	1,529,685	4,810,874	1,650,537	4,919,136	1,650,537	5,132,743	1,710,261
Coop. Extension Services	6,729,407	1,906,019	2,859,930	1,908,089	3,447,035	1,930,606	3,535,951	1,936,086	3,773,477	1,880,993
State Health Lab	1,518,317	--	1,518,320	--	1,502,190	--	1,519,568	--	1,587,959	--
School of Medicine	29,906,783	3,623,260	29,906,780	4,443,159	31,040,487	5,123,764	31,515,247	5,926,080	41,971,833	5,929,781
TOTAL SYSTEM	$473,255,848	$252,614,002	$472,368,017	$263,049,719	$487,184,042	$261,690,553	$499,307,654	$264,366,361	$543,852,044	$297,061,694

(1) Consists of monies appropriated by the State for the categories as indicated.

(2) Other revenue sources included in this column are Registration Fees (*i.e.*, Student Fees, Non-Resident Tuition, Miscellaneous Student Fees), Federal Funds, Indirect Cost Recovery, Operating Capital Investment, Discretionary Funds, Training Grants, County Funds and Miscellaneous.

(3) Includes Federal stabilization funds (ARRA funds) authorized by the 2009 Legislature.

(4) The Statewide, Intercollegiate Athletics and Business Center budgets were consolidated with the respective university budgets.

(5) Includes salary restoration funds appropriated on behalf of the System to the Board of Examiners (AB 511).

Source: The System.

Sources of Funds

General. As illustrated in the table under "Financial Statements and Historical Financial Information" below, the System receives revenues from a variety of sources. The major sources of System operating revenues are discussed in more detail below. In addition to operating revenues, the System receives revenues (classified as non-operating revenues for accounting purposes) from other sources, primarily State appropriations.

Operating Revenues. The major sources of System operating revenues are discussed below.

Tuition and Fees. The major components of this source are the Student Fees and the Activities and Program Fund Fees. Non-resident students are charged tuition in addition to the student fees. Tuition and fees (net of scholarship allowances) accounted for 45.2% and 44.7% of the System's total operating revenues for the fiscal years ended June 30, 2014 and 2015, respectively.

Grants and Contracts. The United States government and various other State, local and private sponsoring agencies through various grant and contract programs accounted for 28.8% and 28.4% of the System's total operating revenues for the fiscal years ended June 30, 2014 and 2015, respectively. The use of such funds is usually limited to specific projects and is not included in the budgets or work programs for the System. Such revenues include grants and contracts for research, public service, instruction and training programs, fellowships, scholarships, endowment scholarship programs, and student aid programs, and grants for construction projects.

Sales and Services - Educational Departments. Various System departments provide services and products to the student body and, in some instances, to the community, for which payment is received. These include revenues from the sale of maps, copying services, diplomas, binding, and the like. Sales and services accounted for 10.6% and 10.9% of the System's total operating revenues for the fiscal years ended June 30, 2014 and 2015, respectively.

Auxiliary Enterprises. This source represents income earned by the System on its income producing operations such as event centers, bookstores, housing, food service and certain other operations. The income from the operation of the auxiliary enterprises usually equals or exceeds the cost of the auxiliary enterprises. Auxiliary enterprises accounted for 10.6% and 11.6% of the System's total operating revenues for the fiscal years ended June 30, 2014 and 2015, respectively.

Other Sources of System Funds (Non-operating Revenues). The State also receives non-operating revenues from various sources, including investment income, interest earned on loans receivable, gifts and other sources of income. The largest source of non-operating revenues is State appropriations, which are discussed below.

State Appropriations. This non-operating revenue source is provided by the Legislature based upon the System's request as described more particularly elsewhere in this Official Statement. State appropriations do not constitute operating revenues of the System under currently applicable Generally Accepted Accounting Principles ("GAAP"); rather, they are classified as non-operating revenues. Nonetheless, State appropriations remain a significant source of System funding.

For the fiscal years ended June 30, 2015 and 2014, State appropriations were $486.9 million and $486.0 million, respectively. State law does not provide for a specific level of appropriation in any biennium. See the discussions in "Budget" above, "CERTAIN RISK FACTORS – System Appropriations" and Appendix B – State Financial, Economic and Demographic Information – Certain Financial Information – State General Fund, – Recent and Current State Budgets.

Financial Statements and Historical Financial Information

The System prepares annual financial statements setting forth the financial condition of the System as of June 30 of each fiscal year shown. The System prepares its financial statements in accordance with GAAP as prescribed by the Governmental Accounting Standards Board ("GASB"). See Note 2 to the audited financial statements attached hereto as Appendix A for a description of the System's significant accounting policies, including a description of the basis of presentation and the implementation of new accounting principles.

The information in the following table has been derived from the information contained in System's audited financial statements for the years ended June 30, 2012 through 2015 and from unaudited fiscal year 2016 information provided by the System. The unaudited 2016 information remains subject to adjustment during this audit process. The information in the following table represents the financial results of the Universities, Nevada State College, the Community Colleges and the DRI, excluding the legally separate campus foundations and medical school practice plans (the "System-Related Organizations").

The audited financial statements for the year ended June 30, 2015, attached hereto as Appendix A, represents the most recent audited financial information available for the System. The financial statements of the System for prior years are available for inspection at the System offices (see "INTRODUCTION – Additional Information"). The information in these tables should be read together with the System's audited financial statements and accompanying notes for each respective fiscal year.

Statements of Revenues, Expenses and Changes in Net Assets (in thousands)[1]

	Fiscal Year Ended June 30,				
Operating Revenues	2011	2012	2013	2014	2015
Tuition and fees (net)[2]	$328,805	$335,187	$350,170	$372,396	$370,886
Federal grants and contracts	186,353	164,127	167,889	160,530	156,599
State grants and contracts	35,345	28,911	30,875	32,162	35,275
Local grants and contracts	28,122	25,167	27,494	26,181	26,094
Other grants and contracts	17,108	13,573	15,735	18,159	17,669
Campus support	16	53	11	10	10
Sales & services of educational departments[3]	59,717	72,792	88,279	87,556	90,791
Sales and services of auxiliary enterprises[4]	77,472	76,896	81,194	87,552	96,102
Interest earned on loans receivable	196	217	213	235	258
Other operating revenues	28,028	29,416	36,287	38,256	36,693
Total operating revenues	761,162	746,339	798,147	823,037	830,377
Operating Expenses					
Employee compensation and benefits	907,282	873,941	889,062	934,477	975,051
Utilities	34,203	31,954	32,368	32,563	34,081
Supplies and services	287,746	304,425	326,304	332,798	342,721
Scholarships and fellowships	101,044	88,770	82,839	90,333	90,015
Depreciation	92,557	95,689	95,400	95,614	94,910
Other operating expenses	52	30	98	282	113
Total operating expenses	1,422,884	1,394,809	1,426,071	1,486,067	1,536,891
Operating (loss)	(661,722)	(648,470)	(627,924)	(663,030)	(706,514)
Non-operating Revenues (Expenses)					
State appropriations	549,083	475,004	472,109	486,044	486,928
Refund to State	(68)	--	--	--	--
Gifts[4]	34,999	31,533	35,428	38,657	52,029
Investment income (loss), net	88,117	16,973	73,639	106,081	3,286
Disposal of capital assets	(1,626)	(8,648)	6,750	2,822	(1,328)
Loss on early extinguishment of debt	--	--	(490)	--	--
Interest expense	(24,352)	(23,955)	(21,391)	(21,358)	(24,427)
Federal grants and contracts[5]	100,769	122,329	118,151	122,458	130,181
Other non-operating revenues	3,769	(991)	965	3,059	6,316
Net non-operating revenues	750,691	612,245	685,161	737,763	652,985
Income (Loss) before other revenue, expenses, gains or losses	88,969	(36,225)	57,237	74,733	(53,529)
State appropriations for capital purposes[6]	(3,047)	7,711	(3,468)	14,518	41
Capital grants and gifts[5]	13,441	17,196	6,984	12,722	86,146
Additions to permanent endowment[5]	3,140	489	427	278	549
Total other revenues	13,534	25,396	3,943	27,518	86,736
Increase (decrease) in net assets	102,503	(10,829)	61,180	102,251	33,207
NET ASSETS - beginning of year	2,150,623	2,253,126	2,242,297	2,299,765	2,402,016
GASB 65 Adjustments	--	--	(3,712)	--	--
GASB 68 Adjustments[7]	--	--	--	--	(340,297)
NET ASSETS - end of year	$2,253,126	$2,242,297	$2,299,765	$2,402,016	$2,094,926

(1) These amounts represent the financial results for the entire Nevada System of Higher Education, including the Universities, Nevada State College, the Community Colleges and the DRI, but exclude results for the legally separate campus foundations and medical school practice plans (*i.e.*, the System-Related Organizations).

(2) Net of scholarship allowances (in thousands): 2011-$91,504; 2012-$115,276; 2013-$121,080; 2014-$120,886; and 2015-$133,481.

(3) Includes amounts received from System Related Organizations. See the basic financial statements in Appendix A.

(4) Net of scholarship allowances (in thousands): 2011-$5,464; 2012-$5,083; 2013-$6,946; 2014-$5,264; and 2015-$5,219.

(5) Represents payments of estate tax funds to the State.

(6) Negative amounts reflect unused appropriations that revert to the State.

(7) Reflects negative adjustment attributable to implementation of GASB 68. See "SYSTEM FINANCIAL INFORMATION – Retirement Plans and Other Post-Employment Benefits."

Source: Derived from information included in the System's Audited Financial Statements for the fiscal years ended June 30, 2011 through 2015.

The System is currently compiling its financial statements for the fiscal year ended June 30, 2016, with the expectation that final statements and the auditor's opinion letter will be available in early November, 2016. While it is too early to prepare a detailed analysis, data collected to date show the System's financial position mirroring trends in areas such as student revenues tracking enrollment growth and grant/sponsored activity/federal financial aid and related expenses showing a slight uptick. Likewise the System drew its entire General Fund allocation for the fiscal year ended June 30, 2016, as approved by the 2015 Legislature. At this point, management is not aware of any significant findings, outside of normal operational issues, or other material financial statement issues.

Investment Policy

General. The System follows Board approved investment policies in managing all public funds, including operating funds and endowment funds. Copies of the investment policies, which are subject to Board amendment at any time, are available upon request. The Board has delegated to the Investment and Facilities Committee (the "Committee") the management of operating funds and endowment funds within the parameters of its investment policy. The Committee is comprised of six Board members. In addition, the Chancellor, the Vice Chancellor for Finance, and the Director of Banking and Investments serve as ex-officio non-voting members of the Committee, and the Committee may include one or more individuals with investment knowledge or expertise to serve as non-voting members of the Committee. The Committee meets at least quarterly and reviews its allocations each time. The Committee is required to review the investment objectives and policies at least every two years for their continued appropriateness.

The System currently utilizes several external investment managers to manage the operating funds and the endowment funds. The Committee has discretion to hire and terminate managers for any reason, and provides each manager with written guidelines.

The market values of the various pools discussed below are subject to change depending upon conditions which are beyond the control of the System, including general economic conditions and general financial conditions. In addition, the System, while investing in mutual funds, is subject to the same risks as other investors in the market including but not limited to adverse market conditions, competence of fund managers and ability of fund managers to maintain a solvent fund.

Operating Funds. The System does not currently invest its operating funds directly in individual securities. The operating funds are invested in professionally managed investment funds. The Operating Funds are comprised of three pools: the Short-Term Pool, the Intermediate-Term Pool and the Long-Term Pool. The Short-Term Pool must be invested in fixed income securities with average maturities of one year or less to maintain high liquidity and low risk of principal loss. The Intermediate-Term Pool must be invested in fixed income securities with average maturities of three years or less. The Long-Term Pool may be invested in fixed income securities, Treasury Inflation Protection Securities (TIPS), and U.S. and international common stocks. A portion of the Long-Term Pool also currently is invested in absolute return strategies, which previously were authorized investments; that asset class currently is being liquidated in stages.

As of June 30, 2016, the System had approximately $762.7 million of operating funds invested pursuant to the above investment policies.

Endowment Funds. The investment objective for the endowment funds is to attain an inflation-adjusted total return, net of fees, at least equal to the System's Board-approved net spending/distribution rate of 4.75% (based upon a 20-quarter moving average as set forth in Board policy). Effective July 1, 2009, the Board suspended distributions on all underwater accounts, unless expressly authorized by the donors in writing.

The endowment fund is allocated between an equity portfolio which provides long-term capital appreciation and growing income stream and a fixed income portfolio to provide a hedge against an extended deflation, to provide higher current income than equities and to diversify the portfolio. Board policy sets normal allocation and ranges for each type of portfolio. The normal allocation for the equity portfolio is 77%; a 70-85% range is permitted. The normal allocation for the fixed income portfolio is 23%; a 15-30% range is permitted. The equity portfolio is required to be diversified among domestic common stock (35% strategic allocation), international common stock (13% strategic allocation), alternative strategies (19% strategic allocation), and real estate and other inflation hedging assets (10% strategic allocation). The fixed income portfolio ordinarily will maintain a high credit quality (*i.e.*, normally a weighted average credit rating of AA or better and never below A) and an intermediate duration of between two and three years. The Board policy sets additional parameters for the allocation of the fixed income fund among issuers of single securities and non-dollar fixed income securities.

The permanent endowment fund (which includes quasi-endowment) was established July 1, 1984, with a total market value of approximately $20 million. As of June 30, 2016, the market value of the permanent endowment was approximately $221.4 million.

Liability Insurance

The System is insured for general liability, automobile liability and errors and omissions coverage through a program of self-insurance administered by the State. The System pays the State approximately $1,081,156 per year in premiums and the State pays the System's liability claims. Under State law, the System's liability is limited to $100,000 per cause of action (see "LEGAL MATTERS – Sovereign Immunity"). The System also shares an excess liability policy with the State that has limits of $15 million aggregate, excess of $2 million. For medical malpractice, the System is fully insured in the amount of $1 million per occurrence and $3 million annual aggregate. The System carries property insurance in the amount of $500 million per occurrence (except the limit is $100 million for flood and earthquake). This insurance has a $500,000 per occurrence deductible with an aggregate deductible of $1,000,000. The System purchases statutory coverage excess of $750,000 per occurrence of self-insured retention for workers' compensation. The System's Risk Manager believes this coverage is adequate for the System's needs.

Retirement Plans and Other Post-Employment Benefits

Retirement Plans. Substantially all of the permanent employees of the System are covered by retirement plans. The System is a public employer under the State Public

Employees' Retirement System ("PERS"), which covers substantially all public employees of the State, its agencies and its political subdivisions. All classified employees and some professional employees are covered under PERS. PERS, established by the Nevada legislature effective July 1, 1948, is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor. Retirement Board members serve for a term of four years. **Except for certain System-specific information set forth below, the information in this section has been obtained from publicly-available documents provided by PERS. The System has not independently verified the information obtained from the publicly-available documents provided by PERS and is not responsible for its accuracy**.

Those professional employees not covered by PERS are covered by three self-directed alternative plans. Professional employees currently contribute 13.25% of their salary into the alternative plans, which are matched by the System and vested immediately. The alternative plans are defined contribution plans, and hence have no unfunded liability.

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. Benefits, as established by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits and death benefits.

Regular members of PERS hired before January 1, 2010, are eligible for retirement benefits at age 65 with five years of service, at age 60 with 10 years of service or at any age with 30 years of service. Police and fire members are eligible for retirement benefits with five years of service at age 65, with 10 years of service at age 55, with 20 years of service at age 50, or at any age with 25 years of service. In its 2009 session, the Legislature made changes to the benefit structure for newly hired members of PERS on or after January 1, 2010, including raising the retirement age from 60 to 62 (with 10 years of service), reducing post-retirement benefit increases, changing the age/years of service calculations and changing the benefit calculations.

PERS has an annual actuarial valuation showing unfunded liability and the contribution rates required to fund PERS on an actuarial reserve basis; however, actual contribution rates are established by the Legislature. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2015. As of June 30, 2012, PERS reported an unfunded actuarial accrued liability ("UAAL") of approximately $11.21 billion, the funded ratio for all members was 71.0% (actuarial value basis), and the market value of total net assets was approximately $27.40 billion. As of June 30, 2013, PERS reported a UAAL of approximately $12.88 billion, the funded ratio for all members was 69.3% (actuarial value basis), and the market value of total net assets was approximately $29.11 billion. As of June 30, 2014, PERS reported a UAAL of approximately $12.53 billion, the funded ratio for all members was 71.5% (actuarial value basis) and the market value of total assets was approximately $31.47 billion. As of June 30, 2015, PERS reported a UAAL of approximately $12.35 billion, the funded ratio for all members was 73.2% (actuarial value basis) and the market value of total assets was approximately $33.72 billion.

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 30 years. The calculation method for the UAAL existing as of June 30, 2011, is amortized using the closed method over 30 years. Effective for fiscal year 2012, the PERS board adopted changes to the amortization method to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL will be amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The PERS board also adopted a four-year asset smoothing policy for net deferred losses of approximately $616 million from the 2011 valuation and approximately $1,499 million in unrecognized investment losses. Unless offset by future investment gains, the recognition of the $1,499 million market loses is expected to decrease the future funded ratio and increase the future contribution rate.

PERS is funded as a "50/50" plan wherein employer and employee contribution rates are equally split as established by State statue. The statute allows for biennial increases or decreases of the actuarially determined rate and the Legislature can increase the contribution rate for members by any amount it determines necessary. Pursuant to statute, there is no obligation on the part of the employer to pay for their proportionate share of the unfunded liability. However, the actuarially determined rates amortize the UAAL as described above. The System is obligated to contribute all amounts due under PERS.

For the year ended June 30, 2015, PERS adopted Governmental Accounting Standards Board ("GASB") Statement No. 67, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25. This GASB replaces the requirements of GASB statements 25 and 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of GASB Statement No. 67 is to improve financial reporting by state and local governmental pension plans. It requires enhancement to footnote disclosure and required supplementary information for pension plans. In addition, it requires the determination of net pension liability ("NPL") as opposed to the previously disclosed UAAL.

Prior to these new standards, the accounting and reporting requirements of the pension related liabilities followed a long-term funding policy perspective. The new standards separate the accounting and reporting requirements from the funding decisions and require the unfunded portion of the pension liability to be apportioned among the participating employers. These standards apply for financial reporting purposes only and do not apply to contribution amounts for pension funding purposes.

With the implementation of GASB 67, PERS reported its total pension liability, fiduciary net position, and NPL in its financial statements for the fiscal year ended June 30, 2014. The total pension liability for financial reporting was determined on the same basis as the actuarial accrued liability measure for funding. The fiduciary net position is equal to the market value of assets. The NPL is equal to the difference between the total pension liability and the fiduciary net position.

PERS's NPL as of June 30, 2014 was $10.42 billion as compared to $13.15 billion as of June 30, 2013, when measured in accordance with GASB 67. PERS' fiduciary net position as a percentage of the total pension liability is 76.31% as of June 30, 2014, as compared to 68.68% as of June 30, 2013. The June 30, 2015 actuary report in the PERS CAFR reports the June 30, 2015 NPL as $11.46 billion, and its fiduciary net position as a percentage of total pension liability as 75.1%.

Effective with fiscal year 2015, the System is required to apply the GASB Statement No. 68, Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27 ("GASB 68"), to its audited financial statements. The implementation of these standards requires governments to calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan, which include the NPL, deferred outflows of resources, deferred inflows of resources and pension expense. Among other requirements, the System was required to report its proportionate share of the total PERS (fiduciary) NPL in its financial statements. PERS was required to implement GASB 67. As a result of an actuarial study, the System's proportionate share of PERS's NPL is 2.81%, resulting in an adjustment to the beginning net position on the Statement of Revenues, Expenses, and Changes in Net Position for June 30, 2015 of $340,297. The implementation of this standard has no effect at the individual fund statement level. **The System has no legal obligation to fund any of PERS's NPL nor does it have any ability to affect funding, benefit, or actuarially determined contribution decisions made by PERS or the Legislature.**

Contribution rates to PERS are established in accordance with State statute. The statute allows for biennial increases or decreases of the actuarially determined rate. The Legislature can increase the contribution rate for members by any amount it determines necessary. Pursuant to statute, there is no obligation on the part of the employers to pay for their proportionate share of the unfunded liability. System employees may choose between the "employer pay" plan or the "employee/employer joint contribution" plan. The System is obligated to contribute all amounts due under the employer pay plan; under the employee/employer joint contribution plan, the employee pays one-half of the contribution. However, in accordance with State law, non-police/fire employees share the annual increases equally with the employer (unless otherwise prohibited by contract). As a result, salaries for regular PERS employees were reduced by 1% in fiscal years 2014 and 2015 in order to cover half of the increase in statutory contribution rates. A history of contribution rates is shown below.

	Fiscal Years 2008 and 2009	Fiscal Years 2010 and 2011	Fiscal Years 2012 and 2013	Fiscal Years 2014 and 2015
Employer Pay Plan				
Regular members	20.50%	21.50%	23.75%	25.75%
Police/fire members	33.50	37.00	39.75	40.50
Employee/Employer Plan (matching rate)				
Regular members (total)	21.0%	22.50%	24.5%	26.5%
Police/fire members (total)	34.5	38.00	40.5	41.5

See Note 16 in the audited financial statements attached hereto as Appendix A for additional information on PERS and the other System pension plans. In addition, copies of PERS' most recent annual financial report, including audited financial statements and required supplemental information, are available from the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: (775) 687-4200.

The System's contributions to all retirement plans (including PERS) for the years ended June 30, 2014 and June 30, 2015 were approximately $86.2 million and $89.6 million, respectively.

Other Post-Employment Benefits. State employees (including the System's employees) have the option upon retirement to continue group health and life insurance benefits provided by the Public Employees' Benefits Program (the "PEBP"). The System's professional employees not participating in PERS also participate in the PEBP. See Note 17 in the audited financial statements attached hereto as Appendix A.

PEBP administers these benefits as a multiple-employer, cost-sharing defined benefit plan. The State Retirees' Health and Welfare Benefits Trust Fund (the "Trust Fund" or the "Retirees' Fund") has been established to provide benefits to retirees and their beneficiaries. The State's PEBP obligations are funded through legislative appropriations and assessments on participants (including the System); the level of those assessments also is legislatively established. Each biennium, the Legislature determines the level of a State subsidy toward the premium contribution of retired State employees, which is funded by a percentage of payroll assessment by each State agency. The participating employers, with the exception of the State, are not subject to supplemental assessment in the event of deficiencies. However, the Legislature could determine to increase required System contributions in the future.

Benefit levels, including the level of subsidy provided by the State, are subject to change by the Legislature; the PEBP board has recommended reductions in benefits, reductions in employer contributions, increases in participant contributions and reductions in State subsidies in response to economic conditions and such changes have been approved by the Legislature in recent years. The 2011 Legislature enacted a law providing that employees hired on or after January 1, 2012, will not be eligible for health insurance subsidies upon retirement.

According to information provided to the System by the State, due to State-wide revenue shortfalls, Assembly Bill 3 of the 26th Special Session of the State Legislature (2010) directed State agencies to reduce their contributions for retiree health insurance by $24.7 million for fiscal year 2011. The reduced contributions required that PEBP withdraw $24.7 million from the Retirees' Benefits Investment Fund to cover retiree subsidies. Those actions by the State Legislature resulted in a decrease in the amount of money invested for pre-funding the State's OPEB liability from over $25 million to approximately $800,000 during fiscal year 2011. As of June 30, 2012, the Retirees' Fund had total assets of $3,680,356, of which $940,236 were held by the Retirees' Benefits Investment Fund administered by the Public Employees' Retirement System and $1,528,963 were held by the State's General Portfolio administered by the Nevada State Treasurer. As of June 30, 2015, after deducting $2,892,614 in liabilities, the Retirees' Fund had net assets of $4,996,192. The State does not currently have any plans to contribute any additional amounts to the Retirees' Fund to prefund benefits.

Pursuant to the GASB pronouncements, an OPEB Valuation is only required once every two years unless significant assumptions or benefits changes have occurred. Historically, PEBP has issued an OPEB valuation every year as it was determined the assumptions or benefits changes required it to do so. However, for the year ended June 30, 2015, it was determined the benefit design and assumptions did not change significantly enough to require an OPEB valuation. As such, no OPEB valuation was issued for that period.

The Trust Fund had a UAAL of $1.27 billion as of July 1, 2013 (fiscal year 2014) and $1.18 billion as of July 1, 2012 (fiscal year 2013). This compares to a UAAL of $1.18 billion as of July 1, 2012, $977 million as of July 1, 2011 and a UAAL of $947 million as of July 1, 2010. The UAAL liability is recorded on the financial statements of the Trust Fund, not the financial Statements of the State (or the System).

LEGAL MATTERS

Litigation

The System's Vice Chancellor for Legal Affairs states that, as of the date hereof, to the best of her knowledge, there is no pending or threatened litigation which would restrain or enjoin the issuance of the 2016B Bonds or the collection of the Net Pledged Revenues. The System is, however, subject to certain pending and threatened litigation regarding various other matters arising in the ordinary course of its business operations. It is the opinion of the System's counsel that the pending or threatened litigation will not result in final judgments against the System which would, individually or in the aggregate, materially adversely affect repayment of the 2016B Bonds or materially impact the Net Pledged Revenues or the operations or finances of the System.

Approval of Certain Legal Proceedings

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the 2016B Bonds. A form the bond counsel opinion is attached to this Official Statement as Appendix E. The opinion will include a statement that the obligations of the System and the Board are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Sherman & Howard L.L.C. has also acted as Special Counsel to the System in connection with this Official Statement. The System's Vice Chancellor for Legal Affairs will certify to certain matters for the System.

Police Power

The obligations of the System are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the Federal Constitution (including bankruptcy).

Sovereign Immunity

Pursuant to State statute (NRS Section 41.035), an award for damages in an action sounding in tort against the System may not include any amount as exemplary or punitive damages and is limited to $100,000 per cause of action. See “SYSTEM FINANCIAL INFORMATION – Liability Insurance.” The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990 (P.L. 101-336), or to actions in other states.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2016B Bonds is excluded from gross income pursuant to Section 103 of the Tax Code, and interest on the 2016B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below. For purposes of this paragraph and the succeeding discussion, “interest” includes the original issue discount on certain of the 2016B Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code imposes several requirements which must be met with respect to the 2016B Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the 2016B Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2016B Bonds; (b) limitations on the extent to which proceeds of the 2016B Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2016B Bonds above the yield on the 2016B Bonds to be paid to the United States Treasury. The System will covenant and represent in the Bond Resolution that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2016B Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the 2016B Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the 2016B Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the System to comply with these requirements could cause the interest on the 2016B Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the System and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the 2016B Bonds.

With respect to 2016B Bonds that were sold in the initial offering at a discount (the "Discount Bonds"), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income, alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income, alternative minimum taxable income, under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2016B Bonds. Owners of the 2016B Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2016B Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the 2016B

Bonds were sold at a premium, representing a difference between the original offering price of those 2016B Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2016B Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2016B Bonds. Owners of the 2016B Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2016B Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2016B Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2016B Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2016B Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2016B Bonds. Owners of the 2016B Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2016B Bonds. If an audit is commenced, the market value of the 2016B Bonds may be adversely affected. Under current audit procedures the Service will treat the System as the taxpayer and the 2016B Bond owners may have no right to participate in such procedures. The System has covenanted in the Bond Resolution not to take any action that would cause the interest on the 2016B Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the System, the Financial Advisor, the Initial Purchaser, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2016B Bond holder with respect to any audit or litigation costs relating to the 2016B Bonds.

State Tax Exemption

The 2016B Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P") have assigned the 2016B Bonds the respective ratings shown on the cover page of this Official Statement. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of the significance of any ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, NY 10007.

There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Other than the System's obligations under the Disclosure Certificate, neither the System nor the Financial Advisor has undertaken any responsibility either to bring to the attention of the owners of the 2016B Bonds any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such change in or withdrawal of the ratings could have an adverse effect on the market price of the 2016B Bonds.

INDEPENDENT ACCOUNTANTS

The financial statements of the Nevada System of Higher Education as of and for the fiscal year ended June 30, 2015, included herein as Appendix A, have been audited by Grant Thornton LLP, certified public accountants, as stated in their report appearing herein.

The audited financial statements of the System are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. The System has not requested that Grant Thornton LLP provide consent for inclusion of its audited financial statements in this Official Statement. Grant Thornton LLP has also not participated in any way in the preparation of this Official Statement. Further, since the date of its report, Grant Thornton LLP has not been engaged to perform nor has it performed any procedures on the financial statements addressed in its report, nor has Grant Thornton LLP performed any procedures relating to this Official Statement.

FINANCIAL ADVISOR

JNA Consulting Group, LLC, 410 Nevada Way, Suite 200, Boulder City, Nevada 89005, telephone: (702) 294-5100 is serving as the Financial Advisor to the System in connection with the 2016B Bonds. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the System, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

UNDERWRITING

The System sold the 2016B Bonds at public sale to Raymond James & Associates, Inc. at a price of $14,453,031.40 (equal to the par amount of the 2016B Bonds, plus net original issue premium of $1,063,151.40, and less underwriter's discount of $190,120.00).

OFFICIAL STATEMENT CERTIFICATION

The undersigned official of the System hereby confirms and certifies that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the 2016B Bonds have been duly authorized by the Board.

FOR AND ON BEHALF OF THE NEVADA
SYSTEM OF HIGHER EDUCATION

By: /s/ Vic Redding
Vice Chancellor for Finance

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE SYSTEM AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

APPENDIX B

STATE FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

This appendix contains general information concerning the financial, economic and demographic conditions in the State. In addition, certain economic information regarding Washoe County, where UNR is located, and Clark County, where UNLV is located, has also been included. This information is provided so that prospective investors will be aware of factors which have affected development and growth within the State in the past. The information was obtained from the sources indicated and is limited to the time periods indicated. The System makes no representation as to the accuracy or completeness of the data obtained from sources other than the System. Except as indicated, the information is historic in nature; it is not possible to predict whether the trends shown will continue in the future.

The State has not participated in the preparation of this Official Statement, nor has it reviewed its contents. Information about the State included in this Official Statement has been obtained through its website and other public documents.

General

Nevada is called the "Silver State" because of the vast quantities of silver mined from the Comstock Lode in the 19th Century. Nevada is one of the eight mountain states, bordered by California, Oregon, Idaho, Utah, and Arizona. The State lies in the Great Basin, an arid region east of the Sierra Nevada Mountains, where annual rainfall averages less than ten inches. Nevada's topography consists of a series of parallel north-south valleys separated by high mountain ranges. The State's land area equals 110,000 square miles, of which almost 85% is under federal ownership or management.

Certain Financial Information - State General Fund

Annual Reports. The State Controller prepares comprehensive annual financial reports setting forth the financial condition of the State as of June 30 of each fiscal year. The comprehensive annual financial report is the official financial report of the State and is prepared following GAAP. The most recent State comprehensive annual financial report is as of June 30, 2015. Copies of the State's comprehensive annual financial reports (including the State's audited basic financial statements) are available at the State Controller's website at www.controller.nv.gov.

Budget Procedure. The State is constitutionally required to maintain a balanced budget. The Nevada Constitution also requires an affirmative vote of not less than two-thirds of the members of both houses of the State Legislature to pass a measure which (a) creates, generates or increases any public revenue in any form, including, but not limited to, taxes, fees, assessments and rates or (b) makes changes in the computation bases for taxes, fees, assessments and rates.

On or before July 1 of each even-numbered year, the Governor must impanel an economic forum (the "Economic Forum") comprising three members appointed by the Governor, one member nominated by the majority leader of the Senate, and one member nominated by the speaker of the Assembly. The Economic Forum updates projections for state revenue collections (for unrestricted uses) for the final year of the biennium in which it is impaneled and establishes revenue forecasts for the next biennium. State law requires the written report of the Economic Forum's forecasts of future State General Fund revenue that currently must be made on or before December 3 of each even-numbered year and May 1 of each odd-numbered year. State law also requires the Economic Forum to hold additional meetings, on or before June 10 of each even-numbered year and December 10 of each odd-numbered year. At each of these meetings, the Economic Forum receives an update on the status of actual State General Fund revenue collections compared to the Economic Forum's most recent forecast. The Economic Forum also considers information on current economic indicators such as employment, unemployment, personal income and any other indicators deemed appropriate by the Economic Forum. The chair of the Economic Forum is required to provide a report of each meeting to the Interim Finance Committee and the information presented to the Interim Finance Committee must be made available on the website of the State Legislature. A seven-member Technical Advisory Committee (the "TAC") advises the Economic Forum as requested. The most recent Economic Forecast was released on May 1, 2015 and was updated in November 2015 to reflect legislatively approved adjustments. The Economic Forecast provides revised revenue estimates for fiscal year 2015 as well as for the following two years.

State statutes require all State Executive Branch agencies and departments to submit their two-year budgets to the Budget Division by the September 1 prior to the biennial meeting of the State Legislature. The Budget Division holds hearings in October on the submitted budgets and the Governor reviews the proposals in November. In mid-January, the two-year budget is finalized and submitted to the State Legislature at least fourteen days before the start of each biennial regular session. The Judicial and Legislative Branch agencies, as well as PERS, submit their two-year budgets directly to the State Legislature.

The State Legislature holds hearings and approves or modifies the two-year budget. The budget is enacted through a General Appropriations Act, which authorizes expenditures from unrestricted revenues, and an Authorized Expenditures Act, which authorizes expenditures from revenues collected for a specific purpose. The General Appropriations Act must be balanced to the May Economic Forum forecast of General Fund revenues. The budget may be modified by other appropriations acts enacted by the State Legislature. The Interim Finance Committee is authorized to modify budgets to fund necessary expenditures between the legislative sessions in amounts determined by statute or as approved by the State Legislature.

The budget prepared by the Governor must provide for a reserve of not less than 5% of all proposed General Fund operating appropriations and authorizations. The State Controller is also required to deposit a portion of the unrestricted balance of the State General Fund to a reserve for the stabilization of the operation of the State. See "The Account to Stabilize the Operation of State Government" below.

<u>The Account to Stabilize the Operation of State Government</u>. Effective beginning in fiscal year to 2011, the Fund to Stabilize the Operation of State Government became an account within the State's General Fund and is now referred to as the Account to Stabilize the Operation of State Government.

The State Controller is required to deposit a portion of the unrestricted balance of the State General Fund to a reserve fund for the stabilization of the operation of the State (the "Stabilization Account" which is sometimes referred to as the "rainy day fund") established under State law (NRS 353.288). Money from the Stabilization Account may be appropriated only if (i) total actual revenue of the State falls short by 5% or more of the total anticipated revenue for the biennium in which the transfer will be made, as determined by the Legislature, or by the Interim Finance Committee if the State Legislature is not in session, or (ii) the Legislature, or the Interim Finance Committee if the Legislature is not in session, and the Governor declare that a fiscal emergency exists. In addition, the money in the Stabilization Account may be allocated directly by the Legislature to be used for any other purpose.

Additions to the stabilization arrangement are triggered at the end of a fiscal year if the General Fund unrestricted fund balance, budgetary basis, exceeds 7% of the General Fund operating appropriations. Forty percent of the excess is deposited to the Stabilization Account, and is classified on the balance sheet as committed for fiscal emergency.

The 2009 Legislature passed legislation requiring the State Controller to transfer 1% of the total anticipated revenue projected for that fiscal year by the Economic Forum in May of odd-numbered years, as adjusted by any legislation enacted by the State Legislature that affects State revenue for that fiscal year, to the Stabilization Account at the beginning of each fiscal year. This transfer was scheduled to commence with the fiscal year beginning July 1, 2011. Due to the economic downturn, this transfer was deferred by the 2011, 2013 and 2015 Regular Sessions of the State Legislature and is now scheduled to commence with the fiscal year that begins on July 1, 2017.

The maximum balance allowed in the Stabilization Account is 20% of the total of all appropriations from the State General Fund for the operation of all departments, institutions and agencies of the State Government and for the funding of schools and authorized expenditures from the State General Fund for the regulation of gaming for the fiscal year in which that revenue will be transferred to the Stabilization Account.

As of June 30, 2013, the Stabilization Account balance was $84,737,276. The 2013 Legislature authorized the transfer of the entire balance to the General Fund to provide for the operations of the State. The fiscal year year-end reconciliation of the unrestricted General Fund balance triggered an addition to the Stabilization Account in the amount of $28,061,106 in fiscal year 2015.

To make up for a significant budget shortfall during the 2013-2015 biennium created in part by the underperformance in the collection of net proceeds of minerals and gaming taxes and a larger than projected increase in K-12 student enrollment, the 2015 Legislature authorized the transfer of the remaining $28,061,106 from the Stabilization Account to the General Fund for the operations of the State. As of June 30, 2016, the Stabilization Account balance was $0.

General Fund. The purpose of the State General Fund is to finance the ordinary operations of the State and to finance those operations not provided for in other funds. Included are all transactions pertaining to the approved current operating budget, its accompanying revenue, expenditures and encumbrances, and its related asset, liability, and fund equity accounts. The State has numerous other funds, including Special Revenue Funds, Enterprise Funds, Internal Service Funds and Fiduciary Funds. Moneys on deposit in the Special Revenue Funds are used primarily to fund highway projects, Bond Bank Program transactions, and some of the activities of the State's regulatory agencies. Money on deposit in the Enterprise Funds is used primarily to fund housing projects, the Water Pollution Control Revolving Fund, the Safe Drinking Water Revolving Fund, the prepaid college tuition program and unemployment compensation.

The General Fund tables which follow have been obtained from the sources listed below. *They reflect General Fund revenues, appropriations, and General Fund projections from the sources listed below on a budgetary basis*. The data depicting General Fund unappropriated balances reflect revenue collections and State agency expenditure information, Economic Forum forecasts with legislative adjustments, and Department of Administration revisions or projections. They are not presented in accordance with GAAP.

As used by the State, the term "General Fund unappropriated balance" represents unobligated and unencumbered funds available for appropriation by the State Legislature. Unspent appropriated moneys are not reflected as part of General Fund unappropriated balance until, there being no further obligations against the appropriation, the unexpended portion is returned to the General Fund as a reversion. Reversions are reflected as income contributed to the unappropriated balances. Reversions may not take place for several years after their appropriation, although usually they occur after the appropriated amounts are available for one year. At no time are outstanding appropriations included in General Fund unappropriated balances. This format is standard procedure for both the State Budget Division and the State Legislature.

<u>State General Fund Revenue Sources</u>. The State relies upon sales and use taxes, gaming taxes, business payroll and commerce taxes, insurance premium taxes, live entertainment taxes, cigarette taxes and real property transfer taxes for the bulk of its General Fund revenues. The State is constitutionally prohibited from having a personal income tax. Other taxes common in many states but not levied in Nevada are franchise, corporate income, special intangible, capital stock, chain store, inventory, stock transfer, and gift taxes.

Portions of the operating budgets for the various local taxing units in Nevada are funded with ad valorem taxes. Provisions for debt service payable with ad valorem taxes are made prior to determining operating budgets. Total ad valorem taxes levied by all overlapping units within the boundaries of any county (*i.e.*, the State, and any county, city, town, school district, or special district) may not exceed the statutory limitation of $3.64 per $100 of assessed valuation of property being taxed (subject to the exception for $0.02 of the state-wide property tax rate per $100 of assessed valuation that need not be counted against the $3.64 statutory cap). In the case of severe financial emergency in a particular local government as determined by the State Department of Taxation and the State Tax Commission, the State Tax Commission may order the levy of a combined overlapping tax rate of not more than $5.00 per $100 of assessed valuation.

Certain revenue enhancements enacted during the 2009 Regular and the 2010 Special Sessions of the State Legislature increased collections in fiscal year 2010 and fiscal year 2011, but were scheduled to sunset on June 30, 2011. However, some of the enhancements were extended by the 2011 and 2013 Regular Sessions of the State Legislature and several of the enhancements were made permanent by the 2013 Regular Session of the State Legislature.

The following taxes provide the State's General Fund with its major sources of income. See the table entitled "State General Fund Revenues" below for a history of the various general fund revenues described below.

Sales and Use Taxes. The State receives a 2% sales tax on all taxable sales and taxable items of use. Certain sales are exempt from State sales taxation, including but not limited to, domestic fuel, prescription drugs, food for home consumption and aircraft and major components thereof, based in Nevada. See "Sales and Use Tax" below. Current State law provides for a collection allowance provided to a taxpayer for collecting and remitting sales and use taxes of 0.25%, as well as a General Fund commission retained by the Department of Taxation for collecting and distributing the sales and use taxes generated by local option taxes of 1.75%.

Gaming Taxes. Nevada's gaming establishments are subject to several different taxes at the State level. The most important among these is the monthly gaming percentage fee, which accounts for the majority of gaming tax revenues. Other taxes and fees levied by the State on gaming include license renewals and quarterly and annual license fees based upon the number of slot machines and operational table games, investigative fees, race wire fees, penalties, and interest. See "Gaming and Tourism" below.

Modified Business Tax. The State levies a tax, known as the modified business tax, against applicable payrolls, less a deduction for employee healthcare expenses, for the privilege of conducting business in Nevada. The modified business tax is a tax levied against applicable business payrolls less a deduction for employee healthcare expenses. The rate varies depending on how a business is classified. The tax rate for financial institutions is 2% with the 2015 Regular Session of the State Legislature adding businesses subject to the net proceeds of minerals tax to the entities required to pay the 2.0% tax effective July 1, 2015. The rate for non-financial has varied over time and as of June 30, 2009 was 0.63%. The 2009 Legislature raised the tax rate for non-financial institutions to 1.17% for payroll amounts over $250,000, effective July 1, 2009. The tax rate on payroll amounts below $250,000 was lowered to 0.5%. This revenue enhancement was scheduled to expire on June 30, 2011; however, the 2011 Legislature extended the 1.17% tax rate for payrolls over $250,000 while eliminating the tax on payroll amounts up to that amount. The 2013 Legislature increased the amount exempted from the payroll tax to $340,000, and extended the 1.17% tax rate for payrolls in excess of $340,000. The rate currently is scheduled to revert to 0.63% on all payroll amounts on July 1, 2015. The 2015 Legislature made permanent changes to the modified business tax for non-financial businesses, lowering the amount exempted from the payroll tax to $200,000 and increasing the tax rate to 1.475% on taxable wages that exceed $200,000, effective July 1, 2015.

Commerce Tax. The 2015 Legislature enacted a levy on the gross revenue of a business which is earned in the State of Nevada effective July 1, 2015. The first $4,000,000 per year in gross revenues earned in the State of Nevada is exempt from the tax which is known as the commerce tax. The rate varies based on the industry in which the business is primarily engaged with the industry groupings based on the North American Industry Classification System (NAICS) codes. The rates range from 0.051% to 0.331% of the gross revenue earned in the State of Nevada exceeding $4,000,000 depending on the primary industry category (NAICS code) assigned to the business. The tax is to be computed for each state fiscal year with the tax return and payment due 45 days after the end of the fiscal year. The first tax return and payment are due by August 15, 2016 for the FY 2016 tax liability. Businesses which are required to pay the commerce tax are entitled to a credit of 50% of their commerce tax liability against their modified business tax. Businesses are required to use the credit in the same fiscal year as the commerce tax is paid.

The legislation also provides that if the combined revenues from the taxes imposed by the modified business tax and the commerce tax exceed the anticipated revenues for those taxes projected by the Economic Forum by more than 4%, as adjusted by any legislation enacted by the Legislature that affects state revenue for that fiscal year, the Department of Taxation shall determine the modified business tax rate for both financial and mining and non-financial entities which would have generated a combined revenue of 4 percent more than the amount anticipated. The modified business tax rates for financial and mining and non-financial entities are then to be reduced in the proportion that the actual amount collected from each tax for the preceding fiscal year bears to the total combined amount collected from both the financial and mining and non-financial modified business taxes for the preceding year. The rates determined from this calculation go into effect on July 1 of the odd-numbered year immediately following the year in which the determination is made. The revised rates are to be rounded to the nearest one-thousandth of a percent. The revised rate for the modified business tax for non-financial institutions cannot go below 1.17% and if the revised rate for the modified business tax for non-financial entities is at or below 1.17%, the calculations are no longer required and the rates for both financial and mining institution and non-financial institution entities are not to be adjusted further.

Insurance Premium Taxes. The State levies a tax on insurance companies doing business in Nevada. The tax rate is 3.5% of premiums written on policies and contracts covering property, subjects or risks located, resident or to be performed in this State. If qualified, the tax rate for Risk Retention Groups is 2%.

Live Entertainment Taxes. The State imposes a live entertainment tax on certain gaming and non-gaming establishments providing entertainment. For events that occurred prior to September 30, 2015, the tax rate was 10% of the admission charge and amounts paid for food, refreshments and merchandise when the live entertainment was provided at a facility with a maximum occupancy of less than 7,500 persons. The tax rate was 5% of the admission charge when the live entertainment was provided at a facility with a maximum occupancy equal to or greater than 7,500 persons with no tax collected on food, refreshments or merchandise. The 2015 Regular Session of the State Legislature made changes to the structure of the base for the live entertainment tax by removing the occupancy thresholds and the tax on amounts paid for food, refreshments and merchandise. The legislation also established a single tax rate of 9% on the admission charge effective October 1, 2015.

Cigarette Taxes. Through June 30, 2015, the State imposed a tax of 80 cents per package of 20 cigarettes, 70 cents of which was retained by the State. The collection allowance provided to a taxpayer for collecting and remitting cigarette taxes was 0.25%. The 2015 Regular Session of the State Legislature increased the cigarette tax from 80 cents to $1.80 per package of

20 cigarettes of which $1.70 is retained by the State, effective July 1, 2015. The collection allowance provided to a taxpayer for collecting and remitting cigarette taxes remains at 0.25%.

Real Property Transfer Taxes. The State levies a tax on the value of transfers of real property. The tax is paid on a quarterly basis based on a rate of $1.30 per $500 of value.

Liquor Taxes. The State imposes a liquor tax, which is an excise tax levied upon the volume of alcoholic beverages for the privilege of importing, possessing, storing or selling liquor. The tax rate varies based on alcohol content. The collection allowance provided to a taxpayer for collecting and remitting sales and use taxes is currently 0.25%.

Business Licenses. The 2009 Legislature increased the Business License Fee by $100 to $200 for fiscal years 2010 and 2011 and broadened the categories of businesses required to submit filings and pay the fees. This revenue enhancement was scheduled to expire on June 30, 2011, but was extended by both the 2011 Legislature and the 2013 Legislature. The fee was scheduled to revert to $100 on July 1, 2015. However, the 2015 Legislature made the increase in the business license fee permanent for all types of businesses, except for corporations. The fee for corporations was increased to $500 effective July 1, 2015. Entities that operate a facility where craft shows, exhibitions, trade shows, conventions, or sporting events take place may pay the Business License Fee for participants not having a business license at the rate of $1.25 times the number of unlicensed entities times the number of days of the event, or a flat annual fee of $5,000.

Net Proceeds of Minerals Taxes. The State imposes a mineral tax based on net proceeds at rates ranging from a minimum of 2% to a maximum of 5%. Local governments, school districts and the Consolidated Bond Interest and Redemption Fund receive revenue equal to the amount derived from the application of the respective property tax rate where the mine is located. Revenue above those amounts accrues to the State General Fund. The Legislature required the advance payment on the net proceeds of minerals tax in fiscal year 2009 based upon estimated net proceeds for the current calendar year. The advanced payment provision of the net proceeds of minerals tax was extended by the 2011, 2013 and 2015 Regular Sessions of the State Legislature. The prepayment provision is scheduled to sunset on June 30, 2016.

Room Taxes. The 2009 Legislature passed Initiative Petition 1, which collects up to an additional 3% in room tax in Clark County and Washoe County. This revenue is not available to the General Fund in fiscal year 2012 and thereafter.

Recent and Current State Budgets

Certain information regarding actual State general fund revenues (and projected revenues) is set forth below. This table shows actual revenues for fiscal years actual revenues for fiscal years 2011 through 2015 and the revenue forecast for fiscal years 2016 and 2017 based on the Economic Forum Forecast. These estimates and projections are based on various assumptions and must not be construed as statements of fact. The assumptions may be affected by numerous factors, including future economic conditions in the State and the nation, and there can be no assurance that the estimates will be achieved. Periodic reports on certain revenues during the fiscal year are issued by the Department of Taxation and the Gaming Control Board.

State General Fund Revenues
(in thousands)

Fiscal Year Ended June 30	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Economic Forum Forecast[1] 2016	Economic Forum Forecast[1] 2017
TAXES							
Sales and Use	$826,281	$875,596	$923,199	$967,706	$1,033,454	$1,098,069	$1,158,318
Gaming	683,717	686,450	710,526	718,816	722,548	726,808	744,575
Modified Business	381,901	369,661	386,610	384,886	411,914	566,528	593,290
Insurance Premium	235,792	237,859	249,390	264,552	306,333	325,110	356,070
Live Entertainment	130,638	136,982	137,416	154,136	145,827	144,268	150,197
Mining[2]	129,692	120,425	111,340	26,222	51,734	38,908	45
Cigarette	85,961	82,975	83,018	79,629	92,774	175,356	172,675
Real Property Transfer	51,552	48,374	54,990	60,047	64,214	70,402	76,064
Liquor	--	40,650	39,884	41,839	42,707	44,411	45,346
Business License	--	64,790	69,011	72,166	75,360	103,040	104,998
Commerce Tax	n/a	n/a	n/a	n/a	n/a	119,826	119,826
Passenger Carrier Tax	n/a	n/a	n/a	n/a	n/a	13,685	22,936
Other	286,181[3]	184,121	190,746	81,679	82,455	83,928	52,979
OTHER REVENUE[4]	363,711	358,438	304,587	215,298	267,573	223,204	229,532
TOTAL[5]	$3,175,426	$3,081,768	$3,132,602	$3,066,946	$3,296,894	$3,733,543	$3,826,851

(1) May 1, 2015, Economic Forum Forecast, adjusted for measures approved by the 2015 Legislature (78th Regular Session).
(2) Advance payment required in fiscal years 2011-2015.
(3) Includes room tax (prior to 2012), liquor tax, business license tax and other taxes.
(4) Includes licenses, fees and fines and interest earnings. In fiscal years 2011 - 2013, also includes one-time revenue enhancements.
(5) Numbers may not total due to rounding.

Source: State Department of Administration.

The following table reflects General Fund appropriations and estimates of appropriations for the fiscal years shown.

State General Fund Appropriations[1]
(in thousands)

Fiscal Year Ended June 30	Actual Appropriations					2015 Legislatively Approved Appropriations	
	2011[2]	2012	2013	2014	2015[1]	2016	2017
Constitutional Agencies	$94,555	$95,745	$98,018	$100,492	$102,504	$133,758	$161,825
Finance & Administration	36,243	40,836	57,217	39,333	52,966	56,288	68,632
Education	1,813,965	1,589,555	1,687,638	1,781,561	1,802,174	1,910,694	1,973,740
Human Services	945,109	977,935	986,697	997,488	1,054,158	1,044,884	1,126,661
Commerce & Industry	36,936	45,818	34,075	47,374	47,754	64,384	53,832
Public Safety	313,184	290,786	291232	289,613	293,172	311,926	316,902
Infrastructure	27,100	22,678	22,802	23,483	21,239	30,645	31,412
Special Purpose Agencies	4,865	4,065	4,045	5,094	5,231	5,478	5,708
TOTAL[3]	$3,271,957	$3,067,420	$3,181,724	$3,284,438	$3,379,199	$3,558,057	$3,738,711

(1) Legislature-approved appropriations, including supplemental appropriations approved by the Legislature. Subject to revision.
(2) Revised to reflect actions approved in Assembly Bill 6 of the 26th Special Session.
(3) Totals may not add due to rounding.

Source: Nevada Legislative Appropriations Report, November 2011, November 2012, November 2013, November 2014, November 2015 and Governor's Finance Office.

The following table sets forth the State General Fund Unappropriated Balances for fiscal years 2011-2015.

State General Fund Unappropriated Balances[1]
(in thousands)

Fiscal Year Ending June 30	2012	2013	2014	2015	2016[2]
General Fund Resources:					
Unappropriated General Fund Balance - July 1	$324,069	$335,569	$299,967	$183,544	$241,730
Unrestricted General Fund Reversions	52,412	160,425	48,299	78,843	78,195
Unrestricted General Fund Revenue					
Actual General Fund Revenue	3,081,768	3,131,754	3,066,946	3,284,483	3,693,843
Transfer from Fund to Stabilize the Operation of State Government	0	0	84,737	28,061	0
Transfers and Reversions from Various Accounts	0	0	0	65,155	0
Budget Reserves / Reductions	0	0	0	0	0
26th Special Session - Revenue Enhancements[3]	0	0	0	0	0
Total Unrestricted General Fund Revenue	$3,081,768	$3,131,754	$3,151,683	$3,377,699	$3,693,843
Restricted General Fund Revenue					
Unclaimed Property - Millennium Scholarship	7,600	7,600	7,600	7,600	7,600
Quarterly Slot Tax - Problem Gambling	742	722	1,411	1,393	1,358
Live Entertainment Tax – Nevada Arts Council	0	0	0	0	150
Total Restricted General Fund Revenue	8,342	8,322	9,011	8,993	9,108
General Fund Resources	$3,466,591	$3,636,070	$3,508,960	$3,649,079	$4,022,876
Appropriations / Transfers					
Unrestricted Appropriations / Transfers					
Operating Appropriations	($3,104,727)	($3,115,479)	($3,277,621)	($3,319,446)	($3,558,057)
Supplemental Operating Appropriations	0	(27,528)	0	(66,405)	0
Operating Appropriations Transfers Between FY 12 & 13	37,307	(37,307)	0	0	0
Operating Appropriations Transfers Between FY 14 & 15	0	0	(6,310)	6,310	0
Operating Appropriations Transfers Between FY 15 & 16	0	0	0	(2,271)	2,271
Operating Appropriations Transfers Between FY 16 & 17	0	0	0	0	(7,435)
Operating Appropriations/Reductions-26th Special Session	0	0	0	0	(2,500)
One-Time Appropriations	(548)	(84,114)	(7,426)	(657)	(16,602)
Restoration of Fund Balances	0	0	0	0	(13,600)
Capital Improvement Program - 2007 Legislature	0	0	0	0	0
General Fund Payback - Line of Credit	(138)	(6,804)	0	0	0
Cost of Regular and Special Sessions of Legislatures	0	(18,000)	0	(18,000)	0
Total Unrestricted Appropriations / Transfers	($3,068,106)	($3,289,232)	($3,291,357)	($3,400,469)	($3,595,923)
Restricted Transfers					
Millennium Scholarship	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)
Problem Gambling	(742)	(722)	(1,411)	(1,393)	(1,358)
Nevada Arts Council	0	0	0	0	(150)
Disaster Relief Account	(1,000)	(2,000)	(1,500)	(1,500)	0
Account to Stabilize the Operation of the State Government[4]	(39,237)	(45,500)	(28,061)	0	0
Total Restricted Transfers	($48,579)	($55,822)	($38,572)	($10,493)	($9,108)
Adjustments to Fund Balance	($14,337)	$8,951	$4,513	$3,613	0
Total Appropriations / Transfers	($3,131,022)	($3,336,103)	($3,325,416)	($3,407,349)	($3,605,031)
Unappropriated General Fund Balance June 30	$335,569	$299,966	$183,544	$241,730	$417,845
5% Minimum Ending Fund Balance	$153,371	$160,447	$164,197	$170,023	$178,286
Difference	$182,198	$139,520	$19,348	$71,707	$239,559

(1) Totals may not add due to rounding.
(2) Unaudited results, subject to revision.
(3) Revenue enhancements include fund sweeps, reversions and revenue adjustments.

Source: Nevada Legislative Appropriations Report, November 2013, November 2015, and Governor's Finance Office.

Population and Age Distribution

Nevada's population increased from 1,201,833 residents in 1990 to 1,998,257 residents in 2000 and to 2,724,634 residents in 2010, an increase of approximately 66% between 1990 and 2000 and approximately 127% between 1990 and 2010. In 2015, Nevada's population increased by 1.9% from the previous year. Historical and estimated State population figures, by county, are shown in the following table:

Nevada Population by County

	1990	2000	2010	2011	2012	2013	2014	2015
Carson City	40,443	52,457	55,274	56,066	55,441	54,668	53,969	54,273
Churchill	17,938	23,982	24,877	25,136	25,238	25,322	25,103	25,126
Clark	741,459	1,375,765	1,951,269	1,967,722	1,988,195	2,031,723	2,069,450	2,118,353
Douglas	27,637	41,259	46,997	47,661	48,015	48,478	48,553	48,223
Elko	33,530	45,291	48,818	49,861	51,771	53,384	53,358	53,551
Esmeralda	1,344	971	783	825	860	858	926	923
Eureka	1,547	1,651	1,987	1,994	2,011	2,024	1,903	1,862
Humboldt	12,844	16,106	16,528	17,135	17,384	17,457	17,388	17,057
Lander	6,266	5,794	5,775	5,988	6,221	6,343	6,560	6,247
Lincoln	3,775	4,165	5,345	5,284	5,100	5,020	5,004	5,088
Lyon	20,001	34,501	51,980	52,443	52,245	52,960	53,344	53,277
Mineral	6,475	5,071	4,772	4,601	4,679	4,662	4,584	4,539
Nye	17,781	32,485	43,946	44,513	44,292	44,749	45,456	46,050
Pershing	4,336	6,693	6,753	6,847	7,013	6,882	6,714	6,750
Storey	2,526	3,399	4,010	4,123	4,103	4,017	3,974	3,984
Washoe	254,667	339,486	421,407	421,593	427,704	432,324	436,797	441,946
White Pine	9,264	9,181	10,030	10,002	9,945	10,095	10,218	10,336
TOTAL	1,201,833	1,998,257	2,700,551	2,721,794	2,750,217	2,800,967	2,843,301	2,897,584

Source: United States Department of Commerce, Bureau of the Census (1980-2010 as of April 1st); and Nevada State Demographer's Office (2011-2014 estimates as of July 1st).

The following table sets forth a projected comparative age distribution profile for Las Vegas-Henderson-Paradise Metropolitan Statistical Area ("Las Vegas-Paradise MSA") which encompasses Clark County; the Reno Metropolitan Statistical Area ("Reno MSA") which encompasses Storey and Washoe Counties; the State and the United States as of January 1, 2016.

Age Distribution

	Percent of Population			
Age	Las Vegas-Paradise MSA	Reno MSA	State	United States
0-17	23.8%	22.4%	23.3%	23.0%
18-24	9.0	9.4	9.0	9.8
25-34	14.1	14.1	13.8	13.4
35-44	14.1	12.3	13.5	12.6
45-54	13.5	13.2	13.4	13.3
55-64	11.7	13.3	12.3	12.8
65-74	8.5	9.7	9.1	8.8
75 and Older	5.3	5.6	5.6	6.3

Source: © 2015 The Nielsen Company, *SiteReports.*

Income

The following table sets forth annual per capita personal income levels for Las Vegas-Henderson-Paradise MSA, Reno MSA, the State and the United States.

Per Capita Personal Income(1)

Year	Las Vegas-Paradise MSA	Reno MSA	State	United States
2010	$36,057	$41,261	$36,918	$40,277
2011	36,488	43,030	37,745	42,453
2012	38,713	43,048	39,436	44,266
2013	38,091	44,280	39,223	44,438
2014	39,533	46,120	40,742	46,049

(1) MSA figures posted November 2015; state and national figures posted September 2015. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

The following two tables reflect the Median Household Effective Buying Income ("EBI"), and also the percentage of households by EBI groups. EBI is defined as "money income" (defined below) less personal tax and nontax payments. "Money income" is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as “disposable” or “after-tax” income.

Median Household Effective Buying Income Estimates(1)

Year	Las Vegas-Paradise MSA	Reno MSA	State	United States
2012	$45,810	$45,875	$45,512	$41,253
2013	40,897	39,125	40,617	41,358
2014	41,576	43,714	42,480	43,715
2015	43,603	43,875	44,110	45,448
2016	45,634	48,519	46,230	46,738

(1) The difference between consecutive years is not an estimate of change from one year to the next; combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Source © The Nielsen Company, *SiteReports*, 2012-2015.

Percent of Households by Effective Buying Income Groups - 2016 Estimates

Effective Buying Income Group	Las Vegas-Paradise Households	Reno Households	State Households	United States Households
Under $24,999	23.6%	24.7%	23.8%	24.8%
$25,000-$49,999	31.5	26.7	30.5	28.8
$50,000-$74,999	21.0	19.8	20.7	19.1
$75,000-$99,999	12.1	12.8	12.4	12.2
$100,000-$124,999	5.2	7.2	5.7	5.8
$125,000-$149,999	2.5	2.9	2.6	3.7
$150,000 or More	4.1	5.9	4.3	5.6

Source: © 2015 The Nielsen Company, *SiteReports*.

Employment

The average annual labor force summary for the State is set forth in the following table for the time period indicated.

Average Annual Labor Force Summary
State of Nevada
(Estimates in Thousands)

Calendar Year[1]	2010	2011	2012	2013	2014	2015[2]
TOTAL LABOR FORCE[3]	1,358.6	1,373.7	1,378.4	1,384.5	1,394.6	1,419.7
Unemployment	183.8	179.6	153.9	132.1	108.1	98.3
Unemployment Rate[4]	13.5%	13.1%	11.2%	9.5%	7.8%	6.9%
Total Employment[5]	1,174.8	1,194.1	1,224.4	1,252.3	1,286.4	1,321.5

(1) Numbers for 2010-2014 were revised April 2015.
(2) As of October 31, 2015.
(3) Figures are not seasonally adjusted.
(4) The annual average U.S. unemployment rates for the years 2010 through 2014 were 9.6%, 8.9%, 8.1%, 7.4% and 6.2%, respectively.
(5) Adjusted by census relationships to reflect number of persons by place of residence.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table indicates the number of persons estimated to be employed, by sector, in non-agricultural industrial employment in the State of Nevada.

Establishment Based Industrial Employment[1]
State of Nevada
(Estimates in Thousands)

Calendar Year	2010	2011	2012	2013	2014	2015
Natural Resources and Mining	12.2	14.0	15.5	15.2	14.4	14.3
Construction	59.3	52.2	52.0	56.8	63.3	69.6
Manufacturing	37.9	38.3	39.2	40.5	41.5	42.0
Trade (Wholesale and Retail)	160.1	161.3	164.9	168.3	172.4	178.0
Transportation, Warehousing & Utilities	50.0	51.4	53.2	53.9	58.0	60.7
Information	12.5	12.6	12.7	12.9	13.7	13.8
Financial Activities	52.9	52.5	54.4	56.8	57.1	59.5
Professional and Business Services	135.7	139.7	144.7	149.9	156.5	166.2
Education and Health Services	101.5	105.4	108.5	111.6	116.3	121.9
Leisure and Hospitality (casinos excluded)	122.3	126.8	130.7	137.5	144.5	151.5
Casino Hotels and Gaming	186.7	188.8	186.5	186.4	191.1	189.2
Other Services	32.9	32.4	33.3	33.5	35.6	36.1
Government	153.8	150.3	149.4	151.0	152.5	155.0
TOTAL ALL INDUSTRIES	1,117.8	1,125.7	1,144.8	1,174.3	1,216.9	1,257.6

(1) Reflects employment by place of work. Detail may not add due to rounding. Does not necessarily coincide with the labor force concept. Includes multiple job holders. All numbers are subject to periodic revision.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

Sales and Use Tax

The sales and use tax rates in effect within the State include a 2.00% State general fund sales and use tax, a 2.60% local school support tax, and a 2.25% city-county relief tax levied in each county of the State. In addition, if approved by county voters, additional sales and use taxes may be authorized for transportation, tourism, flood control and infrastructure purposes. The Legislature also authorizes sales and use taxes to be levied pursuant to special acts from time to time. The sales and use tax rates in effect within the State range from 6.850% to 8.15%.

Taxable sales are the largest source of revenue for the State's General Fund. See "State General Fund Revenue Sources" above. Clark County (with a rate of 8.15% effective January 1. 2016) and Washoe County (with a rate of 7.725%) are the major sources of taxable sales revenue in the State. The following table presents a record of taxable sales in the State:

Transactions Taxable Under the Nevada Sales and Use Tax Law - State of Nevada(1)

Fiscal Year(2)	State Total	Percent Change
2012	$42,954,750,131	--
2013	45,203,408,413	5.2%
2014	47,440,345,167	4.9
2015	50,347,535,591	6.1
2016	52,788,295,421	4.9

(1) Subject to revision.
(2) Fiscal year runs from July 1 to the following June 30.

Source: State of Nevada – Department of Taxation.

Gaming and Tourism

Gaming. The economy of the State is substantially dependent upon a tourist industry based on legalized casino gambling and related forms of entertainment. Gaming has been legal in Nevada since 1931 and is controlled and regulated by the State. Control is vested in a five-member Gaming Commission and a three-member Gaming Control Board. All of the board and commission members are appointed by the Governor. These bodies investigate and approve all licenses, establish operating rules, and collect gaming taxes due the State. The following table sets forth a five-year history of gross taxable gaming revenues and total gaming taxes collected on a State-wide basis.

Gross Taxable Gaming Revenues and Total Gaming Taxes[1]

Fiscal Year Ended June 30	Gross Taxable Gaming Revenue[2] State Total	Gross Taxable Gaming Revenue[2] Percent Change	State Gaming Collection[3] State Total	State Gaming Collection[3] Percent Change
2011	$ 9,836,451,902	--	$853,455,347	--
2012	9,770,060,305	(0.67)%	864,621,791	1.31%
2013	10,208,253,998	4.49	892,106,457	3.18
2014	10,208,208,433	0.00	912,371,316	2.27
2015	10,511,301,026	2.97	909,857,085	(0.28)
2016	10,612,567,883	0.96	876,040,147	13.720

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.
(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).
(3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to State funds other than the State's General Fund.

Source: State of Nevada, Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states, as well as the tribal casinos, across the United States. Other states may authorize gaming in the future in one form or another. The different forms of gaming include casino gaming, racetrack or riverboat gambling, internet gaming and lotteries. Historically, the availability of these forms of gaming in other states has not had a significant impact on gaming in the State. Nonetheless, the Commission cannot predict the impact of legalization of gaming in other states or other countries on the future economy of the State.

Tourism. In addition to gaming-related tourism, the State has large resort areas, with nearby skiing as well as sunbathing, near Lake Tahoe, Reno, Las Vegas, and elsewhere. Ghost towns, rodeos, trout fishing, water skiing, and deer hunting are other attractions located throughout the State.

Warehousing

Reno and Las Vegas are the two major trade centers of the State. Reno is the principal distribution center for northwestern Nevada and northeastern California. Las Vegas serves southern Nevada and nearby areas of California, Utah, and Arizona. Warehousing, a growing industry in the State, was established because of Nevada's strategic location and its freeport tax exemption for goods in transit. Nevada's Freeport Law, established by Constitutional amendment in 1960, provides tax-free warehousing on goods stored, assembled, disassembled, bound, joined, processed, divided, cut, broken in bulk, relabeled, or repacked while in transit through the State. There is no limit, and the law is believed to be among the most liberal of its kind. The area also has an established Foreign Trade Zone.

Federal Activities

Operations and facilities of the Federal Government in the State have been significant, beginning with Hoover Dam in the 1930's, an Army Air Force gunnery school (later Nellis AFB) during World War II, and the subsequent creation of the Nevada Test Site. The Federal Government currently owns or manages approximately 85% of the land in the State.

Hoover Dam. Hoover Dam, operated by the federal Bureau of Reclamation, is a multiple-purpose development. The dam controls floods and stores water for irrigation, municipal and industrial uses, hydroelectric power generation, and recreation. Hoover Dam is still one of the world's largest hydroelectric installations with a capacity of more than 2,000,000 kilowatts. Hoover Dam also is a major tourist attraction in Clark County.

Nellis Air Force Base. Nellis Air Force Base, a part of the U.S. Air Force Air Combat Command, is located adjacent to the City of Las Vegas. The base itself covers more than 14,000 acres of land, while the total land area occupied by Nellis Air Force Base and its ranges is over three million acres. The base hosts numerous military programs as well as civilian workers. It is the home base of the "Thunderbirds," the world famous air demonstration squadron.

Nevada National Security Site. The Nevada National Security Site ("NNSS"), previously the Nevada Test Site, was established in 1950 as the nation's proving ground for nuclear weapons testing. In recent years, under the direction of the Department of Energy's Nevada Operations Office, NNSS use has diversified into many other areas such as hazardous chemical spill testing, emergency response training, conventional weapons testing, and waste management projects that can best be conducted in this remote desert area. The NNSS has been designated as an Environmental Research Park where scientists and students can conduct research on environmental issues. Located 65 miles northeast of Las Vegas, the NNSS is a massive outdoor laboratory and national experimental center. NNSS comprises 1,350 square miles, surrounded by thousands of additional acres of land withdrawn from the public domain for use as a protected wildlife range and for a military gunnery range, creating an unpopulated area of some 5,470 square miles. Federal employees and independent contractors are employed at NNSS.

Others. Other federal government agencies adding to the State economy are the National Park Service (Lake Mead National Recreation Area and the Great Basin National Park in Ely), a Naval Air Station (which includes the Navy Fighter Weapons School ("TOPGUN")) located at Fallon, Nevada, and Hawthorne Army Depot which stores conventional munitions and ensures munitions readiness.

Mining

Nevada is called the "Silver State" because of the vast quantities of silver mined from the Comstock Lode in the 19th Century. Today, Nevada's mining industry production consists of metals, industrial minerals, oil and gas, and geothermal energy. The total value of mineral production (excluding oil, gas and geothermal) in Nevada reached $7.1 billion in 2015. Gold is the primary source of mining revenue which reached $6.2 billion in 2015. Nevada leads the nation in gold production and has the only operating lithium mine in the U.S.

Oil and natural gas exploration activity continues in Nevada. During 2015, the total net oil produced was 281,875 barrels. There are no commercial sales of natural gas in Nevada; however, small quantities are produced and used to fuel oil production facilities on leased sites.

Gross geothermal energy production totaled 3.1 million megawatt-hours in 2015 from 24 electrical generating plants.

According to the Department of Employment, Training and Rehabilitation, in 2015, there was an average of 14,196 people employed in the mining industry at an average annual salary of $92,077.

According to the Division of Minerals, gold and silver currently account for 88% of total value of metal and non-metal mine production in the Nevada mining industry.

Transportation

Reno and Las Vegas, the State's two major population centers, are approximately 400 miles apart. Both cities have airports designated as international ports of entry. Two major railroads cross Nevada while short lines serve as feeders. There are nine federal highways in Nevada, two of which are part of the interstate system. Interstate 15, connecting Salt Lake City and San Diego, passes through Las Vegas and provides convenient access to the Los Angeles area. Interstate 80 connects Salt Lake City with the San Francisco Bay area and passes through the Reno-Sparks area. U.S. Highway 95 and 93 are major routes north from Las Vegas, through Reno and Ely, Nevada, respectively. South of Las Vegas, U.S. 95 extends to the Mexican border, generally following the Colorado River, and U.S. 93 crosses Hoover Dam into Arizona.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following is a brief summary of certain provisions of the Bond Resolution and is qualified in its entirety by the provisions of the Bond Resolution itself. Copies of the Bond Resolution are available from the sources listed in "INTRODUCTION – Additional Information."

Definitions

As used in the Bond Resolution, the following terms shall, for all purposes, have the following meanings unless the context clearly requires otherwise.

"Board" means the Board of Regents of the Nevada System of Higher Education.

"Bond Fund" means the special and separate account designated as the "Nevada System of Higher Education, Universities Revenue Bonds, Interest and Bond Retirement Fund."

"Bond Requirements" means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds, and any additional bonds and securities payable from Pledged Revenues and heretofore or hereafter issued or any designated portion thereof, as such become due.

"Bond Year" means the 12 months commencing on July 2 of any calendar year and ending on July 1 of the next succeeding calendar year.

"Bonds" means the Nevada System of Higher Education, Universities Revenue Bonds, 2016B.

"Comparable Bond Year" means the Bond Year which commences one day after the commencement of the Fiscal Year with which the Bond Year is associated. For example, for the Fiscal Year commencing on July 1, 2016, and ending on June 30, 2017, the Comparable Bond Year commences on July 2, 2016, and ends on July 1, 2017.

"Construction Account" means the means the special and separate account designated as Construction Account and created in the Bond Resolution.

"Facilities" means all Issuer-owned student housing, dining and parking facilities, whether or not presently existing, situated on the campus of UNLV, and all Issuer-owned student housing, dining and parking facilities, whether or not presently existing, situate on the campus of UNR, and other income-producing buildings, structures, improvements and other appurtenances relating thereto, if any, located at or pertaining to any of the Universities, and to which the Net Pledged Revenues pertain by an extension hereafter thereto of the lien and pledge herein provided.

"Federal Securities" means bills, certificates of indebtedness, notes, bonds, or similar securities which are direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

"Fiscal Year" means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year.

"Gross Revenues" or "Gross Pledged Revenues" means all the Pledged Revenues.

"Issuer" or "System" means the Nevada System of Higher Education, the state university constituting a body corporate and politic, and a political subdivision of the State, the seat of which is located at the City of Reno, Nevada.

"Net Pledged Revenues" or "Net Revenues" means now all the Pledged Revenues and is synonymous with Gross Pledged Revenues; but in the case of any future extension of the pledge and lien provided in the Bond Resolution to secure the payment of the Bonds and any other securities payable from Pledged Revenues, to any revenues (other than the Student Fees, other than UNR Facilities Revenues, UNLV Facilities Revenues and other than any grants from the federal government, the State, or other donor for the payment of Bond Requirements) from any other income-producing Facilities of the Issuer or the Board or other available source, the term "Net Pledged Revenues" or "Net Revenues" may then include the gross revenues of such Facilities remaining after provision is made for the payment of the operation and maintenance expenses of such Facilities from the income of such other income producing Facilities.

"Operation and maintenance expenses" means all reasonable and necessary current expenses of the Issuer or the Board, or both, as the case may be, paid or accrued, of operating, maintaining and repairing any Facilities pertaining to Pledged Revenues, and may at the Board's option include, without limitation:

(a) Legal and overhead expenses of the various Issuer departments directly related and reasonably allocated to the administration of the Facilities;

(b) Fidelity bond and insurance premiums pertaining to the Facilities, or a reasonably allocable share of a premium of any blanket bond or policy pertaining to such Facilities;

(c) The reasonable charges of any paying agent, or commercial bank, trust bank, or other depository bank pertaining to any securities issued by the Issuer or by the Board and pertaining to any such Facilities;

(d) Contractual services, professional services, salaries, administrative expenses, and costs of labor pertaining to the Facilities;

(e) The costs incurred by the Board in the collection of all or any part of the Pledged Revenues, including, without limitation, revenues pertaining to any such Facilities;

(f) Any costs of utility services furnished to the Facilities by the Issuer or otherwise; and

(g) Reasonable allowances for the depreciation of furniture and equipment for the Facilities; but

(i) excluding any allowance for depreciation, except as otherwise provided in subparagraph (g) of this paragraph;

(ii) excluding any costs of reconstruction, improvements, extensions, or betterments;

(iii) excluding any accumulation of reserves for capital replacements;

(iv) excluding any reserves for operation, maintenance, or repair of any Facilities;

(v) excluding any allowance for the redemption of any bond or other security evidencing a loan or other obligation or the payment of any interest thereon;

(vi) excluding any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing Facilities, or any combination thereof; and

(vii) excluding any other ground of legal liability not based on contract.

With respect to the UNLV Facilities Revenues and the UNR Facilities Revenues, operation and maintenance expenses of the special event facilities, housing, dining and parking facilities will exclude salaries pertaining to and the costs of utility services furnished to such facilities.

"Outstanding" means all the Bonds or any such other securities payable from Pledged Revenues or otherwise pertaining to the Universities, as the case may be, theretofore and thereupon being executed and delivered:

(a) except any Bond or other security canceled by the Issuer, or on the Issuer's behalf, at or before such date;

(b) except any Bond or other security for the payment or the redemption of which monies and Federal Securities (including the known minimum yield from such Federal Securities) at least sufficient to pay when due its Bond Requirements to the date of its maturity or any Redemption Date, whichever date is earlier, if any, shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose; and

(c) except any Bond or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered.

Any Bonds held by the Issuer shall not be deemed to be Outstanding for any purpose.

"Parity Lien Bonds" means the Outstanding the 2008A Bonds, the 2009A Bonds, the 2010A Bonds, the 2010B Bonds, the 2011A Bonds, the 2012A Bonds, the 2012B Bonds, the 2013A Bonds, the 2013B Bonds, the 2014 Bonds, the 2015A Bonds, the 2015B Bonds, the 2016A Bonds, the Bonds and any additional bonds or securities hereafter issued payable from Pledged Revenues on a parity with the 2008A Bonds, the 2009A Bonds, the 2010A Bonds, the 2010B Bonds, the 2011A Bonds, the 2012A Bonds, the 2012B Bonds, the 2013A Bonds, the 2013B Bonds, the 2014 Bonds, the 2015A Bonds, the 2015B Bonds, the 2016A Bonds and the Bonds.

"Paying Agent" means U.S. Bank National Association, designated in the Bond Resolution by the Issuer as the paying agent and registrar for the Bonds, and any successor named pursuant to Section 908 of the Bond Resolution.

"Permitted Investments" means any investment permitted for bond proceeds by the laws of the State.

"Pledged Revenues" means the Student Fees, the UNR Facilities Revenues and UNLV Facilities Revenues, and all grants, if any, conditional or unconditional, from the federal government, the State, or other donor for the payment of any Bond Requirements, or Net Revenues, if any, to be derived from the operation of any income-producing Facilities of the Issuer or the Board or from other available sources and to which the pledge and lien provided in the Bond Resolution hereafter are extended; and "Pledged Revenues" indicates a source or sources of revenues and does not necessarily indicate all or any portion of such revenues in the absence of further qualification.

"Rebate Fund" means the special and separate account designated as the "Nevada System of Higher Education, Universities Revenue Bonds, Rebate Fund", formerly the "University and Community College System of Nevada, Subordinate Lien Universities Revenue Bonds, Rebate Fund" and formerly the "University of Nevada System, Universities Revenue Bonds, Series July 1, 1989, Rebate Fund."

"Revenue Fund" means the special and separate account designated as the "Nevada System of Higher Education, Universities Student Fees and Other Pledged Revenues Gross Revenue Fund", formerly the "University and Community College System of Nevada, Universities Student Fees and Other Pledged Revenues Gross Revenue Fund".

"Student Fees" means the gross fees from students attending either of the existing Universities for the regular academic year of two semesters (but excluding any summer school student), which fees are commonly designated as the Capital Improvement Fee, the Student Union Capital Improvement Fee, the General Fund Fee and the General Improvement Fee, and if hereafter authorized by law, all additional student fees, if any, to which the pledge and lien provided in the Bond Resolution for the payment of securities authorized by the Project Act and the Bond Act are hereafter extended.

"Subordinate bonds," "subordinate securities" or "Subordinate Lien Bonds" means any bonds or securities hereafter issued and payable from Pledged Revenues and having a lien thereon subordinate and junior to the lien thereon of the Parity Lien Bonds.

"Tax Code" means the federal Internal Revenue Code of 1986, as amended, as in effect on the date of delivery of the Bonds, and all applicable regulations thereunder.

"Universities" means collectively the University of Nevada, Las Vegas, the campus of which is situated in the environs of the City of Las Vegas, and the University of Nevada, Reno, the campus of which is situated in the City of Reno, Nevada. "Universities" includes all additional universities constructed and otherwise acquired hereafter by the Issuer, if any.

"UNLV Facilities Revenues" means gross revenues derived from or otherwise pertaining to the operation of certain special event facilities located on the University of Nevada, Las Vegas campus and known as the Thomas and Mack Center, the Cox Pavilion and the Sam Boyd Stadium and the operation of all Issuer-owned student housing, University of Nevada, Las Vegas dining facilities and University of Nevada, Las Vegas parking facilities, whether or not presently existing, after the deduction of the operation and maintenance expenses of such special event facilities and such housing, dining and parking facilities (other than salaries and the costs of utility services).

"UNR Facilities Revenues" means gross revenues derived from or otherwise pertaining to the operation of all Issuer-owned student housing, dining and parking facilities, whether or not presently existing, after the deduction of the operation and maintenance expenses of such housing, dining and parking facilities (other than salaries and costs of utility services).

"Vice Chancellor for Finance" means the de jure or de facto financial officer of the Issuer bearing that title, or his or her successor in functions, including the Vice Chancellor for Finance, the Director of Banking and Investments or any appointed interim or acting vice chancellor for finance.

Disposition of Bond Proceeds

Net proceeds from the sale of the Bonds will be deposited in the Bond Fund and the Construction Account and used to pay costs of the Project as provided below. First, there shall be credited to the Bond Fund all monies received by the Issuer, if any, as accrued interest on the Bonds from the date of the Bonds to the date of their delivery to the initial purchaser of the Bonds, to apply to the payment of interest on the Bonds as the same becomes due after their delivery. Second, all moneys remaining from the proceeds of the Bonds shall be credited to the Construction Account to pay the Cost of the Project (as defined in the Bond Resolution) and incidental costs, including, without limitation, costs of issuance of the Bonds. See "SOURCES AND USES OF FUNDS."

Flow of Funds

So long as any Bonds shall be Outstanding, the entire Gross Revenues derived from the Student Fees, the UNR Facilities Revenues, the UNLV Facilities Revenues and any other Pledged Revenues, shall be set aside and credited immediately to the Revenue Fund.

Under the Bond Resolution, the Revenue Fund will be administered and the moneys on deposit therein will be applied in the following manner and order:

(a) First, there will be credited to the bond funds for the Parity Lien Bonds and any bonds hereafter issued on a parity therewith (i) semi-annually, on each interest payment date, the amount necessary to pay the next maturing installment of interest on the Parity Lien Bonds and any bonds hereafter issued on a parity therewith, and (ii) semi-annually, on each interest payment date, one-half of the amount necessary to pay the next maturing installment of principal of the Parity Lien Bonds and any bonds hereafter issued on a parity therewith, except to the extent any other moneys are available.

(b) Second, the Issuer shall deposit Net Pledged Revenues into the rebate funds for the Parity Lien Bonds and any bonds hereafter issued on a parity therewith, as required under Section 148 of the Tax Code, as required by the bond resolutions for the Parity Lien Bonds and any bonds issued hereafter on a parity therewith.

(c) Third, any monies remaining in the Revenue Fund may be used by the Issuer for payment of the bond requirements of any Subordinate Lien Bonds, including reasonable reserves for such securities, as the same accrue.

(d) After the payments required in subsections (a) through (c) described above have been made, on January 2 or July 2 of each year or whenever in the Bond Year all payments required to be made have been made, any remaining Net Pledged Revenues in the Revenue Fund may be used for any lawful purpose, as the Board may from time to time determine.

No payment need be made into the Bond Fund if the amount in such fund is at least equal to the entire amount of the Outstanding Parity Lien Bonds to their respective maturities or designated redemption dates.

If at any time the Issuer shall for any reason fail to pay into the Bond Fund the full amount above stipulated, then an amount shall be paid into the Bond Fund from the first Net Pledged Revenues thereafter received and not required to be applied as heretofore set forth.

Rate Maintenance Covenant

The Issuer in accordance with the provisions of the Bond Resolution, must adopt, from time to time revise, and continue in effect a schedule of Student Fees and possibly other charges, grants, and other Pledged Revenues pertaining to the Universities so that the amount of Net Pledged Revenues budgeted for receipt in each Fiscal Year is at least sufficient to pay in the Comparable Bond Year an amount, including the proceeds of the General Fund Fee and the General Improvement Fee (as defined in the Bond Resolution) equal to 150%, and excluding the proceeds of the General Fund Fee and the General Improvement Fee equal to 110%, of the Bond Requirements (excluding any reserves therefor) of the Bonds and any other Outstanding securities payable from the Net Pledged Revenues in that Bond Year. The rate maintenance covenant is subject to compliance by the Issuer with any legislation of the United States, the State, or other governmental body, or any regulation or other action taken by the federal government, any State agency, or any political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation, or action limits or otherwise inhibits the amounts of any fees and other charges due to the Issuer for the use of or otherwise pertaining to the Universities including, without limitation, increases in the amounts of such fees or other charges (or a combination thereof).

Additional Securities

The Bond Resolution permits the Issuer to issue additional obligations payable from Net Pledged Revenues and having a lien thereon on a parity with the lien thereon of the Bonds under certain circumstances. The Issuer has covenanted not to issue additional obligations payable from Net Pledged Revenues and having a lien thereon which is superior to the lien of the Parity Lien Bonds or superior to the lien of any bonds or other securities issued with a lien on a parity with the Parity Lien Bonds.

Additional bonds or other securities payable from the Net Pledged Revenues and having a lien thereon on a parity with the lien of the Bonds may be issued subject to the limitation discussed above; provided, however, that no such additional securities (other than refunding securities) shall be issued unless:

(a) At the time of the adoption of the instrument authorizing the issuance of the additional securities, the Issuer is not in default in making any payments required to be made by the Bond Resolution or the bond resolutions for the other Parity Lien Bonds;

(b) The Net Pledged Revenues derived in either the Fiscal Year immediately preceding, or any 12 consecutive months of the 18 months immediately preceding, the date of issuance of the proposed securities, has been sufficient to pay an amount at least equal to 150% of the combined maximum annual principal and interest requirements (excluding amounts payable by virtue of optional redemption, but taking into account mandatory sinking fund redemptions) to be paid during any one Bond Year ending on or before July 1, 2043, of the Outstanding Parity Lien Bonds, and the securities proposed to be issued (excluding any reserves therefor); and

(c) The Net Pledged Revenues, excluding from those revenues the proceeds of the General Fund Fees and the General Improvement Fees pertaining to the Universities, derived for the Fiscal Year immediately preceding, or any 12 consecutive months of the 18 months immediately preceding, the date of issuance of the additional parity securities, has been sufficient to pay an amount at least equal to 110% of the combined maximum annual principal and interest requirements to be paid during any one Bond Year ending on or before July 1, 2043, of the Outstanding Parity Lien Bonds, and the securities proposed to be issued (excluding any reserves therefor).

In any computation of the earnings test set forth in subparagraph (c) above (but not in any computation of the earnings test set forth in subparagraph (b) above), the amount of Net Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of loss or gain, respectively, estimated by the Vice Chancellor for Finance resulting from any change in any Student Fees based on the number of full time students (or the equivalent thereof) during the next preceding Fiscal Year, as if the schedule of modified Student Fees had been in effect during the entire next preceding Fiscal Year, if the change shall have been made by the Board prior to such computation of the designated earnings test but made in the same Fiscal Year as the computation or in the next preceding Fiscal Year.

In addition, in any computation of the earnings test set forth in subparagraph (c) above (but not in any computation of the earnings test set forth in subparagraph (b) above), the amount of Net Pledged Revenue for the next preceding Fiscal Year may be increased by the revenues to be generated by the facilities constructed with the additional securities in the first fiscal year immediately succeeding the last fiscal year following the issuance of such additional parity securities in which interest on the additional parity securities is provided from the proceeds thereof as estimated by an independent consulting engineer or the Vice Chancellor for Finance.

In addition, in any computation of the earnings test set forth in subparagraph (c) above (but not in any computation of the earnings test set forth in subparagraph (b) above), there also will be deducted from or added to the amount of any operation and maintenance expenses pertaining to any income-producing Facilities of the Universities and pertaining to any Pledged Revenues any estimated decrease or increase, respectively, in such expenses that will result from the expenditure of the funds to be derived from the issuance and sale of the additional bonds or other additional securities.

Finally, in any computation of the earnings test set forth in subparagraphs (b) and (c) above, the respective annual Bond Requirements (including the amount of any prior redemption premiums due on any redemption date as of which the Issuer shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of securities for payment) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Bond Years with monies held in trust or in escrow for the purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

Refunding Securities

Refunding securities enjoying complete parity with then Outstanding unrefunded Bonds may be issued only if either (a) the refunding securities are issued in compliance with the requirements listed under “Additional Securities” above (excluding from any computation the bonds to be refunded) or (b) the refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by such refunding securities and by the Outstanding securities not refunded on and prior to the last maturity date or last redemption date, if any, whichever time is earlier, of such unrefunded securities, and the lien of any refunding securities on Pledged Revenues is not raised to a higher priority than the lien thereon of the securities thereby refunded, or (c) the lien on the Pledged Revenues for payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded.

Investments

Any moneys on deposit in the Revenue Fund or the Bond Fund not needed for immediate use may be invested or reinvested by the Treasurer of the Issuer or his designee in:

(i) time or demand deposits of any commercial bank appropriately secured according to the laws of the State and otherwise to the extent permitted by the Bond Resolution;

(ii) Federal Securities, as provided in the Bond Resolution; and

(iii) other Permitted Investments.

However, capitalized interest and accrued interest deposited into the Bond Fund may only be invested in direct obligations of the United States or in obligations guaranteed by the United States.

Federal Securities purchased as an investment or reinvestment of moneys in any such accounts shall be deemed at all times to be a part of the account and held in trust therefor. Except as provided in the Bond Resolution, any interest or other gain in any account from any investments or reinvestments in Federal Securities and from any investment or reinvestment in Federal Securities and from any deposits of moneys in any commercial bank shall be credited to the account, and any loss in any account resulting from any such investments and reinvestments in Federal Securities and from any such deposits in a commercial bank shall be charged or debited to the account.

Amendment of the Bond Resolution

The Bond Resolution may be amended, changed or modified without the consent of any holders of Outstanding Bonds as may be required: (a) by its provisions; (b) for the purpose of curing any ambiguity or formal defect or omission therein; (c) in connection with the issuance and delivery of additional bonds or other securities payable from the Net Pledged Revenues, or (d) in connection with any other change therein which is not to the prejudice of the owners of the Bonds.

The Bond Resolution otherwise may be amended or supplemented upon the written consent of the owners of at least 66% in aggregate principal amount of the Outstanding Bonds and any outstanding refunding bonds issued to refund the Bonds; but no such amendment shall have the effect of permitting: (1) a change in the maturity or in the terms of redemption of any installment of principal or interest of any Outstanding Bond; (2) a reduction of the principal, interest rate or prior redemption premium payable in connection with any Bond without the consent of the holder of the Bond; (3) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the Bond Resolution; (4) a reduction of the principal amount or percentage of the Bonds, the consent of the holders of which is required for any such amendment or other modification; (5) the establishment of priorities between Outstanding Bonds; or (6) the material and prejudicial effect on the rights or privileges of the holders of less than all of the Bonds then Outstanding.

The Bond Resolution requires notice of certain amendments to be mailed upon the terms and conditions set forth in the Bond Resolution.

Default

The following are "events of default" under the Bond Resolution: (1) failure to pay when due and payable the principal of the Bonds or any prior redemption premium due in connection therewith at maturity or upon prior redemption, or any installment of interest when due and payable; (2) the Issuer for any reason is rendered incapable of fulfilling its obligations under the Bond Resolution; (3) the Issuer fails to carry out and to perform (or in good faith begin the performance of) all acts required of it under any contract relating to the Pledged Revenues, to any Facilities, to the Universities or any combination thereof, continuing 60 days after notice of such failure has been given to the Issuer by the initial purchaser of the Bonds or by the holders of 10% or more in aggregate principal amount of the Bonds; (4) the entry of a decree or order (with the consent or acquiescence of the Issuer) appointing a receiver or receivers for the Pledged Revenues or any Facilities, or, if such decree was entered without the consent of the Issuer, if it is not vacated, discharged or stayed on appeal within 60 days after entry; (5) a default by the Issuer in the due and punctual performance of any other of the covenants, conditions, agreements, and provisions contained in the Bonds or in the Bond Resolution to be performed (except with respect to the provisions of the Continuing Disclosure Undertaking, which shall not constitute a default under the Bond Resolution), if such default continues for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the Issuer by the initial purchaser of the Bonds or by the holders of 10% or more in principal amount of the Bonds then Outstanding.

Upon the happening and continuance of any event of default, the holders of not less than 10% in aggregate principal amount of the Bonds then Outstanding may proceed against the Issuer to protect and enforce the rights of any bondholder under the Bond Resolution by suit, action or special proceedings, in equity or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained therein or by an award of execution of any power granted in the Bond Resolution or for the enforcement of any proper legal or equitable remedy as such bondholders may deem most effectual to protect and enforce such rights.

Defeasance

When all Bond Requirements of the Bonds or any other securities payable from Net Pledged Revenues have been duly paid, the pledge and lien and all obligations under the Bond Resolution shall thereby be discharged and the Bonds and any other securities payable from Pledged Revenues shall no longer be deemed to be Outstanding. The Issuer may provide for such payment by placing in escrow or in trust with a trust bank (exercising trust powers) an amount sufficient, together with the known minimum yield available therefor from Federal Securities in which such amount wholly or in part may be initially invested, to meet all Bond Requirements of the issue as the same become due to the fixed maturity dates of the securities or to any prior redemption date or dates as of which the Issuer shall have obligated itself to exercise its prior redemption option by the call of the securities for payment.

Tax Covenant

The Issuer covenants for the benefit of the registered owners of the 2016B Bonds that it will not take any action or omit to take any action with respect to the 2016B Bonds, the proceeds thereof, any other funds of the Issuer or any facilities financed with the proceeds of the 2016B Bonds if such action or omission (i) would cause the interest on the 2016B Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the 2016B Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2016B Bonds until the date on which all obligations of the Issuer in fulfilling the above covenant under the Tax Code have been met.

Other Covenants

The Bond Resolution contains other covenants by the Board dealing with the Bonds. These other covenants include provisions relating to, among other matters, restrictions upon the disposition of the Facilities, maintenance of insurance coverages on the Facilities and continued efficient operation and maintenance of the Facilities. The Issuer covenants to collect all rents, rates, fees and other charges pertaining to the Net Pledged Revenues as soon as reasonable, and to prescribe and enforce rules and regulations for the payment of such charges and to provide methods of collection and penalties in connection therewith. The Issuer will covenant that it will cause to be established and maintained such rules and regulations as may be necessary to assure reasonable occupancy and use of any Facilities and services afforded thereby and, if necessary to enforce a rule requiring reasonable occupancy and use of any such Facilities. As long as any of the Bonds are Outstanding, the Issuer has agreed not to grant any franchise or license to any competing facilities.

The Issuer will employ experienced and competent management personnel for any Facilities, who shall have full control over the Facilities and shall operate the Facilities for the Issuer subject to the reasonable control and direction of the Board. In the event of default on the part of the Issuer in paying the Bond Requirements of the Bonds and any other securities payable from Pledged Revenues promptly as each falls due, or in the keeping of any covenants contained in the Bond Resolution, and if such shall continue for a period of 60 days, or if the Net Pledged Revenues in any Fiscal Year should fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds and any other securities (including all reserves specified therefor) payable from Pledged Revenues in the Comparable Bond Year, the Issuer will retain a firm of competent management engineers skilled in the operation of such facilities to assist in the management of the Facilities so long as such default continues or so long as the Net Pledged Revenues are less than the amount above designated.

In addition, any holder of the Bonds has the right to inspect, at all reasonable times, the records concerning the Facilities, the Issuer and the Pledged Revenues. The Board will keep proper books of record and account pertaining to the Issuer showing complete and correct entries of all transactions relating to Pledged Revenues and to any Facilities.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2016B Bonds. The 2016B 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 bond certificate will be issued for each maturity of the 2016B Bonds, 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"). DTC has a Standard & Poor's rating of AA+. 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 2016B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016B Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016B 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 2016B 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 2016B Bonds, except in the event that use of the book-entry system for the 2016B Bonds is discontinued.

To facilitate subsequent transfers, all 2016B 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 2016B 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 2016B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016B 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 2016B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016B Bond documents. For example, Beneficial Owners of 2016B Bonds may wish to ascertain that the nominee holding the 2016B 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 2016B Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2016B 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 System 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 2016B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2016B 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 System or the Paying Agent on 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, the Paying Agent or the System, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the System or the Paying 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 2016B Bonds at any time by giving reasonable notice to the System or the Registrar and Paying

Agent. Under such circumstances, in the event that a successor depository is not obtained, 2016B Bond certificates are required to be printed and delivered.

The System may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2016B Bond 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 System believes to be reliable, but the System takes no responsibility for the accuracy thereof.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

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

$13,580,000
Nevada System of Higher Education
Universities Revenue Bonds
Series 2016B

Ladies and Gentlemen:

We have acted as bond counsel to the Nevada System of Higher Education (the "System") in connection with the issuance of its "Nevada System of Higher Education, Universities Revenue Bonds, Series 2016B" (the "Bonds"), in the aggregate principal amount of $13,580,000 pursuant to an authorizing resolution adopted and approved by the Board of Regents of the System on September 9, 2016 (the "Resolution"). In such capacity, we have examined the System's certified proceedings and such other documents and such law of the State of Nevada (the "State") and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Resolution.

Regarding questions of fact material to our opinions, we have relied upon the System's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds are valid and binding, special, limited obligations of the System payable solely from the Net Pledged Revenues and from funds and accounts pledged therefor under the Resolution.

2. The Resolution creates a valid lien on the Net Pledged Revenues pledged therein for the security of the Bonds on a parity with the Parity Lien Bonds and superior to the Subordinate Lien Bonds, if any, to be issued. The Resolution also creates a valid lien on the Bond Fund. Except as described in this paragraph, we express no opinion regarding the priority of the lien securing the Bonds on the Net Pledged Revenues or on the funds and accounts created by the Resolution.

3. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date

hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the System's certified proceedings and in certain other documents and certain other certifications furnished to us.

4. Under the laws of the State in effect as of the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the System pursuant to the Bonds and the Resolution are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Nevada System of Higher Education (the "Issuer") in connection with the issuance of the Nevada System of Higher Education, Universities Revenue Bonds, Series 2016B (the "Bonds"). The Bonds are being issued pursuant to the bond resolution of the Board of Regents of the Issuer adopted on September 9, 2016 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC").

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

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

"Material Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at http://emma.msrb.org.

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

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the March 31st following the end of the Issuer's fiscal year of each year, commencing on March 31 following the end of the Issuer's fiscal year ending June 30, 2016, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send or cause to be filed with the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit B hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

a. Principal and interest payment delinquencies;
b. Non-payment related defaults, if material;

c. Unscheduled draws on debt service reserves reflecting financial difficulties;

d. Unscheduled draws on credit enhancements reflecting financial difficulties;

e. Substitution of credit or liquidity providers or their failure to perform;

f. 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 status of the Bonds, or other material events affecting the tax status of the Bonds;

g. Modifications to rights of bondholders, if material;

h. Bond calls, if material, and tender offers;

i. Defeasances;

j. Release, substitution or sale of property securing repayment of the Bonds, if material;

k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the obligated person[1];

m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; and

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal

[1] For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer 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 Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer 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 Issuer to comply with its obligations under this Disclosure Certificate. 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 Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: October 26, 2016

NEVADA SYSTEM OF HIGHER EDUCATION

____
Vice Chancellor for Finance

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Nevada System of Higher Education

Name of Bond Issue: Nevada System of Higher Education, Universities Revenue Bonds, Series 2016B

CUSIP:

Date of Issuance: ___________, 2016

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution adopted on September ___, 2016 and the Continuing Disclosure Certificate executed on ___________, 2016 by the Issuer. The Issuer anticipates that the Annual Report will be filed by ________________.

Dated: _____________________

NEVADA SYSTEM OF HIGHER EDUCATION

By:_________________________________
Title:________________________________

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

(see page iv of the Official Statement)