

NEW ISSUE
Book-Entry Only

Rating: "S&P "AA"
See "RATING" herein.

In the opinion of Ballard Spahr LLP, Bond Counsel to the Board, interest on the Series 2012 Bonds is excludable from gross income for purposes of federal income tax, assuming compliance with the requirements of the federal tax laws. Interest on the Series 2012 Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax; however, interest paid to corporate holders of the Series 2012 Bonds may be indirectly subject to alternative minimum tax under circumstances described under "TAX MATTERS" herein. Bond Counsel is also of the opinion that interest on the Series 2012 Bonds is exempt from State of Utah individual income taxes under currently existing law. See "TAX MATTERS" herein.

\$7,305,000*
STATE BOARD OF REGENTS OF THE STATE OF UTAH
REVENUE REFUNDING BONDS
(OFFICE FACILITY BUILDING), SERIES 2012

Dated: Date of Delivery

Due: February 1, as shown on inside front cover

The \$7,305,000* Revenue Refunding Bonds (Office Facility Building), Series 2012 (the "Series 2012 Bonds") are issued by the State Board of Regents of the State of Utah (the "Board") as fully registered bonds and, when initially issued, will be in book-entry only form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2012 Bonds.

Principal of and interest on the Series 2012 Bonds (interest payable February 1 and August 1 of each year, commencing August 1, 2012) are payable by U.S. Bank National Association, Corporate Trust Services, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof. See "THE SERIES 2012 BONDS—Book-Entry System" herein.

The Series 2012 Bonds are not subject to optional redemption prior to maturity, but at the successful bidder's option may be subject to mandatory sinking fund redemption. See "THE SERIES 2012 BONDS—Redemption" herein.

The Series 2012 Bonds are being issued to refund certain outstanding revenue bonds of the Board and to pay costs of issuing the Series 2012 Bonds. See "PLAN OF REFUNDING" herein.

The Series 2012 Bonds are not general obligations of the State of Utah, the Board or any other agency, instrumentality or subdivision of the State of Utah, but are special limited obligations of the Board payable primarily from (i) funds of the Board budgeted on an annual basis and (ii) to the extent the funds described in (i) are insufficient, other legally available moneys of the Board, including amounts available from revenues and reserves of the Board's Student Loan Purchase Program (defined herein). The issuance of the Series 2012 Bonds does not directly, indirectly, or contingently obligate the State of Utah or any political subdivision thereof to levy any form of taxation or to make any appropriation for their payment. The Board has no taxing power.

In addition, the Board has covenanted to annually certify to the Governor of the State of Utah any amounts required to meet any projected shortfalls of payment of principal and interest for the Series 2012 Bonds, plus certain other amounts. The Governor of the State of Utah may (but is not required to) request an appropriation from the Utah State Legislature of the amount so certified. The Utah State Legislature is not required to make any appropriation with respect to the Series 2012 Bonds.

The Series 2012 Bonds will be awarded pursuant to competitive bidding received by means of the Parity® electronic bid submission system on Tuesday, April 10, 2012, as set forth in the Official Notice of Bond Sale, dated March 30, 2012.

Seattle-Northwest Securities has acted as financial advisor to the Board in connection with the issuance of the Series 2012 Bonds.

The Series 2012 Bonds are offered when, as and if issued and received by the successful bidder(s), subject to the approval of legality by Ballard Spahr LLP, Salt Lake City, Utah, Bond Counsel to the Board, and to certain other conditions. Certain legal matters will be passed on for the Board by the Office of the Attorney General of the State of Utah. Certain matters relating to disclosure will be passed on by Ballard Spahr LLP, Disclosure Counsel for the Board. It is expected that the Series 2012 Bonds in book-entry-only form will be available for delivery to DTC, or its agent, on or about May 3, 2012.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to make an informed investment decision.

This Official Statement is dated _____, 2012, and the information contained herein speaks only as of such date.

* Preliminary; subject to change.

\$7,305,000*

STATE BOARD OF REGENTS OF THE STATE OF UTAH

REVENUE REFUNDING BONDS (OFFICE FACILITY BUILDING), SERIES 2012

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

<u>Due</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> ⁽¹⁾
2013	\$665,000			
2014	620,000			
2015	630,000			
2016	645,000			
2017	655,000			
2018	675,000			
2019	690,000			
2020	710,000			
2021	740,000			
2022	775,000			
2023	245,000			
2024	255,000			

* Preliminary; subject to change.

⁽¹⁾ The above referenced CUSIP number(s) have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2012 Bonds. None of the Board, the Trustee or the Purchaser is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to its correctness on the Series 2012 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2012 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

The information contained in this Official Statement has been furnished by the Board, DTC and other sources believed to be reliable. No dealer, broker, salesperson or any other person has been authorized by the Board to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by the Board.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Board or in any other information contained herein since the date of this Official Statement.

This Official Statement contains “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. See “INVESTMENT CONSIDERATIONS” herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Forward-looking statements may be found under the following headings (among others): “SECURITY FOR THE SERIES 2012 BONDS,” and “PLAN OF REFUNDING,” “FINANCIAL INFORMATION REGARDING THE STATE LOAN PURCHASE PROGRAM.”

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICES OF THE SERIES 2012 BONDS. SUCH TRANSACTIONS MAY INCLUDE OVERALLOTMENTS IN CONNECTION WITH THE UNDERWRITING, THE PURCHASE OF SERIES 2012 BONDS TO STABILIZE THEIR MARKET PRICES, THE PURCHASE OF SERIES 2012 BONDS TO COVER SUCH SHORT POSITIONS AND THE IMPOSITION OF PENALTY BIDS. SUCH TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATOR, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Board maintains a 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 Series 2012 Bonds.

\$7,305,000*

**STATE BOARD OF REGENTS OF THE STATE OF UTAH
REVENUE REFUNDING BONDS (OFFICE FACILITY BUILDING), SERIES 2012**

STATE BOARD OF REGENTS OF THE STATE OF UTAH

**60 South 400 West
Salt Lake City, Utah 84101
(801) 321-7272
(801) 321-7199 (Fax)**

David J. Jordan, Chair	Thomas Leavitt, Student Regent ⁽³⁾
Bonnie Jean Beesley, Vice Chair	Robert S. Marquardt, Member
Keith M. Buswell, Member ⁽¹⁾	Carol Murphy, Member ⁽¹⁾
Daniel W. Campbell, Member	Jed H. Pitcher, Member
Wilford W. Clyde, Member	Robert W. Prince, Member
France A. Davis, Member	David Smith, Student Regent
James T. Evans ⁽²⁾	Marlon O. Snow, Member
Katharine B. Garff, Member	Mark R. Stoddard, Member
Meghan Holbrook, Member	Teresa L. Theurer, Member
Nolan E. Karras, Member	John H. Zenger, Member

⁽¹⁾ Non-voting member from State Board of Education.

⁽²⁾ Non-voting member from Utah College of Applied Technology.

⁽³⁾ Non-voting.

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* Preliminary; subject to change.

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OFFICIAL STATEMENT RELATING TO

\$7,305,000*

STATE BOARD OF REGENTS OF THE STATE OF UTAH REVENUE REFUNDING BONDS (OFFICE FACILITY BUILDING), SERIES 2012

INTRODUCTION

This introduction is only a brief description of the Series 2012 Bonds, as hereinafter defined, the security and source of payment for the Series 2012 Bonds and certain information regarding State Board of Regents of the State of Utah (the “Board”). The information contained herein is expressly qualified by reference to the entire Official Statement. Investors are urged to make a full review of the entire Official Statement as well as the documents summarized or described herein.

See the following appendices that are attached hereto and incorporated herein by reference: APPENDIX A—FINANCIAL STATEMENTS OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH STUDENT LOAN PURCHASE PROGRAM AN ENTERPRISE FUND OF THE STATE OF UTAH FOR FISCAL YEAR 2011; APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE; APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL; APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING; and APPENDIX E—BOOK-ENTRY SYSTEM.

The State Board of Regents Of The State of Utah

The Board was formed in 1969 as a governing body for the Utah System of Higher Education. The Board consists of 19 residents of the State of Utah (the “State”); 16 regents and one student regent are appointed by the Governor of the State (the “Governor”) and two members of the State Board of Education are appointed by the chair of that board to serve as non-voting regents. The Board oversees the establishment of policies and procedures, executive appointments, master planning, budget and finance, proposals for legislation, develop governmental relationships, and performs administrative unit and program approval for higher education for the State.

The Series 2012 Bonds

This Official Statement, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the Board of its \$7,305,000* Revenue Refunding Bonds (Office Facility Building), Series 2012 (the “Series 2012 Bonds”), initially issued in book-entry form.

Authority and Purpose Of The Series 2012 Bonds

The Series 2012 Bonds are being issued pursuant to (i) the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, and other applicable provisions of law (collectively, the “Act”); and (ii) an Indenture of Trust, dated as of May 1, 2012 (the “Indenture”) between the Board and U.S. Bank National Association, Corporate Trust Services, Salt Lake City, Utah, as trustee (the “Trustee”), providing for the issuance of the Series 2012 Bonds.

The Series 2012 Bonds are being issued to refund certain of the Board’s outstanding revenue bonds and pay costs of issuing the Series 2012 Bonds. See “THE SERIES 2012 BONDS—Estimated Sources And Uses Of Funds” and “PLAN OF REFUNDING” below.

* Preliminary; subject to change.

The Board has previously issued (among others) its (i) Revenue Bonds, Series 2002 (Office Facility Project) (the “Series 2002 Bonds”) and (ii) Revenue Bonds, Series 2004 (Office Facility Project) (the “Series 2004 Bonds”) and collectively with the Series 2002 Bonds, the “Refunded Bonds”), pursuant to an Indenture of Trust dated as of February 1, 2002 and an Indenture of Trust dated as of June 1, 2004 (collectively, the “Prior Indentures”), both between the Board and Wells Fargo Bank, National Association, as trustee (the “Prior Trustee”). Proceeds from the Series 2002 Bonds and the Series 2004 Bonds were used to finance the acquisition, furnishing, and equipment of space for use by the Board (the “Building”). See “THE BUILDING” herein.

Proceeds from the Series 2012 Bonds will be used to refund all of the outstanding Series 2002 Bonds (the “Series 2002 Refunded Bonds”) and all of the outstanding Series 2004 Bonds (the “Series 2004 Refunded Bonds”) and together with the Series 2002 Refunded Bonds, the “Refunded Bonds”).

Security And Source Of Payment

The Series 2012 Bonds are special, limited obligations of the Board payable primarily from (i) funds of the Board budgeted on an annual basis (including from sources and in the amounts that the Board has, prior to the issuance of the Series 2012 Bonds and acquisition of the Building, used to pay rent for office space) and (ii) other legally available moneys of the Board, including certain revenues and reserves of the Board’s Student Loan Purchase Program (the “Student Loan Purchase Program”). See “SECURITY FOR THE SERIES 2012 BONDS—Covenant To Budget Sources Previously Used For Rent To Pay Bonds” and “—Covenant To Apply Available Loan Purchase Program Funds To Pay Bonds” below.

Neither the credit nor the taxing power of the State or any agency, instrumentality or political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the Series 2012 Bonds, and the Series 2012 Bonds are not general obligations of the Board or the State or any agency, instrumentality or political subdivision thereof. The issuance of the Series 2012 Bonds shall not directly, indirectly, or contingently obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The Board has no taxing power. See “SECURITY FOR THE SERIES 2012 BONDS” below.

The Series 2012 Bonds are secured on a parity lien with any additional bonds, notes or other obligations that may be issued from time to time under a similarly secured indenture (“Additional Bonds”). See “SECURITY FOR THE SERIES 2012 BONDS—Additional Bonds” below. The Series 2012 Bonds and any Additional Bonds which may be issued from time to time under an indenture are collectively referred to herein as the “Bonds.”

Investment Risks

The purchase of the Series 2012 Bonds involves a degree of risk. These risks include, but are not limited to, the fact that the Series 2012 Bonds are limited obligations of the Board payable primarily from (i) funds of the Board budgeted on an annual basis and (ii) other legally available moneys of the Board, including certain revenues and reserves of the Board’s Student Loan Purchase Program. See “INVESTMENT CONSIDERATIONS” below.

Redemption Provisions

The Series 2012 Bonds are not subject to optional redemption prior to maturity, but at the successful bidder’s option may be subject to mandatory sinking fund redemption. See “THE SERIES 2012 BONDS—Redemption” below.

Registration, Denominations, Manner Of Payment

The Series 2012 Bonds are issuable only as fully-registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Series 2012 Bonds. Purchases of Series 2012 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC’s Direct Participants (as defined herein). Beneficial Owners (as defined herein) of the Series 2012 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC

or a successor securities depository acts as the securities depository with respect to the Series 2012 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX E—BOOK-ENTRY SYSTEM” below.

Principal of and interest on the Series 2012 Bonds (interest payable February 1 and August 1 of each year, commencing August 1, 2012) are payable by U.S. Bank National Association, Corporate Trust Services, Salt Lake City, Utah, as Paying Agent, to the registered owners of the Series 2012 Bonds. So long as DTC is the sole registered owner, it will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the Series 2012 Bonds, as described under “APPENDIX E—BOOK-ENTRY SYSTEM” below.

So long as DTC or its nominee is the sole registered owner of the Series 2012 Bonds, neither the Board, nor the State, nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the Series 2012 Bonds. Under these same circumstances, references herein and in the Indenture to the “Bondowners” or “Registered Owners” of the Series 2012 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2012 Bonds.

Tax-Exempt Status

Federal Income Tax. In the opinion of Ballard Spahr LLP, Bond Counsel to the Board, interest on the Series 2012 Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on Series 2012 Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax (“AMT”); however, interest paid to corporate holders of the Series 2012 Bonds may be indirectly subject to AMT under circumstances described under “TAX MATTERS” herein.

State Income Tax. Bond Counsel is also of the opinion that, under currently existing laws, interest on the Series 2012 Bonds is exempt from State of Utah individual income taxes.

No Further Opinion. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2012 Bonds.

See “TAX MATTERS” herein for a more complete discussion.

Public Sale/Electronic Bid

The Series 2012 Bonds will be awarded pursuant to competitive bidding received by means of the PARITY® electronic bidding system on April 10, 2012, as set forth in the Official Notice of Bond Sale dated March 30, 2012.

Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery

The Series 2012 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s) (the “Purchaser”), subject to the approval of legality by Ballard Spahr LLP, Salt Lake City, Utah, Bond Counsel to the Board, and certain other conditions. Certain legal matters will be passed on for the Board by the State’s Attorney General and by Ballard Spahr LLP., Salt Lake City, Utah, as Disclosure Counsel to the Board. It is expected that the Series 2012 Bonds, in book-entry form, will be available for delivery to DTC or its agent on or about May 3, 2012.

Continuing Disclosure Undertaking

The Board will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Series 2012 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to the requirements of Section (b)(5)

of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth in the form of Undertaking attached as APPENDIX D.

The Board has represented that, although certain higher education system institutions on behalf of which the Board has issued bonds have missed filing deadlines imposed by the undertakings related to such bonds, the Board is in compliance with each and every undertaking previously entered into by it pursuant to the Rule with respect to the Board’s Student Loan Revenue Bonds and Student Loan Purchase Program. A failure by the Board to comply with the Undertaking will not constitute a default under the Indenture, and beneficial owners of the Series 2012 Bonds are limited to the remedies described in the Undertaking. A failure by the Board to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2012 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2012 Bonds and their market price.

See “APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING,” hereto, for a copy of the proposed form of Undertaking.

Basic Documentation

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Board, the Series 2012 Bonds, and the Indenture are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture and the Series 2012 Bonds are qualified in their entirety by reference to each such document, copies of which may be obtained from the “contact persons” indicated below during the offering of the Series 2012 Bonds and thereafter from the Trustee.

Descriptions of the Indenture and the Series 2012 Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. See “APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE” below. The Indenture and other documentation authorizing the issuance of the Series 2012 Bonds and establishing the rights and responsibilities of the Board and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

Contact Persons

As of the date of this Official Statement, the chief contact person for the Board concerning the Series 2012 Bonds is:

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As of the date of this Official Statement, requests for additional information may be directed to the Financial Advisor :

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INVESTMENT CONSIDERATIONS

This Official Statement should be read in its entirety for an understanding of the security for and the risks that may be associated with ownership of the Series 2012 Bonds. There follows under this heading a brief summary of selected factors that may be of particular significance to an investor in making an investment decision with respect to the Series 2012 Bonds. Such factors are not intended to be a complete list of all factors which may be material to such decision.

Bonds Are Unsecured Obligations

Prospective purchasers should note that the Series 2012 Bonds should be considered to be unsecured obligations, but that the Board has agreed in the Indenture to pay the Series 2012 Bonds from amounts budgeted on an annual basis, including from sources and in the amounts used in prior years to pay its office space rental expense. In the event that these amounts are not sufficient to provide for the timely payment of the Series 2012 Bonds, the Board has agreed to use any legally available moneys of the Board to make payments on the Series 2012 Bonds, including amounts on deposit in the Student Loan Purchase Program Short-Term Note Fund and certain other revenues and reserves of the Student Loan Purchase Program.

For a more detailed description of the security provisions of the Indenture and the ability of the Board to request additional legislative appropriations to prevent a payment default on the Series 2012 Bonds, see “SECURITY FOR THE SERIES 2012 BONDS” below.

Bonds Not General Obligations Of The State Of Utah

The Series 2012 Bonds are not general obligations of the State or any of its agencies or subdivisions. The issuance of the Series 2012 Bonds does not obligate the State or any of its political subdivisions to levy any form of taxation or to make any appropriation for their payment. The Board has no taxing powers.

Limited Sources Of Payment

In its authorization of the issuance of the Refunded Bonds, the Utah State Legislature (the “State Legislature”) stated its intention that “...funds within the Board of Regents budget that would otherwise be expended for rent be used as the primary revenue source for repayment of...” the Refunded Bonds. The authorizing legislation further provides that the Board may not request an increase in State appropriations for its office space rental expense in order to provide for the payment of the Series 2012 Bonds.

The Board has represented and agreed in the Indenture that:

(i) it will include in its annual budgets, including the budget that is submitted to the Governor and the State Legislature for approval, an amount sufficient to provide for the timely payment of the Series 2012 Bonds, including from the sources and in the amounts that it has used in the past to pay its rental expense for office space, and

(ii) if the amounts available to the Board to pay its office space rental expense are for any reason insufficient to provide for the full and timely payment of the Series 2012 Bonds, that it will use any other amounts legally available to it to make such payment.

No Assurance Of Sufficient Revenues

While the Board anticipates that the State Legislature will approve appropriations to the Board in each year that are sufficient to provide for the payment of the Series 2012 Bonds, the State Legislature is not legally obligated to make such appropriations. In this event, the Board has agreed in the Indenture that it will use any other amounts legally available to it to make such payment, including any available revenues and reserves from its Student Loan Purchase Program.

The primary source of other legally available amounts from the Student Loan Purchase Program that could be used by the Board to make payments on the Series 2012 Bonds would be any amounts on deposit in its Short-Term Note Fund. The amounts on deposit in this fund are used by the Board to provide short-term funds for the purchase of student loans, pending long-term financing for the purchases through its Student Loan Purchase Program. The amounts on deposit in the Short-Term Note Fund are not subject to any pledge, lien or encumbrance. At December 31, 2011, the unrestricted fund balance of the Short-Term Note Fund was \$63.6 million, \$42 million of which amount was cash and cash equivalents and \$11.6 million of which was student loans receivable. The Board has not pledged any of the amounts on deposit in the Short-Term Note Fund, nor has it agreed to maintain any minimum balances in it, to secure the Series 2012 Bonds.

IRS Voluntary Closing Agreement Program Announced for Student Loan Bonds

On March 20, 2012 the Internal Revenue Service (“IRS”) announced a Voluntary Closing Agreement Program (the “VCAP”) with respect to student loan revenue bonds. The VCAP relates to the allocation of student loans among tax-exempt student loan bonds of an issuer. Because the Board has tax-exempt student loan bonds outstanding, it is studying the VCAP and its impact on the Board and its student loan bonds. The Board believes that it has acted in a manner that complies with the applicable IRS requirements, but recognizes that the IRS has provided little guidance in this area and the IRS may take a position contrary to the Board’s view. The Board is working with student loan industry groups with respect to the VCAP and cannot predict at this time what course of action it will elect to take. The Board believes that if it were to submit to a closing agreement under the VCAP any settlement payment, while potentially significant, would not affect the viability of the Board or its ability to meet all obligations with respect to the Series 2012 Bonds.

Impact of Federal Direct Lending Program on Board

In recent years the Federal Government has changed the way federally sponsored student loans are made in the United States through implementation of a program where loans are made directly from the Federal Government, instead of through entities like the Board (the “Direct Loan Program”). The effect of the Direct Loan Program means that the Board will no longer be financing federal loans through its bond program, but will continue to administer the existing bonds and portfolio of student loans it currently holds. In addition, the Board has been awarded a contract to service loans made under the Direct Loan Program for the Federal Government. The Board has made the necessary changes to infrastructure, operations, and information technology and has received the authority to operate and service student loans for the Federal Government. As of March 30, 2012, the Board has loaded 100,000 borrower accounts for servicing.

THE SERIES 2012 BONDS

General

The Series 2012 Bonds are dated the date of their initial delivery and will mature on February 1 of the years and in the amounts as set forth on the inside cover page of this Official Statement.

The Series 2012 Bonds shall bear interest from their date at the rates set forth on the inside cover page of this Official Statement. Interest on the Series 2012 Bonds is payable on August 1, 2012, and semi-annually thereafter on each February 1 and August 1. Interest on the Series 2012 Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months. U.S. Bank National Association, Corporate Trust Services, Salt Lake City, Utah is the Bond Registrar and Paying Agent for the Series 2012 Bonds under the Indenture (in such respective capacities, the “Bond Registrar” and “Paying Agent”).

The Series 2012 Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

Estimated Sources And Uses Of Funds

The sources and uses of funds in connection with the issuance of the Series 2012 Bonds are estimated to be as follows:

Sources

Par Amount of the Series 2012 Bonds	\$
[Net Reoffering Premium/Discount]	
Transfers from Prior Issue Debt Service Funds.....	
Total	\$

Uses

Refunding of Series 2002 Refunded Bonds	\$
Deposit to Series 2004 Escrow Account	
Costs of Issuance ⁽¹⁾	
Total	\$

⁽¹⁾ Includes Purchaser’s discount, financial advisor fees, legal fees, rating agency fees, registrar and paying agent fees, escrow agent fees, escrow verification fees, and other miscellaneous costs of issuance.

Redemption

The Series 2012 Bonds are not subject to redemption prior to maturity at the option of the Board.

The Series 2012 Bonds may, at the option of the successful bidder, be designated as term bonds subject to mandatory sinking fund redemption.

Registration And Transfer

In the event the book-entry only system is discontinued, any Series 2012 Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by such owner’s duly authorized attorney, upon surrender of such Series 2012 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. No transfer will be effective until entered on the registration books kept by the Bond Registrar.

Whenever any Series 2012 Bond is surrendered for transfer, the Bond Registrar shall authenticate and deliver a new fully-registered Series 2012 Bond or Series 2012 Bonds of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the Board, for a like aggregate principal amount.

Series 2012 Bonds may be exchanged at the principal corporate office of the Bond Registrar for a like aggregate principal amount of fully-registered Series 2012 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the Series 2012 Bonds, the Bond Registrar must make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer of the Series 2012 Bonds.

The Board and the Bond Registrar shall not be required to transfer or exchange any Series 2012 Bond (i) during the period from and including any Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day 15 days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day 15 days prior to the mailing of notice calling any Series 2012 Bonds for redemption. "Record Date" means (i) in the case of each Bond Payment Date, the Bond Registrar's close of business on the fifteenth day of the month immediately preceding such Bond Payment Date, or if such date is not a Business Day the next preceding Business Day; and, (ii) in the case of each redemption, such Record Date as shall be specified by the Bond Registrar in the notice of redemption, provided that such Record Date shall be not less than fifteen calendar days before the mailing of such notice of redemption. "Special Record Date" means such date as may be fixed for the payment of defaulted interest on the Series 2012 Bonds in accordance with the Indenture.

The Board, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Series 2012 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner of such Series 2012 Bond for the purpose of payment of principal, premium and interest with respect to such Series 2012 Bond and for all other purposes whatsoever.

See "THE SERIES 2012 BONDS—Book-Entry System" below.

Book-Entry System

DTC will act as securities depository for the Series 2012 Bonds. The Series 2012 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 Series 2012 Bond certificate will be issued for each maturity of the Series 2012 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX E—BOOK-ENTRY SYSTEM" for a more detailed discussion of the book-entry system and DTC.

In the event the book-entry system is discontinued, interest on the Series 2012 Bonds will be payable by check or draft of the Paying Agent, mailed to the registered owners thereof at the addresses shown on the registration books of the Board kept for that purpose by the Bond Registrar. The principal of all Series 2012 Bonds will be payable at the principal office of the Paying Agent.

Debt Service On The Series 2012 Bonds

<u>Payment Date</u>	<u>Principal*</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
August 1, 2012	–			
February 1, 2013	\$665,000			
August 1, 2013	–			
February 1, 2014	620,000			
August 1, 2014	–			
February 1, 2015	630,000			
August 1, 2015	–			
February 1, 2016	645,000			
August 1, 2016	–			
February 1, 2017	655,000			
August 1, 2017	–			
February 1, 2018	675,000			
August 1, 2018	–			
February 1, 2019	690,000			
August 1, 2019	–			
February 1, 2020	710,000			
August 1, 2020	–			
February 1, 2021	740,000			
August 1, 2021	–			
February 1, 2022	775,000			
August 1, 2022	–			
February 1, 2023	245,000			
August 1, 2023	–			
February 1, 2024	<u>255,000</u>			
Total	<u>\$7,305,000</u>			

* Preliminary; subject to change
 (Source: Financial Advisor)

SECURITY FOR THE SERIES 2012 BONDS

The Series 2012 Bonds do not constitute general obligations of the Board or the State within the meaning of any State constitutional or statutory limitation. The issuance of the Series 2012 Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

The Series 2012 Bonds are payable primarily from the sources described below under the captions “Covenant To Budget Sources Previously Used For Rent To Pay Bonds” and “Covenant To Apply Available Student Loan Purchase Program Funds To Pay Bonds.” No pledge of or lien on any of the Board’s moneys, revenues, rights, interest and collections pledged (heretofore or hereafter) under any of the Board’s other resolutions or indentures is made with respect to the Series 2012 Bonds.

Prior to the issuance of the Series 2002 Bonds, the Board had leased office space to house its operations. Upon the issuance of the Series 2002 Bonds, the Board acquired a portion of the Building and used amounts previously budgeted for lease payments to make payment of the Series 2002 Bonds. Likewise, upon the issuance of the Series 2004 Bonds, the Board acquired the balance of the Building and has continued to use amounts previously budgeted for lease payments to pay the Series 2002 Bonds and Series 2004 Bonds. The issuance of the Series 2012 Bonds and the refunding of the Refunded Bonds will allow the Board to reduce the amount that needs to be budgeted and paid for the Building.

Covenant To Budget Sources Previously Used For Rent To Pay Bonds

The Board has covenanted under the Indenture that the Board shall use, as the primary source of repayment of the Bonds, funds of the Board from sources and in the amounts that the Board has, prior to the acquisition of the Building, used to pay rent for office space (“Rental Sources”). In order to provide for such funds, the Board shall, on an annual basis, budget for such payments as required by law and transfer amounts received for such purpose to the Trustee for deposit to the Debt Service Fund at least 15 days prior to each Bond Payment Date. Approximately 84% of the Board’s annual Rental Sources consists of revenues derived from the operation of various programs within the Board’s Student Loan Program, 58% of which are attributable to the Student Loan Purchase Program. Approximately 16% of the Rental Sources consists of State appropriations to the Board’s general fund. See “STATE BOARD OF REGENTS OF THE STATE OF UTAH—Student Loan Purchase Program” and “—State Appropriations To The Board” below.

The Board may not request an increase in State appropriations for rent to be used for repayment of the Bonds.

Covenant To Apply Available Student Loan Purchase Program Funds To Pay Bonds

If for any reason sufficient Rental Sources are not available for payment of the Series 2012 Bonds at least 15 days prior to any Bond Payment Date, the Board has covenanted to use any other amounts legally available to the Board for such payment, including without limitation, amounts that are available or which could be made available from the revenues and reserves of the Student Loan Purchase Program (including amounts in the Short-Term Note Fund and amounts which are available to the Board upon release from other resolutions and indentures relating to the Student Loan Purchase Program). See “INVESTMENT CONSIDERATIONS” above; “STATE BOARD OF REGENTS OF THE STATE OF UTAH—Student Loan Purchase Program” and “DEBT STRUCTURE OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH” below and “APPENDIX A—FINANCIAL STATEMENTS OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH STUDENT LOAN PURCHASE PROGRAM AN ENTERPRISE FUND OF THE STATE OF UTAH FOR FISCAL YEAR 2011” below.

Debt Service Reserve Fund

Pursuant to the Indenture, a debt service reserve fund will be established with the Trustee for the benefit of the Bondholders of the Series 2012 Bonds (the “Debt Service Reserve Fund”). The Board has agreed to fund the

Debt Service Reserve Fund from legally available sources in an amount equal to the maximum annual debt service on the Series 2012 Bonds (the “Debt Service Reserve Requirement”). The initial Debt Service Reserve Requirement with respect to the Series 2012 Bonds is \$_____.

Amounts on deposit in the Debt Service Reserve Fund shall be used by the Trustee to pay Debt Service Payments with respect to the Series 2012 Bonds to the extent that other moneys are not available therefor. In the event that amounts on deposit in the Debt Service Reserve Fund are utilized as provided in the Indenture or the amounts on deposit therein are otherwise less than the Debt Service Reserve Requirement with respect to the Series 2012 Bonds, the Board has covenanted in the Indenture to replenish such amounts within 12 months in substantially equal payments. Amounts held in the Debt Service Reserve Fund may be invested by the Trustee in Investment Obligations. Amounts on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement shall be transferred at least annually by the Trustee to the Debt Service Fund and credited against the Board’s payment obligations under the Indenture.

State Appropriations To Fund Debt Service Shortfalls

In order to further assure the payment of the principal of and interest on the Series 2012 Bonds, the Board has covenanted to, in accordance with the Act, “certify annually by December 1 any amount required to meet projected shortfalls of payment of principal or interest or both for the following year. The Governor may request from the State Legislature an appropriation of the amount certified to meet any projected principal or interest payment deficiency.” All sums appropriated by the State Legislature, if any, and paid to the Board are to be deposited in the Debt Service Fund if needed for Bond payment and then to the Debt Service Reserve Fund. The State Legislature is not required to make any such appropriation with respect to the Series 2012 Bonds.

Additional Bonds

So long as no Event of Default has occurred or is continuing under the Indenture, the Board may issue additional bonds or other obligations secured on the same basis as the Series 2012 Bonds, either under the Indenture or otherwise. The Indenture does not limit the amount of such bonds.

The Board has no plans to issue additional bonds under the Indenture or payable from the same sources as the Series 2012 Bonds, nor has the State Legislature authorized the issuance of any such bonds.

Nothing contained in the Indenture or in the Series 2012 Bonds or the documents relating thereto limits the power of the Board to issue its bonds to finance the Student Loan Purchase Program, for the other institutions of higher education, or for any of its other purposes.

THE BUILDING

The Series 2012 Bonds are being issued to refinance the cost of acquiring, furnishing, and equipping office space for use by the Board, consisting of approximately 81,800 square feet at the Gateway II Office Building in Salt Lake City, Utah (the “Building”). The Board previously purchased the Building with proceeds of the Series 2002 and Series 2004 Bonds.

PLAN OF REFUNDING

Proceeds from the Series 2012 Bonds will be used to refund (i) all of the outstanding Series 2002 Refunded Bonds and to redeem the Series 2002 Refunded Bonds on the date of delivery of the Series 2012 Bonds (the “Series 2002 Redemption Date”) and (ii) all of the outstanding the Series 2004 Refunded Bonds and to redeem the Series 2004 Refunded Bonds then outstanding on February 1, 2014 (the “Series 2004 Redemption Date”).

The following table set forth the scheduled maturity dates, maturity amounts and interest rates of the Series 2002 Refunded Bonds:

<u>Maturity Date</u> <u>(February 1)</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2013	\$395,000	4.500%
2014	415,000	4.600
2015	435,000	4.650
2016	455,000	4.750
2017	475,000	4.800
2018	500,000	5.000
2019	525,000	5.050
2020	550,000	5.050
2021	580,000	5.100
2022	610,000	5.125

The following table set forth the scheduled maturity dates, maturity amounts and interest rates of the Series 2004 Refunded Bonds:

<u>Maturity Date</u> <u>(February 1)</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2013	\$160,000	4.50%
2014	170,000	4.50
2019	975,000	5.00
2024	1,245,000	5.00

A portion of the proceeds from the Series 2012 Bonds will be deposited with U.S. Bank National Association, as escrow agent, pursuant to an Escrow Deposit Agreement dated as of May 1, 2012, to establish an irrevocable trust escrow fund (the “Series 2004 Escrow Fund”), consisting of cash and non-callable direct full faith and credit obligations of the United States of America. The cash and investments held in the Series 2004 Escrow Fund will bear interest and mature in amounts sufficient to pay the principal and interest falling due on the Series 2004 Refunded Bonds as they become due through the Series 2004 Redemption Date and to pay the redemption price of 100% of the Series 2004 Refunded Bonds on such redemption date.

Certain mathematical computations regarding the sufficiency of and the yield on the investments held in the Series 2004 Escrow Fund will be verified by Grant Thornton LLP. See “ESCROW VERIFICATION” herein.

STATE BOARD OF REGENTS OF THE STATE OF UTAH

General

Under the provisions of Title 53B, Utah Code Annotated 1953, as amended (the “Higher Education Act”), the Board is vested by statute with control, management and supervision of the State system of higher education. The Board consists of 19 resident citizens of the State, 16 of whom are appointed by the State’s Governor with the consent of the State Senate for staggered six-year terms; two members who are appointed from members of the State Board of Education by the Chair of the State Board of Education (these members have no vote and no set term expiration date); and two members appointed from nominations of the student body president’s council for a

two-year term (the first year as a non-voting member and the second year as a voting member). From its members, the members of the Board elect a Chair and Vice Chair, each for two-year terms.

The Board appoints a Commissioner of Higher Education who serves as the chief executive officer of the Board and is responsible for, among other things, proper execution of the policies and programs established by the Board. The Board, in consultation with the respective Board of Trustees of each institution of higher education, appoints a President for each institution of higher education in the State. The President of each such institution is responsible to the Board for the governance and administration of his or her institution. The members of the Board are as follows:

<u>Board Member</u>		<u>Current Term Expires</u>
David J. Jordan	Chair, Attorney, Salt Lake City	No term set*
Bonnie Jean Beesley	Vice Chair, Businessperson, Salt Lake City	June 2015
Keith M. Buswell ⁽¹⁾	Non-Voting Member, Board of Education, Ogden	No term set
David W. Campbell	Member, Businessperson, Salt Lake City	June 2013
Wilford W. Clyde	Member, Businessperson, Springville	June 2017
France A. Davis	Member, Businessperson, Salt Lake City	June 2017
James T. Evans ⁽²⁾	Non-Voting Member, College Applied Technology, Salt Lake City	No term set
Katharine B. Garff	Member, Businessperson, Bountiful	June 2015
Meghan Holbrook	Member, Businessperson, Salt Lake City	No term set*
Nolan E. Karras	Member, Businessperson, Roy	June 2013
Thomas Leavitt ⁽³⁾	Non-Voting Student Member, St. George	June 2013
Robert S. Marquardt	Member Businessperson, Salt Lake City	June 2013
Carol Murphy ⁽¹⁾	Non-Voting Member, State Board of Education, Salt Lake City	No term set
Jed H. Pitcher	Member, Businessperson, Bountiful	June 2015
Robert W. Prince	Member, Orthodontist, St. George	June 2017
David Smith ⁽³⁾	Student Member, Cedar City	June 2012
Marlon O. Snow	Member, Businessperson, Orem	June 2013
Mark R. Stoddard	Member, Businessperson, Nephi	June 2017
Teresa L. Theurer	Member, Businessperson, Logan	June 2014
John H. Zenger	Member, Businessperson, Midway	June 2017

⁽¹⁾ Non-voting Member from Board of Education.

⁽²⁾ Non-voting Member from Utah College of Applied Technology Board of Trustees.

⁽³⁾ Beginning in 2011, the Student Member serves a two-year term, the first year as a non-voting member and the second year as a voting member of the Board.

Professional Staff

The Board currently performs numerous functions for the State. The Board employs approximately 211 people of which 115 are involved in the operation of the Student Loan Purchase Program. The servicing of student loans owned by the Board is performed on a contractual basis by outside servicers.

Dr. William A. Sederburg, Utah Commissioner of Higher Education, has served as Chief Executive Officer of the Board since August 2008. In 2003, Dr. Sederburg became the 5th president of Utah Valley State College, where he led the school through its transition to its status as Utah Valley University. He served in the Michigan state Senate for twelve years and as the president of Ferris State University in Big Rapids, Michigan for nine years. Commissioner Sederburg obtained a bachelor's degree in education and political science from Mankato State University in Minnesota and a master's degree and doctorate, both in political science, from Michigan State University.

Dr. Gregory L. Stauffer, is the Associate Commissioner for Finance and Facilities. Dr. Stauffer assumed his current position in November 2008 and was formerly the Vice President and Chief of Staff at Southern Utah University (SUU) where he served in several strategic and master planning roles including chief operational and fiscal officer. At SUU he served as Interim President for eight months and as the Vice President of Administrative

and Financial Services for 11 years. With over 25 years' experience in executive budget and planning positions, he has held positions at Peru College, Washburn University, and the University of Idaho. He earned a Bachelor of Business Administration from Washburn University, an MBA from Missouri State University, and his Ed.D. from the University of Kansas.

David A. Feitz, is the Executive Director of the Utah Higher Education Assistance Authority. Prior to joining the Board in 1987, he served as Vice President of Marketing for the Loan Servicing Corporation of Utah from 1981, and was previously a Financial Aid Administrator at Brigham Young University and a consultant with the U.S. Department of Education. Mr. Feitz earned a Bachelor of Science degree in Business Education from Brigham Young University and a Master of Business Administration from Utah State University.

Richard O. Davis, the Deputy Executive Director of the Utah Higher Education Assistance Authority, administers the Student Loan Purchase Program's accounting, financial reporting and related operational functions. He also coordinates servicing activities between the Board and its servicers. Mr. Davis is a Certified Public Accountant and practiced public accounting for 10 years prior to joining the Board in March 1981. He holds a Bachelor's degree in Accounting from Utah State University.

David S. Schwanke, the Associate Executive Director of Accounting and Finance for the Utah Higher Education Assistance Authority, directs the Student Loan Purchase Program's accounting, financial reporting and related operational functions. Mr. Schwanke is a Certified Public Accountant and practiced public accounting for four years. Prior to assuming his current position in February 1995, Mr. Schwanke was a Senior Auditor at Deloitte & Touche, LLP. He holds a Bachelor's degree in Accounting and a Masters of Accounting degree from Utah State University.

The Attorney General of the State of Utah acts as legal counsel to the Board. The State Auditor audits the accounts of the Board and, from time to time, appoints independent auditors to audit such accounts.

Budget Process

The Board annually submits a recommendation for an appropriation for its operating budget to the Governor for his/her consideration and for inclusion in the Executive Budget. The Governor is required to present a State operating budget request to each session of the State Legislature. After due consideration, the annual budget is established by legislative appropriation. The budget for the Student Loan Purchase Program is approved annually by the Board of Directors of the Utah Higher Education Assistance Authority, and is not subject to legislative appropriation.

State Loan Purchase Program

The Board has covenanted under the Indenture that, if for any reason sufficient Rental Sources are not available for payment of the Series 2012 Bonds, the Board will use any other amounts legally available to the Board for such payment. Student Loan Purchase Program revenues and reserves are the primary source of Rental Sources and other legally available funds that may be used by the Board for payment of the Bonds. See "SECURITY FOR THE SERIES 2012 BONDS—Covenant To Apply Student Loan Purchase Program Funds to Pay Bonds" above, and "APPENDIX A—FINANCIAL STATEMENTS OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH STUDENT LOAN PURCHASE PROGRAM AN ENTERPRISE FUND OF THE STATE OF UTAH FOR FISCAL YEAR 2011" below.

The Board has established its Student Loan Purchase Program in order to effectuate the general purpose of the Board and the specific objective of providing funds to lending institutions to assist students in obtaining a post-secondary education. Through its Student Loan Purchase Program the Board seeks to increase the availability of funds for such purposes.

State Appropriations To The Board

The Board has annually received and anticipates receiving appropriations from the State Legislature which are to be applied to the general expenditures of the Board. The State's General Fund appropriations for operations to the Board for the past five Fiscal Years are set forth below:

<u>Fiscal Year Ended June 30</u>	<u>General Operating Appropriation</u>	<u>% Change From Prior Period</u>
2011	\$2,693,900	2.17%
2010	2,636,800	53.12
2009	1,722,100	(44.73)
2008	3,116,000	4.68
2007	2,976,700	n/a

(Source: The Board.)

Additional financial information regarding the State, including information regarding appropriations and expenses relating to the Board, can be found in the State's Comprehensive Annual Financial Report for Fiscal Year 2011, which can be accessed through the State of Utah Auditor's Office website.

Investment Of Funds

Investment of Operating Funds; The State Money Management Act. The State Money Management Act, Title 51, Chapter 7, Utah Code (the "MM Act") governs the investment of all public funds held by public treasurers in the State. It establishes criteria for investment of public funds with an emphasis on safety, liquidity, yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The MM Act provides a limited list of approved investments, including nonnegotiable and negotiable deposits with qualified in-state and permitted out-of-state financial institutions, approved government agency securities and investments in corporate securities carrying minimum credit ratings required by the MM Act. The MM Act also provides for pre-qualification of broker dealers requiring that broker dealers must agree in writing to comply with the MM Act and certify that they have read and understand the MM Act. The law requires all securities to be delivered versus payment to the public treasurer's safekeeping bank. It requires diversification of investments, especially in securities of corporate issuers. Not more than 5% of the portfolio may be invested with any one corporate issuer. Investments in mortgage pools and mortgage derivatives or any security making unscheduled periodic principal payments are prohibited. The MM Act also defines the State's prudent investor rules. The MM Act establishes the Money Management Council (the "MM Council") to exercise oversight of public deposits and investments. The MM Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The Board is currently complying with all of the provisions of the MM Act for all Board operating funds. *A significant portion of Board funds are invested in the Utah Public Treasurers Investment Fund ("PTIF"), as discussed below.*

The Utah Public Treasurers' Investment Fund. The PTIF is a local government investment pool, established in 1981, and managed by the State Treasurer. The PTIF invests to ensure safety of principal, liquidity and a competitive rate of return on short-term investments. All moneys transferred to the PTIF are promptly invested in accordance with the MM Act.

All investments in the PTIF must comply with the MM Act and rules of the MM Council. Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the U.S. Government. These short-term securities must be rated "first tier" ("A1," "PI," for short-term investments and "A" or better for long-term investments) by two nationally recognized statistical rating organizations, one of which must be Moody's or by S&P. These securities represent limited risks to governmental institutions investing with the PTIF. Variable rate securities in the PTIF must have an index or rate

formula that has a correlation of at least 94% of the effective Federal Funds rate. The maximum weighted average adjusted life of the portfolio, by policy, is not to exceed 90 days. The maximum final maturity of any security purchased by the PTIF is limited to three years, except that a maximum maturity of five years is allowed for treasury or agency securities whose rate adjusts at least annually.

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. All securities purchased are delivered versus payment to the custody of the public treasurer's safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State. It is the policy of the State Treasurer to manage a stable net asset value pool and maintain a net asset value that does not deviate by more than 0.5%.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the MM Council and is audited by the State Auditor. The PTIF is not rated.

See "APPENDIX A—FINANCIAL STATEMENTS OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH STUDENT LOAN PURCHASE PROGRAM AN ENTERPRISE FUND OF THE STATE OF UTAH FOR FISCAL YEAR 2011—Notes To The Financial Statements For The Fiscal Year 2011—Note 2. Cash and Cash Equivalents and Funds Held by Trustee and Agent" below.

Pension Plans and Retirement Benefits

As required by State law, eligible nonexempt employees are covered by the Utah State Retirement System ("URS"), and eligible exempt employees are covered by a qualified 401a plan. Employees and the Board share in the payment of the employee and employee contributions to these plans. The contribution requirements of URS are authorized by statute and specified by the Utah State Retirement Board and the contribution rates are actuarially determined.

Certain employees are eligible to participate in an Early Retirement Incentive Program ("ERIP"), which includes cash incentives and health insurance benefits until the earlier of Social Security full retirement age or five years from the date of early retirement. As of December 31, 2011, the Board's liability for ERIP was \$421,309.75.

Risk Management

The Board is self-insured through the Utah State Risk Management Fund for property, casualty, and liability claims, which fund is administered by the Utah State Risk Manager.

See "APPENDIX A—FINANCIAL STATEMENTS OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH STUDENT LOAN PURCHASE PROGRAM AN ENTERPRISE FUND OF THE STATE OF UTAH FOR FISCAL YEAR 2011—Notes To The Financial Statements For The Fiscal Year 2011—Note 15. Risk Management" below.

DEBT STRUCTURE OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH

Outstanding Revenue Bonds (Office Facility) Debt

The Board has issued the Bonds for the acquisitions of office space to be used by the Board.

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2012 ⁽¹⁾	Refunding	\$7,305,000*	February 1, 2024*	<u>7,305,000*</u>
Total Principal Amount of Outstanding Revenue Bonds (Office Facility) Debt				<u>\$7,305,000*</u>

⁽¹⁾ For purposes of this Official Statement, the Series 2012 Bonds are considered issued and outstanding and the Refunded Bonds, refunded.

Outstanding Student Loan Purchase Program Debt

Student Loan Purchase Program. In addition to the Bonds, the Board has previously issued (among others):

(i) \$143,520,000 of Student Loan Revenue Bonds under a Trust Indenture of the Board, dated as of September 1, 2011, of which \$143,520,000 remains outstanding as of the date of this Official Statement (the “2011 Student Loan Revenue Bonds”), and

(ii) \$2,460,650,000 of Student Loan Revenue Bonds under the General Student Loan Program Indenture of the Board, dated as of August 1, 1993, of which \$815,715,000 remains outstanding as of the date of this Official Statement (the “1993 Student Loan Revenue Bonds”), and

(iii) \$1,032,590,000 of Student Loan Revenue Bonds under the General Student Loan Program Indenture of the Board, dated as of July 15, 1988, of which \$5,100,000 remains outstanding as of the date of this Official Statement (the “1988 Student Loan Revenue Bonds”).

All of such bonds are secured by and payable from trust estates separate from that of the Indenture. However, the Board may use amounts pledged under such indentures for payment of the Bonds to the extent such amounts are released from the lien of the indentures relating to such Student Loan Revenue Bonds. See “SECURITY FOR THE SERIES 2012 BONDS—Covenant To Apply Available Student Loan Purchase Program Funds To Pay Bonds” above.

In 2010, the Board also entered into a long-term asset-backed commercial paper conduit funding note for the purpose of refunding certain outstanding student loan revenue bonds. As of February 29, 2012, the Board had pledged cash and student loan receivable principal and accrued interest totaling \$604,195,289 in accordance with the financing agreement.

Outstanding College And University Debt

In furtherance of its responsibility in governing the higher education system in the State, the Board has also issued revenue bonds to provide financing for numerous projects, including equipment, dormitory and other campus facilities, on behalf of various public post-secondary institutions of education in the State. As of June 30, 2011, the Board has outstanding approximately \$646.7 million of revenue bonds issued to finance capital projects at several of the State’s institutions of higher education. Such bonds are issued under separate indentures and are secured by and payable from separate revenues of the institutions consisting primarily of revenues generated by such institutions.

No Defaulted Obligations

The Board is in compliance with the covenants of its bond agreements, and has never failed to pay principal of or interest on its financial obligations when due.

FINANCIAL INFORMATION REGARDING THE STATE LOAN PURCHASE PROGRAM**Financial Summaries**

The five-year summaries of the Board's Student Loan Purchase Program Statement of Net Assets and Statement of Revenues, Expenses and Changes in Fund Net Assets were extracted from the Board's audited financial statements for Fiscal Years 2007 through 2011. The summaries have not been audited.

Additional Information

See "APPENDIX A—FINANCIAL STATEMENTS OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH STUDENT LOAN PURCHASE PROGRAM AN ENTERPRISE FUND OF THE STATE OF UTAH FOR FISCAL YEAR 2011" below for additional financial information regarding the Student Loan Purchase Program.

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State Board of Regents of the State of Utah
Student Loan Purchase Program
Statement of Net Assets
(This summary has not been audited.)

	<u>Fiscal Year Ending June 30,</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets					
Current Assets					
Cash and cash equivalents	\$26,693,569	\$32,697,663	\$59,046,293	\$40,580,810	\$42,681,458
Funds held by Trustee	35,109,721	29,190,831	204,200,197	269,259,564	503,553,033
Funds held by Conduit Administrator	13,598,976	10,683,372	-	-	-
Funds held by Custodian	-	799,456	1,161,260	-	-
Receivables					
Student loans receivable	202,678,227	163,316,770	458,636,477	66,160,444	72,813,756
Interest receivable	25,783,608	31,061,051	37,170,972	31,167,148	21,745,958
Special allowance	-	-	-	2,077,585	10,968,925
Interest receivable - investments	-	-	6,576	8,726	12,162
Due from counterparty	1,655,074	6,576	-	-	-
Other receivables	312,585	477,477	756,237	414,404	317,511
Prepaid expenses	408,484	805,981	1,733,753	874,557	873,934
Student loan fees	-	-	7,802,117	7,001,267	-
Deferred federal default fee	1,423,140	1,753,118	2,104,674	2,346,104	2,182,594
Deferred bond issuance costs	<u>2,272,242</u>	<u>1,685,238</u>	<u>570,954</u>	<u>591,486</u>	<u>619,086</u>
Total Current Assets	<u>309,935,626</u>	<u>272,477,533</u>	<u>773,189,510</u>	<u>420,482,095</u>	<u>655,768,417</u>
Noncurrent Assets					
Funds held by Trustee	309,411,572	359,438,311	84,808,179	78,129,948	76,946,789
Student loans receivable	1,599,734,359	1,898,499,279	1,936,845,664	1,939,244,104	1,701,484,586
Student loan fees	-	-	30,836,260	28,207,376	-
Derivative instrument-interest rate swap	1,136,095	-	-	-	-
Deferred federal default fee	3,075,237	4,497,839	6,250,956	8,356,169	10,702,273
Deferred bond issuance costs, less accumulated amortization	14,328,209	12,771,330	13,561,829	12,865,624	12,292,431
Capital assets, less accumulated amortization	<u>10,847,912</u>	<u>10,691,658</u>	<u>11,076,939</u>	<u>11,584,748</u>	<u>11,542,174</u>
Total Noncurrent Assets	<u>1,938,533,384</u>	<u>2,285,898,417</u>	<u>2,083,379,827</u>	<u>2,078,387,969</u>	<u>1,812,968,253</u>
Total Assets	<u>2,248,469,010</u>	<u>2,558,375,950</u>	<u>2,856,569,337</u>	<u>2,498,870,064</u>	<u>2,468,736,670</u>
Liabilities					
Current Liabilities					
Accounts payable	1,860,998	2,288,722	2,694,276	2,295,419	2,748,563
Special allowance	6,910,998	8,486,722	9,005,542	-	-
Payable to affiliate	333,677	527,452	628,332	367,480	246,302
Compensated absences and early retirement benefits	450,456	404,186	268,279	231,418	224,794
Other liabilities	1,641,718	311,128	268,619	456,857	408,571
Participation line of credit	-	66,304,930	297,381,324	-	-
Accrued interest payable	3,748,032	2,414,794	4,211,864	8,172,431	9,124,984
Bonds payable	14,208,898	512,895	268,112,895	5,357,895	72,147,895
Estimated interest arbitrage rebate	-	<u>1,050,221</u>	<u>44,492</u>	<u>607,542</u>	<u>160,537</u>
Total Current Liabilities	<u>29,154,777</u>	<u>82,301,050</u>	<u>582,615,623</u>	<u>17,489,042</u>	<u>85,061,646</u>
Noncurrent Liabilities					
Compensated absences and early retirement benefits	506,108	546,194	196,027	153,009	177,009
Deferred inflow - interest rate swap	1,136,095	-	-	-	-
Bonds payable, net of unamortized premiums	1,228,351,823	1,388,442,882	1,967,245,777	2,159,861,672	2,065,549,567
Funding notes payable	647,842,499	745,048,749	-	-	-
Estimated interest arbitrage rebate	<u>11,967,954</u>	<u>49,163,752</u>	<u>57,738,118</u>	<u>65,336,864</u>	<u>72,326,483</u>
Total Noncurrent Liabilities	<u>1,889,804,479</u>	<u>2,183,201,577</u>	<u>2,025,179,922</u>	<u>2,225,351,545</u>	<u>2,138,053,059</u>
Total Liabilities	<u>1,918,959,256</u>	<u>2,265,502,627</u>	<u>2,607,795,545</u>	<u>2,242,840,587</u>	<u>2,223,114,705</u>
Net Assets					
Invested in capital assets, net of related debt	2,792,030	2,122,881	2,020,267	2,060,181	1,569,711
Restricted	258,468,394	228,791,211	176,962,189	181,147,314	170,485,526
Unrestricted	<u>68,249,330</u>	<u>61,959,231</u>	<u>69,791,336</u>	<u>72,821,982</u>	<u>73,566,728</u>
Total Net Assets	<u>\$329,509,754</u>	<u>\$292,873,323</u>	<u>\$248,773,792</u>	<u>\$256,029,477</u>	<u>\$245,621,965</u>

(Source: Information taken from the Board's audited financial statements. This summary itself has not been audited.)

State Board of Regents of the State of Utah
Student Loan Purchase Program
Statement of Revenues, Expenses and Changes in Fund Net Assets
(This summary has not been audited.)

	<u>Fiscal Year Ending June 30.</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating Revenues					
Interest on student loans	\$60,622,781	\$80,241,388	\$77,159,532	\$78,093,758	\$67,827,403
Special allowance	-	-	-	27,927,206	45,968,433
Investment income	1,374,837	2,090,321	6,994,487	22,981,777	33,207,665
Unrealized gain on investments	-	1,287,493	-	-	-
Lender Services revenue	-	264,604	504,776	416,941	452,839
Billings for internal services	-	1,995,893	2,304,576	1,456,172	1,255,928
Rental revenue	-	1,741,301	1,622,355	1,534,732	1,415,889
Other revenue	3,283,768	-	-	-	-
Federal grant	543,519	-	-	-	-
Administrative cost reimbursement	<u>1,938,525</u>	<u>15,900,825</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>67,763,430</u>	<u>103,521,825</u>	<u>88,585,726</u>	<u>132,410,586</u>	<u>150,128,157</u>
Operating Expenses					
Interest expense	24,306,777	36,192,196	62,838,620	98,154,234	97,729,424
Participation yield	149,592	1,816,173	695,319	-	-
Bond and financing related expense	5,700,988	2,938,915	4,982,341	4,786,465	5,064,050
Special allowance	28,180,753	37,133,724	10,423,323	-	-
Student loan servicing expense	9,635,964	9,734,106	9,243,770	8,809,221	8,919,268
General and administrative expense	3,933,695	4,891,641	4,350,410	3,319,409	3,309,538
Operations expense	643,238	3,344,757	3,815,667	3,980,899	3,677,849
Federal loan servicing expense	1,305,956	-	-	-	-
Depreciation expense	563,255	537,840	536,481	546,948	470,983
Student loan principal reductions	86,327	5,015,208	2,089,314	4,480,017	7,299,612
Financial Assistance administrative expense	1,016,541	97,814	360,368	443,028	400,185
Federal Assistance grants	-	(250)	540,000	720,000	1,156,000
Federal default fee	1,752,580	2,104,673	2,346,643	2,182,594	1,948,767
Provision for interest arbitrage rebate	(37,195,797)	(7,162,245)	(7,554,254)	(6,333,767)	4,916,644
Uninsured claims expense	673,402	1,288,290	1,033,993	550,427	119,242
Unrealized loss on investments	<u>671,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>41,425,187</u>	<u>97,932,842</u>	<u>95,701,995</u>	<u>121,639,475</u>	<u>135,011,562</u>
Operating Income	<u>26,338,243</u>	<u>5,588,983</u>	<u>(7,116,269)</u>	<u>10,771,111</u>	<u>15,116,595</u>
Nonoperating Revenues (Expenses)					
Gain on bond purchases	2,053,500	37,732,500	-	-	-
State Financial Assistance appropriations	12,710,000	11,241,274	10,932,200	11,457,216	9,137,745
State Financial Assistance distributions	<u>(10,215,312)</u>	<u>(10,191,067)</u>	<u>(11,071,616)</u>	<u>(11,820,815)</u>	<u>(9,006,152)</u>
Total Nonoperating Revenues (Expenses)	<u>4,548,188</u>	<u>38,782,707</u>	<u>(139,416)</u>	<u>(363,599)</u>	<u>131,593</u>
Transfer from Student Loan Guarantee Program	6,000,000	-	-	-	-
Transfer to Utah System of Higher Education	(250,000)	(272,159)	-	-	-
Interfund transfer from the Board	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>745,479</u>
Changes in Net Assets	<u>36,636,431</u>	<u>44,099,531</u>	<u>(7,255,685)</u>	<u>10,407,512</u>	<u>15,993,667</u>
Net Assets-Beginning of Year	<u>292,873,323</u>	<u>248,773,792</u>	<u>256,029,477</u>	<u>245,621,965</u>	<u>229,628,298</u>
Net Assets-End of Year	<u>\$329,509,754</u>	<u>\$292,873,323</u>	<u>\$248,773,792</u>	<u>\$256,029,477</u>	<u>\$245,621,965</u>

(Source: Information taken from the Board's financial statements from the indicated years. This summary itself has not been audited.)

LEGAL MATTERS

Absence Of Litigation

There is no litigation pending or threatened questioning or in any manner relating to or affecting the validity of the Series 2012 Bonds.

On the date of the execution and delivery of the Series 2012 Bonds, certificates will be delivered by the Board to the effect that to the knowledge of the Board, there is no action, suit, proceeding or litigation pending or threatened against the Board, which in any way materially questions or affects the validity or enforceability of the Series 2012 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the Board.

A non-litigation opinion issued by the Attorney General of the State, counsel to the Board, dated the date of closing, will be provided stating, among other things, that there is not now pending, or to their knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the Board, or the performance of any of the covenants contained in the Indenture, or the titles of the officers of the Board to their respective offices, or the adoption or performance of the Indenture.

General

The authorization and issuance of the Series 2012 Bonds are subject to the approval of Ballard Spahr LLP, Salt Lake City, Utah, Bond Counsel to the Board. Certain legal matters will be passed on for the Board by the State's Attorney General and by Ballard Spahr LLP, Salt Lake City, Utah, as Disclosure Counsel to the Board. The approving opinion of Bond Counsel will be delivered with the Series 2012 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in APPENDIX C of this Official Statement will be made available upon request from the contact person as indicated under "INTRODUCTION—Contact Persons" above.

The employment of Bond Counsel is limited to the review of the transcripts of legal proceedings authorizing the issuance of the Series 2012 Bonds and the legality of the source of payment of the Series 2012 Bonds, and to the issuance of the legal opinion, in conventional form, relating solely to the validity of the Series 2012 Bonds pursuant to such authority and the excludability of interest on the Series 2012 Bonds for income tax purposes as described above. Except for said legal matters, which will be specifically covered in its opinion, Bond Counsel has assumed no responsibility for the accuracy or completeness of any information furnished to any person in connection with or any offer or sale of the Series 2012 Bonds in the Official Statement or otherwise.

The various legal opinions to be delivered concurrently with the delivery of the Series 2012 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Federal Income Tax. Excludability of Interest. In the opinion of Ballard Spahr LLP, Bond Counsel to the Board, interest on the Series 2012 Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2012 Bonds, assuming the accuracy of the certifications of the Board and continuing compliance by the Board with the requirements of the Internal Revenue Code of 1986. Interest on the Series 2012 Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on Series 2012 Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder.

Original Issue Premium. Certain of the Series 2012 Bonds may be offered at a premium (“original issue premium”) over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Series 2012 Bond through reductions in the holder’s tax basis for the Series 2012 Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisers for an explanation of the amortization rules.

Original Issue Discount. Certain of the Series 2012 Bonds may be offered at a discount (“original issue discount”) equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a Series 2012 Bond accrues periodically over the term of the Series 2012 Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder’s tax basis in the Series 2012 Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders should consult their tax advisers for an explanation of the accrual rules.

State of Utah Income Tax. Bond Counsel is also of the opinion that interest on the Series 2012 Bonds is exempt from State of Utah individual income taxes under currently existing law.

No Further Opinion. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Series 2012 Bonds.

Changes in Federal and State Tax Law. From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2012 Bonds or otherwise prevent holders of the Series 2012 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2012 Bonds. Further, such proposals may impact the marketability or market value of the Series 2012 Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Series 2012 Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2012 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2012 Bonds would be impacted thereby.

Purchasers of the Series 2012 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2012 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

ESCROW VERIFICATION

Grant Thornton LLP will verify the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the obligations of the United States of America, together with other escrowed moneys to be placed in the Series 2004 Escrow Fund to pay when due pursuant to prior redemption the redemption price of, and interest on the Series 2004 Refunded Bonds and the mathematical computations of the yield on the Bonds and the yield on the government obligations purchased with a portion of the proceeds of the sale of the Bonds. Such verifications shall be based in part upon information supplied by the Financial Advisor.

RATING

As of the date of this Official Statement, the Series 2012 Bonds have been rated “AA” by S&P. An explanation of the above rating may be obtained from S&P. The Board has not directly applied to Fitch or Moody’s for a rating on the Series 2012 Bonds.

Such ratings do not constitute a recommendation by the rating agencies to buy, sell or hold the Series 2012 Bonds. Such ratings reflect only the views of S&P and any desired explanation of the significance of such ratings should be obtained from S&P at the following address: 55 Water St, New York, NY 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings given Series 2012 Bonds will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2012 Bonds.

MISCELLANEOUS

Trustee

The obligations and duties of the Trustee are described in the Indenture and the Trustee has undertaken only those obligations and duties that are expressly set out in the Indenture. The Trustee has not independently passed upon the validity of the Series 2012 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the exclusion from gross income for federal tax purposes of the interest on the Series 2012 Bonds. The Trustee may resign or be removed or replaced as provided in the Indenture. See “APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE-Removal of the Trustee.”

Financial Advisor

The Board has entered into an agreement with Seattle-Northwest Securities (the “Financial Advisor”), whereunder the Financial Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the Series 2012 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Series 2012 Bonds. The Financial Advisor has read and participated in the review of certain portions of this Official Statement. 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 Board, with respect to accuracy and completeness of disclosure of such information, and the Financial Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

Independent Auditors

The Utah State Auditor, as stated in his report included as APPENDIX A to this Official Statement, has audited the financial statements as of June 30, 2011 and for the year then ended.

Additional Information

All quotations contained herein from and summaries and explanations of the State Constitution, statutes, programs and laws of the State, court decisions and the Indenture, do not purport to be complete, and reference is made to said State Constitution, statutes, programs, laws, court decisions and the Indenture for full and complete statements of their respective provisions.

This Preliminary Official Statement is in a form “deemed final” by the Board for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact.

The appendices attached hereto are an integral part of this Official Statement and should be read in conjunction with the foregoing material.

This Official Statement and its distribution and use has been duly authorized by the Board.

STATE BOARD OF REGENTS OF THE STATE OF
UTAH

By: _____
Chair

APPENDIX A

**FINANCIAL STATEMENTS OF THE STATE BOARD OF REGENTS
OF THE STATE OF UTAH STUDENT LOAN PURCHASE PROGRAM
AN ENTERPRISE FUND OF THE STATE OF UTAH
FOR FISCAL YEAR 2011**



**STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM
An Enterprise Fund of the State of Utah**

Financial Statements
For the Year Ended June 30, 2011

Report No. 11-17

*Keeping Utah
Financially Strong*

AUSTON G. JOHNSON, CPA
UTAH STATE AUDITOR

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM
An Enterprise Fund of the State of Utah

Financial Statements
For the Year Ended June 30, 2011

Report No. 11-17

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM
AN ENTERPRISE FUND OF THE STATE OF UTAH
FOR THE YEAR ENDED JUNE 30, 2011

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Auston G. Johnson, CPA
STATE AUDITOR

STATE OF UTAH
Office of the State Auditor

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DEPUTY STATE AUDITOR:
Joe Christensen, CPA

FINANCIAL AUDIT DIRECTORS:
Van H. Christensen, CPA
Deborah A. Empey, CPA
Stan Godfrey, CPA
Jon T. Johnson, CPA

INDEPENDENT STATE AUDITOR'S REPORT

To the Utah State Board of Regents,
the UHEAA Audit Committee,
and
William A. Sederberg, Commissioner of Higher Education

We have audited the accompanying financial statements of the State Board of Regents of the State of Utah Student Loan Purchase Program (the Program), an enterprise fund of the State of Utah, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

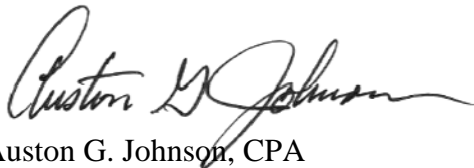
As discussed in Note 1, the financial statements of the State Board of Regents of the State of Utah Student Loan Purchase Program are intended to present the financial position, and the changes in financial position and cash flows of only that portion of the State of Utah that is attributable to the transactions of the Program. They do not purport to, and do not, present fairly the financial position of the State of Utah, as of June 30, 2011, the changes in its financial position or, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Board of Regents of the State of Utah Student Loan Purchase Program as of June 30, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2011 on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the Program's financial statements. The accompanying supplemental schedules on pages 33 through 36 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying supplemental schedules have been subjected to the auditing procedures applied by us in the audit of the financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the financial statements taken as a whole.

The State Board of Regents of the State of Utah Student Loan Purchase Program has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the financial statements.

A handwritten signature in black ink, appearing to read "Auston G. Johnson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Auston G. Johnson, CPA
Utah State Auditor
October 7, 2011

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM

Statement of Net Assets
June 30, 2011

ASSETS

Current Assets

Cash and cash equivalents (Note 2)	\$ 26,693,569
Funds held by Trustee (Notes 2 and 3)	35,109,721
Funds held by Conduit Administrator (Note 7)	13,598,976
Receivables	
Student loans receivable (Note 4)	202,678,227
Interest receivable - student loans (Note 4)	25,783,608
Due from counterparty (Note 7)	1,655,074
Other receivables	312,585
Prepaid expenses	408,484
Deferred federal default fee (Note 1)	1,423,140
Deferred bond issuance costs (Note 7)	2,272,242
Total Current Assets	<u>309,935,626</u>

Noncurrent Assets

Funds held by Trustee (Notes 2 and 3)	309,411,572
Student loans receivable (Note 4)	1,599,734,359
Derivative instrument - interest rate swap (Note 7)	1,136,095
Deferred federal default fee (Note 1)	3,075,237
Deferred bond issuance costs, less accumulated amortization of \$4,455,852 (Note 7)	14,328,209
Capital assets, less accumulated depreciation of \$3,614,726 (Note 5)	10,847,912
Total Noncurrent Assets	<u>1,938,533,384</u>
TOTAL ASSETS	<u>2,248,469,010</u>

LIABILITIES

Current Liabilities

Accounts payable	1,860,998
Special allowance (Note 1)	6,910,998
Payable to affiliate (Note 11)	333,677
Compensated absences and early retirement benefits (Note 8)	450,456
Other liabilities	1,641,718
Accrued interest payable (Note 7)	3,748,032
Bonds payable (Notes 7 and 8)	14,208,898
Total Current Liabilities	<u>29,154,777</u>

Noncurrent Liabilities

Compensated absences and early retirement benefits (Note 8)	506,108
Deferred inflow - interest rate swap (Notes 7 and 8)	1,136,095
Bonds payable, net of unamortized premiums of \$24,170,721 (Notes 7 and 8)	1,228,351,823
Funding notes payable (Notes 7 and 8)	647,842,499
Estimated interest arbitrage rebate (Notes 8 and 12)	11,967,954
Total Noncurrent Liabilities	<u>1,889,804,479</u>
TOTAL LIABILITIES	<u>1,918,959,256</u>

NET ASSETS

Invested in capital assets, net of related debt	2,792,030
Restricted	258,468,394
Unrestricted (Note 10)	68,249,330
TOTAL NET ASSETS	<u>\$ 329,509,754</u>

The accompanying notes are an integral part of these financial statements.

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM

Statement of Revenue, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2011

OPERATING REVENUES

Interest on student loans (Notes 4 and 6)	\$ 60,622,781
Investment income (Notes 2 and 3)	1,374,837
Other revenue (Note 11)	3,283,768
Federal grant	543,519
Administrative cost reimbursement (Note 14)	1,938,525
Total operating revenues	67,763,430

OPERATING EXPENSES

Interest expense (Note 7)	24,306,777
Participation yield (Note 6)	149,592
Bond and financing related expense (Note 7)	5,700,988
Special allowance (Note 1)	28,180,753
Student loan servicing expense (Note 9)	9,635,964
General and administrative expense (Note 11)	3,933,695
Operations expense (Note 11)	643,238
Federal loan servicing expense	1,305,956
Depreciation expense (Note 5)	563,255
Student loan principal reductions	86,327
Financial Assistance administrative expense	1,016,541
Federal default fee (Note 1)	1,752,580
Provision for interest arbitrage rebate (Note 12)	(37,195,797)
Uninsured claims expense (Note 4)	673,402
Unrealized loss on investments	671,916
Total operating expenses	41,425,187

OPERATING INCOME 26,338,243

NONOPERATING REVENUES (EXPENSES)

Gain on bond purchases	2,053,500
State Financial Assistance appropriations (Note 13)	12,710,000
State Financial Assistance distributions (Note 13)	(10,215,312)
Total nonoperating revenues (expenses)	4,548,188
Transfer from Student Loan Guarantee Program (Note 11)	6,000,000
Transfer to Utah System of Higher Education	(250,000)

CHANGES IN NET ASSETS 36,636,431

NET ASSETS – Beginning of Year	292,873,323
NET ASSETS – End of Year	\$ 329,509,754

The accompanying notes are an integral part of these financial statements.

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM

Statement of Cash Flows
For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Principal received on student loans	\$ 233,435,664
Interest received on student loans	44,464,424
Special allowance payments	(29,756,477)
Student loan disbursements received from lenders	2,301,041
Student loan disbursements sent to schools	(2,285,446)
Payments received for lenders	102,161,053
Payments sent to lenders	(100,465,867)
Appropriations received for Financial Assistance	12,710,000
Financial Assistance distributions	(10,232,342)
Payments received for internal services	1,511,854
Proceeds from loan sales	124,943,221
Payments for loan purchases	(76,044,951)
Payments for loan originations	(1,228,378)
Payments for student loan servicing expense	(7,133,549)
Payments for general and administrative expenses	(6,128,091)
Payments for operations expense	(454,371)
Payments for federal loan servicing expense	(1,272,971)
Payments for Financial Assistance administrative expense	(721,584)
Payments for federal default fee	(48,345)
Payments for interest arbitrage	(1,050,221)
Payments received for rental revenue	1,761,950
	<u>286,466,614</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from Student Loan Guarantee Program	6,000,000
Transfer to Utah System of Higher Education	(250,000)
Proceeds from Loan Participation Purchase Program	5,546,089
Payments for Loan Participation Purchase Program	(71,609,027)
Proceeds from issuance of bonds	415,536,375
Principal paid on bonds	(557,893,500)
Principal paid on funding notes	(97,206,250)
Interest paid on bonds	(24,432,148)
Payments for bond related expense	(5,253,461)
Payments for bond issuance costs	(4,324,778)
	<u>(333,886,700)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(628,133)</u>
Cash used in capital and related financing activities	<u>(628,133)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from maturing investments	1,076,735,019
Interest received on investments	717,048
Purchases of investments	<u>(1,035,407,942)</u>
Cash provided by investing activities	<u>42,044,125</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,004,094)
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>32,697,663</u>
CASH AND CASH EQUIVALENTS – End of Year	<u>\$ 26,693,569</u>

(continued next page)

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM

Statement of Cash Flows
For the Year Ended June 30, 2011

(continued)

RECONCILIATION OF OPERATING INCOME TO CASH
PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 26,338,243
Adjustments to reconcile income to net cash provided by operating activities	
Amortization and depreciation	2,741,256
Interest expense for noncapital and capital financing	22,278,368
Interest revenue from nonoperating investing activities	(1,374,837)
Unrealized loss on investments	671,916
Bond related expense	5,700,988
State Financial Assistance appropriations	12,710,000
State Financial Assistance distributions	(10,215,312)
Change in assets/liabilities	
Student loans receivable	259,403,463
Borrower interest receivable	5,277,443
Special allowance	(1,575,724)
Other receivables	171,468
Prepaid expenses	(10,639)
Federal default fee	1,752,580
Accounts payable, payable to affiliate, and arbitrage	<u>(37,402,599)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 286,466,614</u>

The accompanying notes are an integral part of these financial statements.

STATE BOARD OF REGENTS OF THE STATE OF UTAH

STUDENT LOAN PURCHASE PROGRAM

Notes to the Financial Statements
For the Year Ended June 30, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The State Board of Regents of the State of Utah Student Loan Purchase Program (the Program), an enterprise fund of the State of Utah, was formed in 1977, as a separate program for the purpose of making loans to, and purchasing the loans of, qualified students attending eligible institutions of higher education. The Program began operations January 1, 1979. Bonds issued by the Program are not general obligations of the State of Utah.

Fund Accounting – The Program maintains accounting records under the fund accounting concept. The funds are separate sets of self-balancing accounts set up in accordance with the authorizing acts and bond indentures. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Program's general policy to use restricted resources first. The following funds are administered by the Program:

- Short-Term Note Fund – Unencumbered funds generated by various financing facilities and transfers authorized by the State Board of Regents of the State of Utah (the Board) in accordance with bond indenture provisions are maintained in this fund. The Program utilizes a portion of these funds to purchase student loans. Payments, including principal and interest on student loans held by this fund, are deposited in this fund and are used to purchase student loans and pay operating expenses. Program funds designated to meet future collateral and operating requirements and other Program needs are held as investments.
- 1988 Revenue Bond Fund – Proceeds from revenue bond issuances under the General Student Loan Program Indenture dated July 15, 1988, and Supplemental Indentures are recorded in this fund. Outstanding issuances include 1994 Series K; 1995 Series L; and 2000 Series T and U. Proceeds are used to pay bond issuance costs, and establish trustee funds as required by the General Indenture and Supplemental Indentures. Principal and interest payments on student loans purchased with bond proceeds, and other revenues are deposited in this fund and are used for debt service of the bonds, and operating expenses in accordance with the provisions of the General Indenture and Supplemental Indentures. All net assets of this bond fund are reported as restricted net assets.
- 1993 Revenue Bond Fund – Proceeds from revenue bond issuances under the General Student Loan Program Indenture dated August 1, 1993 and Supplemental Indentures are recorded in this fund. Outstanding issuances include Series 1997 E; Series 1998 J; Series 1999 K, L, and M; Series 1999 O; Series 2001 P and R; Series 2001 S and T; Series 2002 V and W; Series 2003 Y; Series 2006 DD; and Series 2010 EE. Proceeds are used to pay bond issuance costs, and establish trustee funds as required by the General Indenture. Principal and interest payments on student loans purchased with

STATE BOARD OF REGENTS OF THE STATE OF UTAH

STUDENT LOAN PURCHASE PROGRAM

Notes to the Financial Statements
For the Year Ended June 30, 2011

bond proceeds, and other revenues are deposited in this fund and are used for debt service of the bonds, and operating expenses in accordance with the provisions of the General Indenture. All net assets of this bond fund are reported as restricted net assets.

- 2010 Revenue Bond Fund – Proceeds from revenue bond issuance under the General Student Loan Program Indenture dated April 1, 2010, and Supplemental Indentures are recorded in this fund. Outstanding issuances include Series 2010 A. Proceeds are used to pay bond issuance costs, refund outstanding revenue bonds, and establish trustee funds as required by the General Indenture and Supplemental Indentures. Principal and interest payments on student loans purchased with bond proceeds, and other revenues are deposited in this fund and are used for debt service of the bonds, and operating expenses in accordance with the provisions of the General Indenture and Supplemental Indentures. All net assets of this bond fund are reported as restricted net assets.
- Conduit – Proceeds from the issuance of a long term asset-backed commercial paper conduit funding note dated June 9, 2010 are recorded in this fund. Proceeds are used to refund outstanding student loan revenue bonds, pay cost of issuance, and establish trustee funds as required by the Funding Note Purchase Agreement. Principal and interest payments on student loans pledged to the Conduit, and other revenues are deposited in this fund and are used to pay servicing fees, ratable financing costs and other operating expenses in accordance with the provisions of the Funding Note Purchase Agreement. All net assets of this fund are reported as restricted net assets.
- Office Facility Bond Fund – Proceeds from the revenue bond issuance under the State Board of Regents Office Facility Project Indenture dated February 1, 2002 and June 1, 2004 are recorded in this fund. Proceeds are used to pay cost of issuance and finance the cost of acquiring, furnishing and equipping office space for use by the Board. Funds within the Board of Regents budget that would otherwise be expended for rent will be deposited in this fund, and will be used for debt service of the bonds and operating expenses, in accordance with the provisions of the General Indenture.

Basis of Accounting – The accounting and reporting policies of the Program conform with generally accepted accounting principles and follow the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. The Program's funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the Program are included on the Statement of Net Assets. The Program follows all applicable Governmental Accounting Standards Board (GASB) pronouncements and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except those in conflict with GASB pronouncements. As allowed by GASB Statement No. 20, the Program has elected to not apply FASB pronouncements issued after that date.

STATE BOARD OF REGENTS OF THE STATE OF UTAH

STUDENT LOAN PURCHASE PROGRAM

Notes to the Financial Statements
For the Year Ended June 30, 2011

Student Loan Fees – Fees paid as part of the acquisition price of a student loan are deferred and recognized as an adjustment to yield over the estimated lives of the loans using a method that approximates the interest method of amortization.

Federal Default Fee – The federal default fee is capitalized and amortized over the estimated lives of the loans using an accelerated method of amortization beginning 36 months from the date the federal default fee is paid by the Program.

Interest on Student Loans – The Federal Government pays quarterly interest subsidy payments on certain federally insured student loans during the period students attend school and during certain other permitted deferment periods. When loans are in repayment, interest is paid by the borrower. Interest on student loans is accrued as earned.

Special Allowance – Federal legislation provides for a special allowance subsidy to lenders participating in the Student Loan Guarantee Program. The amount of special allowance that is payable on an eligible loan is determined by multiplying the average daily balance of principal and capitalized interest on the loan by the applicable special allowance rate. The rates for special allowance payments are based on formulas that differ according to the type of the loan, the date the loan was first disbursed, the interest rate, and the type of funds used to finance such loan. The rate of special allowance payments is based on the bond equivalent 91 day T-Bill rate or the 90 day commercial paper index depending on the characteristics of the loan.

Under the 2005 Higher Education Reconciliation Act Amendments, for certain loans first disbursed on or after April 1, 2006, if the interest on such loan at the stated interest rate is higher than the special allowance support level (average 3-month commercial paper rate plus a percentage determined by the U.S. Department of Education) to such loan including Special Allowance Payments, the holder of the loan must repay the difference to the United States Government at least annually.

Capital Assets – Capital assets are stated at cost – net of accumulated depreciation. The Program capitalizes assets that exceed a \$5,000 threshold. Depreciation is provided over the estimated useful lives, ranging from three to forty years using the straight-line method.

Deferred Bond Issuance Costs – Costs of bond issuances are deferred and amortized over the lives of the respective maturities of the outstanding bonds using the straight-line method.

Bond Discount and Premium – Discounts and premiums on the sale of bonds are deferred and amortized over the lives of the respective maturities of outstanding bonds using a method that approximates the interest method of amortization.

STATE BOARD OF REGENTS OF THE STATE OF UTAH

STUDENT LOAN PURCHASE PROGRAM

Notes to the Financial Statements
For the Year Ended June 30, 2011

Operating and Nonoperating Income – The Program distinguishes operating revenues and expenses from nonoperating items. The Program includes, within the operating income section, those revenues generated and expenses incurred that are related to the Program’s principal ongoing operations and revenues and expenses related to the Program’s Office Facility. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Statement of Cash Flows – For purposes of the Statement of Cash Flows, cash and cash equivalents include checking accounts and short-term investments in the Utah Public Treasurers’ Investment Fund, excluding those held by the trustee, and the Conduit Administrator.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS AND FUNDS HELD BY TRUSTEE AND AGENT

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) that relate to the deposit and investment of public funds.

The Program follows the requirements of the Money Management Act (the Act) in handling its depository and investment transactions. The Act requires the depositing of Program funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council.

Investments – The Money Management Act also defines the types of securities authorized as appropriate investments for the Program and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. The Money Management Act authorizes the Program to invest in:

- Negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories.

**STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM**

Notes to the Financial Statements
For the Year Ended June 30, 2011

- Repurchase and reverse repurchase agreements.
- Commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Services or Standard & Poor’s.
- Bankers’ acceptances.
- Obligations of the United States Treasury, including bills, notes, and bonds.
- Bonds, notes, and other evidence of indebtedness of political subdivisions of the State.
- Fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations.
- Shares or certificates in a money market mutual fund as defined in the Act.
- The Utah Public Treasurers’ Investment Fund.

At June 30, 2011, the Program’s investments and the related maturities are listed below:

<u>Investments</u>	Fair <u>Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than one year</u>	<u>1 to 5 years</u>	<u>Over 10 years</u>
Mutual Funds	\$ 276,116,160	\$ 276,116,160	\$ -	\$ -
Public Treasurers’ Investment Fund	102,599,894	102,599,894	-	-
Repurchase Agreements	560,146	560,146	-	-
U.S. Government Securities	<u>820,110</u>	<u>-</u>	<u>-</u>	<u>820,110</u>
Total Investments	<u>\$ 380,096,310</u>	<u>\$ 379,276,200</u>	<u>\$ -</u>	<u>\$ 820,110</u>

Interest Rate Risk – The risk that changes in interest rates will adversely affect the fair value of an investment. The Program’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptances, and fixed rate negotiable deposits to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years. Also, the remaining term to maturity for fixed rate corporate obligations may not exceed 13 months.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Program’s policy for reducing its exposure to credit risk is to comply with the Money Management Act as previously discussed. At June 30, 2011, the Program

STATE BOARD OF REGENTS OF THE STATE OF UTAH

STUDENT LOAN PURCHASE PROGRAM

Notes to the Financial Statements
For the Year Ended June 30, 2011

had \$276,082,769 invested in mutual funds with a AAA rating and \$102,633,285 invested in mutual funds and the Public Treasurers' Investment Fund that were unrated.

Custodial Credit Risk (Investments) – The risk that, in the event of a failure of the counterparty, the Program may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Program follows the requirements of the Money Management Act regarding custodial credit risk. However, the Program does not have a formal investment policy for custodial credit risk that further limits custodial arrangements from what is required by the Money Management Act in regards to custody of the Program's investments. At June 30, 2011, the Program's repurchase agreements, totaling \$560,146, were uninsured, uncollateralized, and held by the counterparty.

Custodial Credit Risk (Deposits) – The risk that, in the event of a bank failure, the Program's deposits may not be returned to it. The Program follows the requirements of the Money Management Act regarding custodial credit risk. However, the Program does not have a formal deposit policy for custodial credit risk beyond what is required by the Money Management Act. As of June 30, 2011, none of the Program's bank balances of \$3,460,472 were uninsured and uncollateralized.

Public Treasurers' Investment Fund – The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

**STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM**

Notes to the Financial Statements
For the Year Ended June 30, 2011

3. REVENUE BOND FUNDS

The bond indenture agreements require that certain trust funds be established. The following is a summary of cash and investments held by the respective revenue bond funds at June 30, 2011:

Short-Term Note Fund	\$ 8,019
	<u><u> </u></u>
1988 Revenue Bond Fund:	
Revenue Account	\$ 4,801,366
Loan Account	160,936
Rebate Account	13,033,977
	<u><u> </u></u>
Total 1988 Revenue Bond Fund	\$ 17,996,279
	<u><u> </u></u>
1993 Revenue Bond Fund:	
Revenue Account	\$ 222,650,450
Loan Account	4,930,301
Reserve Account	7,189,083
Rebate Account	1,629,416
	<u><u> </u></u>
Total 1993 Revenue Bond Fund	\$ 236,399,250
	<u><u> </u></u>
2010 Revenue Bond Fund:	
Revenue Account	\$ 75,044,235
Loan Account	9,420,593
Reserve Account	5,432,606
Payment Account	218,679
	<u><u> </u></u>
Total 2010 Revenue Bond Fund	\$ 90,116,113
	<u><u> </u></u>
Office Facility Bond Fund:	
Debt Service Account	\$ 1,632
	<u><u> </u></u>
Total Office Facility Bond Fund	\$ 1,632
	<u><u> </u></u>
Grand Total	\$ 344,521,293
	<u><u> </u></u>

4. STUDENT LOANS RECEIVABLE

Student loans receivable carry variable interest rates or have fixed rates ranging from 0% to 11%. The loans are made to students enrolled or accepted for enrollment at an eligible institution of higher education on at least a half-time basis. Six to twelve months after termination of at least a half-time academic work load, the borrower is required to commence repayment on the loan. Monthly repayment amounts and the length of the repayment period are determined by the amount to be repaid; however, the maximum length of repayment is ten years for Stafford loans and up to thirty years for consolidation

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM

Notes to the Financial Statements
For the Year Ended June 30, 2011

loans from the due date of the first payment, exclusive of authorized periods of deferments and forbearance.

Student loans are guaranteed with respect to principal and accrued interest amounts through agreements with the state guarantee agency, the Utah Student Loan Guarantee Program, another program of the State Board of Regents.

The following is a summary of the status of student loans receivable at June 30, 2011:

	Short-Term Note Fund	1988 Revenue Bond Fund	1993 Revenue Bond Fund	2010 Revenue Bond Fund	Conduit	Total
Student and Deferment	\$ 14,023,060	\$ 28,615,309	\$ 111,970,640	\$ 4,015,034	\$ 223,559,648	\$ 382,183,691
Repayment and Forbearance	32,970,231	148,396,159	768,997,283	23,494,783	426,366,156	1,400,224,612
Unamortized Premiums	82,644	1,272,140	5,119,273	247,433	3,538,174	10,259,664
Unamortized Transfer Fees	-	93,064	265,091	-	162,675	520,830
Unamortized Loan Origination Fees	2,608,288	926,689	7,982,996	939,684	-	12,457,657
Unamortized Lender Fees	402,974	90,565	-	178,249	-	671,788
Student Loan Receivable Allowance	<u>(55,457)</u>	<u>(1,127,136)</u>	<u>(1,701,849)</u>	<u>(43,190)</u>	<u>(978,024)</u>	<u>(3,905,656)</u>
Total	<u>\$ 50,031,740</u>	<u>\$ 178,266,790</u>	<u>\$ 892,633,434</u>	<u>\$ 28,831,993</u>	<u>\$ 652,648,629</u>	<u>\$ 1,802,412,586</u>

Insurance on student loans is paid at a 98% rate for loans which were first disbursed on or after October 1, 1993. At June 30, 2011, the Program has established a student loan receivable allowance of \$3,905,656.

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5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Buildings	\$ 12,678,770	\$ 73,005	\$ -	\$ 12,751,775
Furniture and equipment	225,893	-	-	225,893
Computer equipment	802,520	156,507	-	959,027
Capitalized software	35,946	489,997	-	525,943
	<u>13,743,129</u>	<u>719,509</u>	<u>-</u>	<u>14,462,638</u>
Less accumulated depreciation for:				
Buildings	(2,380,921)	(350,693)	-	(2,731,614)
Furniture and equipment	(154,129)	(39,283)	-	(193,412)
Computer equipment	(486,781)	(130,773)	-	(617,554)
Capitalized software	(29,640)	(42,506)	-	(72,146)
	<u>(3,051,471)</u>	<u>(563,255)</u>	<u>-</u>	<u>(3,614,726)</u>
Total accumulated depreciation	<u>(3,051,471)</u>	<u>(563,255)</u>	<u>-</u>	<u>(3,614,726)</u>
Capital Assets, net	<u>\$ 10,691,658</u>	<u>\$ 156,254</u>	<u>\$ -</u>	<u>\$ 10,847,912</u>

6. PARTICIPATION LINE OF CREDIT

In March 2009, the Program began participating in the U.S. Department of Education (ED) Loan Participation Purchase Program, which was created under the “Ensuring Continued Access to Student Loans Act of 2008” (Pub. L. No. 110-227). The program was created to assist lenders in obtaining financing for student loans during the 2008-2009 and 2009-2010 academic years.

Under the Loan Participation Purchase Program, ED may purchase a 100% participation interest in student loans disbursed after May 1, 2009 for the 2009-2010 academic year. ED advances to the lender a line of credit equal to the principal amount of the student loan. The pledged loans are serviced internally by the Program and administered by a custodian. On September 24, 2010 the Program’s outstanding line of credit in the amount of \$69,886,755 was paid in full.

Participation line of credit activity for the fiscal year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Participation line of credit	\$ 66,304,930	\$ 5,938,748	\$ (72,243,678)	\$ -0-

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STUDENT LOAN PURCHASE PROGRAM**

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7. BONDS PAYABLE

1988 Revenue Bond Fund – The Program has outstanding student loan revenue bonds under the authority of the 1988 General Indenture. The bonds are limited obligation bonds of the Board and are secured, as provided in the indentures, by all assets of the 1988 Revenue Bond Fund and the revenues and receipts derived from such assets.

Bonds payable for the 1988 Revenue Bond Fund consisted of the following at June 30, 2011:

<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate Type</u>	<u>Balance</u>
1994 Series K	11/1/2024	Auction – 35 days	20,500,000
1995 Series L	3/14/2015	Variable	31,300,000
2000 Series T	5/1/2035	Auction – 35 days	49,500,000
2000 Series U	11/1/2039	Auction – 28 days	35,000,000
Total			<u>\$ 136,300,000</u>

Debt service requirements to maturity on the 1988 revenue bond issue as of June 30, 2011 are summarized below:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
2012	\$ -	\$ 1,769,540
2013	-	1,769,540
2014	-	1,769,540
2015	31,300,000	1,358,728
2016	-	361,040
2017-2021	-	1,805,200
2022-2026	20,500,000	1,607,717
2027-2031	-	1,212,750
2032-2036	49,500,000	929,775
2037-2040	35,000,000	-
Total	<u>\$ 136,300,000</u>	<u>\$ 12,583,830</u>

The debt service interest rate requirements are calculated using the annualized interest rate in effect at June 30, 2011. Actual results could differ from these estimates.

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All of the outstanding student loan revenue bonds in the 1988 Revenue Bond Fund are subject to redemption at the option of the Board in whole or in part on any date at a redemption price equal to the principal amount plus accrued interest, if any, to the redemption date. The 1994 Series K and 1995 Series L bonds are subject to extraordinary redemption at the option of the Board, in whole, at any time. Redemption in part will be on the interest payment date, at the principal amount thereof plus accrued interest to the redemption date, without premium.

As of June 30, 2011 there were insufficient clearing bids on all of the Program's bonds in which interest rates are set by auction procedure (ARCs). Interest on these bonds will be calculated at the maximum rate. In general, the Maximum Auction Rate means, for any taxable bond, a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the 91 day United States Treasury Bill Rate plus 1.20% or LIBOR plus 1.50%. For a tax exempt bond, the Maximum Auction Rate means a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the After Tax Equivalent Rate plus 175% or the Kenny Index. The Maximum Auction Rate for the fiscal year ended June 30, 2011 ranged between 0% and 12.41%.

The Program had standby bond purchase agreements in place for the following at June 30, 2011:

<u>Issue</u>	<u>Outstanding Principal</u>	<u>Standby Bond Purchase Amount</u>	<u>Expiration Date</u>	<u>Outstanding Amount Drawn</u>
1995 Series L	<u>31,300,000</u>	<u>33,581,041</u>	11/16/2025	<u>31,300,000</u>
Total	<u>\$ 31,300,000</u>	<u>\$ 33,581,041</u>		<u>\$ 31,300,000</u>

Under the terms of the liquidity facility, the interest on the bonds held in the liquidity facility are paid at the Bank Rate which is defined as the greater of the Federal Funds Rate plus .50% per annum, or the Prime Rate. The Bank Rate on the bonds increases by 1.25% if the bonds remain in the liquidity facility for more than 90 days. The Bank Rate for the fiscal year ended June 30, 2011 was 4.5%. The bonds are redeemable in semi-annual installments from available funds, provided that all of the unpaid principal amount of Bank Bonds shall be redeemed by the seventh anniversary of the Bank Purchase Date.

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The bonds issued under the 1988 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans. The Trust Estate consists of: student loans acquired under the indenture; all proceeds of the bonds and net revenues in the funds and accounts; and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$136,300,000 of outstanding student loan revenue bonds which are payable through 2039. Principal and interest paid for the current year and total net revenues before interest expense were \$58,212,043 and \$12,177,752, respectively.

On December 30, 2010, in the 1993 Trust Estate, the Program issued \$415,536,375 of fixed rate Series 2010 EE student loan revenue bonds at a premium for the purpose of refunding certain outstanding student loan revenue bonds in the 1988 and 1993 Trust Estates. The Board used proceeds from the financing to refund the Series 1988 C for \$850,000 and the Series 2005 W and X for \$142,808,000. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$909,822. The difference, reported as deferred bond issuance costs, will be amortized through October 2030 using the straight-line method.

The Program completed the refunding to manage its interest costs. The fixed rate Series 2010 EE bonds were made synthetic variable rate bonds through the issuance of a derivative instrument with an interest rate of LIBOR plus 1.64905%. The range of potential savings from the refunding will vary depending on the actual interest costs incurred over the life of the Series 2010 EE bonds. Based upon a minimum rate of 1.65%, the Program would have a decrease in cash outflow of \$34.7 million with an economic loss (the difference between the present values of the old debt and new debt service payments) of \$15.5 million. At the maximum rate of 25%, the Program would have a decrease in cash outflow of \$384.3 million with an economic loss of \$52.7 million.

1993 Revenue Bond Fund – The Program has outstanding student loan revenue bonds under the authority of the 1993 General Indenture. The bonds are limited obligation bonds of the Board and are secured, as provided in the indentures, by all assets of the 1993 Revenue Bond Fund and the revenues and receipts derived from such assets.

The indenture provides that bonds of each series must be designated a priority or priorities by class, with Class I constituting the highest priority under the indenture and priority decreasing by increasing class roman numeral. Priority with respect to payment of bonds at any particular time and exercise of various rights and remedies is based upon the class of the bonds in descending order of priority.

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Bonds payable for the 1993 Revenue Bond Fund consisted of the following at June 30, 2011:

<u>Issue</u>	<u>Final Maturity Date</u>	<u>Class (Priority)</u>	<u>Interest Rate Type</u>	<u>Balance</u>
1997 Series E	11/1/2027	II	Auction – 35 days	\$ 39,800,000
1998 Series J	5/1/2033	II	Auction – 35 days	40,000,000
1999 Series K	11/1/2033	II	Auction – 35 days	1,300,000
1999 Series L	11/1/2033	II	Auction – 35 days	37,300,000
1999 Series M	11/1/2033	IV	Auction – 35 days	20,000,000
1999 Series O	11/1/2038	II	Auction – 28 days	102,000,000
2001 Series P	11/1/2035	II	Auction – 35 days	43,000,000
2001 Series R	11/1/2040	II	Auction – 28 days	73,500,000
2001 Series S	5/1/2041	II	Auction – 28 days	100,100,000
2001 Series T	5/1/2036	IV	Auction – 35 days	12,350,000
2002 Series V	11/1/2036	II	Auction – 35 days	1,250,000
2002 Series W	11/1/2036	IV	Auction – 35 days	100,000
2003 Series Y	11/1/2037	II	Auction – 35 days	7,550,000
2006 Series DD	5/1/2046	II	Auction – 28 days	98,400,000
2010 Series EE	11/1/2030	I	Fixed	413,554,839
Total				<u>\$ 990,204,839</u>

Debt service requirements to maturity on the 1993 revenue bond issue as of June 30, 2011, are summarized below:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
2012	\$ 9,800,000	\$ 17,955,837
2013	15,465,000	17,548,537
2014	19,450,000	16,875,220
2015	20,500,000	16,069,220
2016	29,800,000	15,001,220
2017-2021	174,900,000	50,068,283
2022-2026	69,000,000	20,479,682
2027-2031	90,300,000	6,831,351
2032-2036	153,950,000	1,654,130
2037-2041	284,500,000	54,539
2042-2046	98,400,000	-
Plus Unamortized Premium	24,139,839	-
Total	<u>\$ 990,204,839</u>	<u>\$ 162,538,019</u>

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The debt service interest rate requirements are calculated using the annualized interest rate in effect at June 30, 2011. Actual results could differ from these estimates.

All of the outstanding student loan revenue bonds in the 1993 Revenue Bond Fund are subject to optional redemption on any date at a redemption price of par plus accrued interest, if any. The Series 1997 E and Series 1998 J bonds are subject to extraordinary optional redemption, at the option of the Board, in whole or in part, at any time, in any order of maturities designated by the Board and by lot within a maturity, at a redemption price of par, plus accrued interest to the date of redemption, without premium.

The Series 2010 EE-2 bonds maturing on November 1, 2026 and November 1, 2030 are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof (without premium) and accrued interest to the redemption date, on the dates and in the principal amounts set forth below:

Redemption Date (November 1)	Amount
2025	\$ 3,700,000
2026*	13,200,000
2028	10,800,000
2029	6,500,000
2030*	5,900,000
Total	<u>\$ 40,100,000</u>

*Maturity

As of June 30, 2011 there were insufficient clearing bids on all of the Program's bonds in which interest rates are set by auction procedure (ARCs). Interest on these bonds will be calculated at the maximum rate. In general, the Maximum Auction Rate means, for any taxable bond, a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the 91 day United States Treasury Bill Rate plus 1.20% or LIBOR plus 1.50%. For a tax exempt bond, the Maximum Auction Rate means a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the After Tax Equivalent Rate plus 175% or the Kenny Index. The Maximum Auction Rate for the fiscal year ended June 30, 2011 ranged between 0% and 14.51%.

The bonds issued under the 1993 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and net revenues in the funds and accounts,

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and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$990,204,839 of outstanding student loan revenue bonds which are payable through 2046. Principal and interest paid for the current year and total net revenues before interest expense were \$519,434,078 and \$30,286,273, respectively. Of the total principal amount paid, \$154,558,000 was paid on outstanding bonds in the 1988 Trust Estate. The 1988 Trust Estate transferred student loans to the 1993 Trust Estate for these bond principal payments.

On December 30, 2010, in the 1993 Trust Estate, the Program issued \$415,536,375 of fixed rate Series 2010 EE student loan revenue bonds at a premium for the purpose of refunding certain outstanding student loan revenue bonds in the 1988 and 1993 Trust Estates. The Board used proceeds from the financing to refund the Series 1993 A for \$35,000,000; Series 1998 G for \$49,500,000; Series 2004 Z for \$83,100,000; Series 2005 AA for \$30,250,000; Series 2006 BB for \$98,675,000; Series 2006 CC for \$4,825,000; and Series 2006 DD for \$30,025,000. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,932,741. The difference, reported as deferred bond issuance costs, will be amortized through October 2030 using the straight-line method.

The Program completed the refunding to manage its interest costs. The fixed rate Series 2010 EE bonds were made synthetic variable rate bonds through the issuance of a derivative instrument with an interest rate of LIBOR plus 1.64905%. The range of potential savings from the refunding will vary depending on the actual interest costs incurred over the life of the Series 2010 EE bonds. Based upon a minimum rate of 1.65%, the Program would have an increase in cash outflow of \$47.3 million with an economic loss (the difference between the present values of the old debt and new debt service payments) of \$121.3 million. At the maximum rate of 25%, the Program would have a decrease in cash outflow of \$636.1 million with an economic loss of \$135.5 million.

Derivative Instrument – On December 30, 2010 the Board issued the Series 2010 EE for the purpose of refinancing certain outstanding bonds in the 1988 and 1993 indentures. As part of this issuance, the Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds, Series 2010 EE (the "Series 2010 Bonds") on December 21, 2010. The purpose of the swap is to create a variable rate cost of funds for the Series 2010 Bonds that will be lower than the variable rate cost achievable in the cash bond market. The Board accounts for the swap agreement as a fair value hedging derivative instrument and recognizes changes in fair values on the statement of net assets as an asset or liability with a related deferred inflow or outflow of resources respectively. The terms of the swap agreement include:

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Trade Date:	December 21, 2010
Effective Date:	December 30, 2010
Termination Date:	November 1, 2030
Initial Notional Amount:	\$364,150,000
Board Pays Floating:	3 Month LIBOR + 1.64905%
Counterparty Pays Fixed:	Stepped fixed rates ranging from 4.664% to 5.000%
Payment Dates:	The 1 st day of May and November

Changes in the fair value of the swap agreement and the ending fair value of the swap agreement are summarized below:

<u>Derivative</u>	<u>Fair Value at 12/21/2010</u>	<u>Change in Fair Value</u>	<u>Fair Value at 6/30/2011</u>
Interest Rate Exchange	\$ -	\$ 1,136,095	\$ 1,136,095

The projected net cash flows of the swap agreement are summarized below:

<u>Fiscal Year</u>	<u>Counterparty Swap Payment</u>			<u>Interest Payments to Bondholders</u>	<u>Total Payments</u>
	<u>To</u>	<u>From</u>	<u>Net</u>		
2012	\$ (6,899,914)	\$ 16,983,950	\$ 10,084,036	\$ (16,983,950)	\$ (6,899,914)
2013	(6,899,914)	16,983,950	10,084,036	(16,983,950)	(6,899,914)
2014	(6,654,222)	16,465,283	9,811,061	(16,465,283)	(6,654,222)
2015	(6,272,420)	15,659,283	9,386,863	(15,659,283)	(6,272,420)
2016	(5,766,508)	14,591,283	8,824,775	(14,591,283)	(5,766,508)
2017-2021	(18,301,873)	48,018,600	29,716,727	(48,018,600)	(18,301,873)
2022-2026	(6,984,233)	18,430,000	11,445,767	(18,430,000)	(6,984,233)
2027-2031	(1,812,060)	4,781,667	2,969,607	(4,781,667)	(1,812,060)
Total	<u>\$ (59,591,144)</u>	<u>\$ 151,914,016</u>	<u>\$ 92,322,872</u>	<u>\$ (151,914,016)</u>	<u>\$ (59,591,144)</u>

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair market value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

- **Credit Risk** – The risk of a change in the credit quality or credit rating of the Board and/or its counterparty. The counterparty’s current ratings are “Aa1”, “AA-“ and “AA” by Moody’s Investors Service, Standard & Poor’s and Fitch Ratings, respectively.

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The Board is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Board's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparties' short-term and long-term credit ratings fall below "A-1" and "A," respectively, as issued by Standard & Poor's or below "Prime-1" and "A2," respectively, as issued by Moody's Investors Service. Collateral posted is to be in the form of cash, U.S. Treasury securities or agency securities held by a third-party custodian. The Board has never failed to access collateral when required.

It is the Board's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

- Interest Rate Risk – The risk that the debt service costs associated with variable rate debt increases and negatively affects coverage ratios and cash flow margins. The Board is exposed to interest rate risk; as the 3 month LIBOR rate increases, the net payment on the swap agreement increases.
- Basis Risk – The risk that arises when variable rates or prices of a swap agreement and a hedged item are based on different interest rate indexes. Because the swap agreement requires the Board to pay a variable rate to the counterparty and is receiving a fixed rate payment in return, basis risk is not applicable.
- Termination Risk – The risk that the swap must be terminated prior to its stated final cash flow date. Purposes for termination include the deterioration of the Board's own credit, and the inability of the Board to obtain a replacement transaction with substantially similar terms. In such a circumstance, the Board would owe, or be owed, a termination payment. No termination events related to the swap agreement have occurred as of June 30, 2011.
- Rollover Risk – The risk that the maturity of the swap contract is not coterminous with the maturity of the related bonds. The swap agreement and the underlying bonds have a final maturity date of November 1, 2030.

2010 Revenue Bond Fund – The Program has outstanding student loan revenue bonds under the authority of the 2010 General Indenture. The bonds are limited obligation bonds of the Board and are secured, as provided in the indentures, by all assets of the 2010 Revenue Bond Fund and the revenues and receipts derived from such assets.

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Bonds payable for the 2010 Revenue Bond Fund consisted of the following at June 30, 2011:

<u>Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rate Type</u>	<u>Balance</u>
2010 Series A	11/1/2048	Variable	\$ 108,000,000
Total			<u>\$ 108,000,000</u>

Variable rates are determined weekly by the Securities Industry and Financial Markets Association (SIFMA) Rate Index plus a spread factor of 1.10%.

Debt service requirements to maturity on the Series 2010 A revenue bond as of June 30, 2011, are summarized below:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
2012	\$ -	\$ 1,285,200
2013	-	1,285,200
2014	-	1,285,200
2015	-	1,285,200
2016	-	1,285,200
2017-2021	-	6,426,000
2022-2026	-	6,426,000
2027-2031	-	6,426,000
2032-2036	-	6,426,000
2037-2041	-	6,426,000
2042-2046	-	6,426,000
2047-2049	108,000,000	2,998,800
Total	<u>\$ 108,000,000</u>	<u>\$ 47,980,800</u>

The debt service interest rate requirements are calculated using the annualized interest rate in effect at June 30, 2011. Actual results could differ from these estimates.

The Series 2010 A bonds are subject to redemption at the option of the Board in whole or in part on any date at a redemption price equal to the principal amount plus accrued interest, if any, to the redemption date as described in the indenture.

The bonds issued under the 2010 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance and refinance eligible student loans and to refund outstanding

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bonds of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$108,000,000 of outstanding student loan revenue bonds which are payable through 2048. Interest paid for the current year and total net revenues before interest expense were \$1,480,369 and \$823,408, respectively.

Conduit – On June 28, 2010, the Board entered into a long-term asset-backed commercial paper conduit funding note for the purpose of refunding certain outstanding student loan revenue bonds. In accordance with the financing agreement, the Board has pledged cash, cash equivalents, student loan receivable principal, accrued interest, interest subsidy and special allowance. In accordance with the financing agreement, the Board has pledged cash and student loan receivable principal and accrued interest totaling \$683,724,003 at June 30, 2011.

Funding notes payable for the Conduit consisted of the following at June 30, 2011:

<u>Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rate Type</u>	<u>Balance</u>
Conduit	1/19/2014	Variable	<u>\$ 647,842,499</u>
Total			<u><u>\$ 647,842,499</u></u>

The Conduit financing costs on the note are determined weekly by the Conduit lender based on LIBOR plus other fees, costs and expenses of the Conduit lender. The weighted average cost of capital for the period ended June 30, 2011 was .72%, which included .26% of interest cost, .42% of liquidity fees and .04% of other administrative expenses.

Debt service requirements to maturity on the Conduit as of June 30, 2011, are summarized below:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
2012	\$ -	\$ 1,143,572
2013	-	1,143,572
2014	<u>647,842,499</u>	<u>619,435</u>
Total	<u><u>\$ 647,842,499</u></u>	<u><u>\$ 2,906,579</u></u>

The Board has the option to prepay any principal of the funding note in whole or in part prior to the final maturity date by giving written notice at least five business days prior to the payment to the Conduit Administrator.

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A mandatory prepayment of principal would be required if one of the following events occurred as defined in the Funding Note Purchase Agreement; a Department Put Event, a liquidity advance request by the Conduit Lender, or the occurrence of a FFELP Commitment Default. In this event, the Board would be required to repay an amount equal to the liquidity prepayment amount. Principal and interest paid for the current year and total net revenues before interest expense were \$99,479,323 and \$4,516,990, respectively.

Office Facility Bond Fund – The Program has issued revenue bonds under the authority of two general indentures, the first dated February 1, 2002 (Series 2002) and the second dated June 1, 2004 (Series 2004). The bonds are special limited obligation bonds of the Board payable primarily from (i) funds of the Board budgeted on an annual basis (including from sources and in the amounts that the Board has, prior to the issuance of the Bonds and acquisition of the Project, used to pay rent for office space) and (ii) other legally available moneys of the Board, including certain revenues and reserves of the Board’s Student Loan Purchase Program.

Bonds payable for the Office Facility Bond Fund consisted of the following at June 30, 2011:

<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance</u>
Series 2002	2/1/2012 - 2/1/2022	4.5% - 5.25%	\$ 5,350,882
Series 2004	2/1/2012 - 2/1/2024	4.5% - 5.0%	2,705,000
Total			<u>\$ 8,055,882</u>

Debt service requirements to maturity on the Office Facility Bond issue as of June 30, 2011 are summarized below:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
2012	\$ 535,000	\$ 394,410
2013	555,000	367,485
2014	585,000	342,510
2015	610,000	315,770
2016	640,000	286,792
2017-2021	3,705,000	930,150
2022-2024	1,395,000	111,013
Plus Unamortized Premium	30,882	-
Total	<u>\$ 8,055,882</u>	<u>\$ 2,748,130</u>

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The Series 2002 Bonds maturing on or after February 1, 2013, are callable for redemption prior to maturity at the option of the Board on or after February 1, 2012, in whole or in part at any time from such maturities or parts thereof as may be selected by the Board and by lot within each maturity at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. The Series 2002 Bonds are subject to extraordinary optional redemption prior to maturity in whole on any date, at a redemption price of 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the redemption date.

The Series 2004 Bonds maturing on or after February 1, 2015, are subject to redemption at the option of the Board on February 1, 2014, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the Board at a redemption price equal to 100% of the principal amount of the Series 2004 Bonds to be redeemed, plus accrued interest thereon to the redemption date.

The Series 2004 Bonds maturing on February 1, 2019 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, but without premium, on the dates and in the principal amounts as follows:

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Sinking Fund Requirements</u>
February 1, 2015	\$ 175,000
February 1, 2016	185,000
February 1, 2017	195,000
February 1, 2018	205,000
February 1, 2019 (Final Maturity)	215,000
Total	<u>\$ 975,000</u>

The Series 2004 Bonds maturing on February 1, 2024 are subject to mandatory sinking fund redemption at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, but without premium, on the dates and in the principal amounts as follows:

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Sinking Fund Requirements</u>
February 1, 2020	\$ 225,000
February 1, 2021	235,000
February 1, 2022	250,000
February 1, 2023	260,000
February 1, 2024 (Final Maturity)	275,000
Total	<u>\$ 1,245,000</u>

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The Series 2004 Bonds are subject to extraordinary optional redemption prior to maturity in whole on any date, at a redemption price of 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the redemption date.

The bonds issued under the Office Facility Bond Fund are limited obligations of the Board secured solely by a pledge of the proceeds from the sale of the bonds and the moneys and revenues in the fund and accounts held by the Trustee under the Indenture. No other money, revenue or income of the Board is pledged to the repayment of the Office Facility Bonds. The bonds were issued to finance the construction and acquisition of the Board's office facility. The Board has pledged these assets and net revenues to repay \$8,055,882 of outstanding Office Facility Bonds which are payable through 2024. Principal and interest paid for the current year and total net revenues before interest expense were \$926,085 and \$825,554, respectively.

8. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences and early retirement benefits	\$ 950,380	\$ 410,370	\$ (404,186)	\$ 956,564	\$ 450,456
Deferred inflow - interest rate swap	-	1,136,095	-	1,136,095	-
Bonds payable, net of premiums	1,388,955,777	415,536,375	(561,931,431)	1,242,560,721	14,208,898
Funding notes payable	745,048,749	-	(97,206,250)	647,842,499	-
Estimated interest arbitrage rebate	50,213,973	-	(38,246,019)	11,967,954	-
Total long-term liabilities	<u>\$ 2,185,168,879</u>	<u>\$ 417,082,840</u>	<u>\$ (697,787,886)</u>	<u>\$ 1,904,463,833</u>	<u>\$ 14,659,354</u>

9. LOAN SERVICING

The Program has a loan servicing agreement with an outside service organization. Under the terms of the agreement, the servicer provides the Program loan processing and servicing. Terms of the agreement require the Program to pay conversion fees for loans placed on the service and monthly processing fees based upon the number of accounts serviced. The current servicing agreement expires on December 1, 2012.

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The Program services internally a portion of the student loans purchased by the Program which are in repayment. Presently the Program expects to service a portion of its loans internally as well as with the existing outside service organization. The Program services approximately 76% of its portfolio internally and 24% with its outside service organization.

10. DESIGNATED AND RESTRICTED NET ASSETS

The Program has designated \$68,249,330 of the Short-Term Note Net Assets for specific purposes. The specific purposes for which these funds are designated and amounts applicable to each are as follows: \$50,600,000 reserve for bond refinancing, and \$17,649,330 for loan repurchases and future operating expenses.

The 1988, 1993 and 2010 Revenue Bond Fund and Conduit net assets are restricted in total by the general and supplemental indentures (see Note 1).

11. RELATED PARTY TRANSACTIONS

The Program reimburses the University of Utah for payroll, benefits, and certain administrative expenses. The Program incurred \$7,724,557 of such expenses for the fiscal year ended June 30, 2011. Of this amount, \$333,044 was payable at June 30, 2011. The Program had payables to other related parties for miscellaneous expenses totaling \$633 as of June 30, 2011.

The Student Loan Guarantee Program (SLGP), another program of the Board, guarantees student loans held by the Program. Claim payments received from the SLGP amounted to \$55,689,922 for the fiscal year ended June 30, 2011. In addition, the SLGP transferred \$6,000,000 to the Program for the purpose of purchasing rehabilitation loans.

For the fiscal year ended June 30, 2011, the Program charged the Board, the SLGP, and the Utah Educational Savings Plan for rent and other services, totaling \$2,029,706.

12. ESTIMATED LIABILITY FOR PURPOSE AND NON-PURPOSE INTEREST ARBITRAGE REBATE

In accordance with the Internal Revenue Code of 1986, as amended (the Code), the Program is required to pay to the United States Treasury certain amounts related to the Program's tax-exempt bond issues. The estimated amount of non-purpose arbitrage payable represents the excess of amounts earned on taxable investments (other than educational loans) over the interest cost of the tax-exempt borrowing, plus income attributable to the excess. Rebate payments are due every fifth year during the life of each

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bond issue and when the bonds are retired. At June 30, 2011, there was no liability for non-purpose interest arbitrage rebate.

The Code and the related Treasury Regulations also require the Program to keep the yield to the Program on student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. One method of reducing this yield is to make yield reduction payments to the United States Treasury. Estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of each bond issue and when the bonds are retired. At June 30, 2011, the estimated liability for yield reduction payments was \$11,967,954.

The Program changed the methodology for calculating the Purpose Yield and Arbitrage liabilities during the fiscal year ended June 30, 2011. The change resulted in a reduction of the Purpose Yield and Arbitrage liabilities of \$37,195,797.

13. **STUDENT FINANCIAL ASSISTANCE**

The Program has administrative responsibility for certain need based grant and scholarship programs. During the fiscal year ended June 30, 2011, the Program received \$12,710,000 in appropriations from the State of Utah and distributed financial aid in the form of grants and scholarships totaling \$10,215,312.

14. **LOAN PURCHASE COMMITMENT PROGRAM**

The Program sold eligible student loans to U.S. Department of Education (ED) under a Master Loan Sales Agreement (MLSA) as authorized by the "Ensuring Continued Access to Student Loans Act of 2008" (Pub. L. No. 110-227). Under this agreement, the Program may sell student loans to ED for a purchase price equal to the principal and accrued interest, reimbursement of the 1% lender origination fee, and payment of a \$75 administrative fee per loan. At the date of sale, the ownership and servicing of the loans transfers to ED. During the fiscal year ended June 30, 2011, the Program sold loans to ED with a principal and accrued interest balance of \$88,531,557, and received \$870,847 for reimbursement of the 1% lender origination fee and \$1,938,525 for administrative cost reimbursement.

15. **RISK MANAGEMENT**

As a State entity, the Program is self-insured through the Utah State Risk Management Fund (the Fund). The Program pays an annual premium for participation in the self-insurance fund. Through the Fund, the Program has both property and liability coverage.

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The Fund provides property coverage through a combination of self-insurance and private carriers. The Fund provides liability coverage through self-insurance and private carriers up to \$10,000,000 per occurrence.

16. CHANGES TO THE FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP)

On March 30, 2010, the President signed into law H.R. 4872 – The Health Care and Education Reconciliation Act of 2010, which terminates new loan originations in the FFELP on June 30, 2010. As of July 1, 2010 the Program ceased to originate or disburse student loans under FFELP.

17. SUBSEQUENT EVENT

Subsequent to June 30, 2011, the Board issued the Series 2011 A Student Loan Revenue Bonds pursuant to a Trust Indenture and a First Supplemental Indenture of Trust in the amount of \$143,520,000 dated September 1, 2011. The Board also issued Series 2011-1 Student Loan Backed Notes under the authority of the 1993 General Student Loan Program Indenture, Eighteenth Supplemental Indenture in the amount of \$397,000,000 dated September 1, 2011.

The proceeds from the bond and note issuances, along with cash from the Trust Estates, were used to redeem bonds at a discount, which will result in an estimated gain on redemption totaling \$31,119,281.

APPENDIX B

EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following extracts briefly outline certain provisions contained in the Indenture and are not to be considered as a full statement thereof. Reference is made to the Indenture for full details of all of the terms thereof, of the Bonds, the security provisions appertaining thereof and the definition of any terms used but not defined in this Official Statement.

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Definitions

“Accountant” means the Utah State Auditor’s Office or a nationally recognized firm of independent certified public accountants selected by the Board, which may be the firm of accountants that regularly audits the books of the Program.

“Act” means the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended.

“Aggregate Principal Amount” means, as of any date of calculation, the principal amount of all Bonds then Outstanding or any specified portion thereof.

“Authorized Officer” means with respect to the Board, the Chair (including any acting Chair), Vice Chair, Secretary, Commissioner, Associate Commissioner or Deputy Executive for Utah Higher Education Assistance Authority or any other officer or employee of the Board, authorized to perform the particular acts or duties by resolution duly adopted by the Board or otherwise.

“Beneficial Owner” means, while DTC or its nominee is the registered owner of the Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Bonds and otherwise exercise ownership rights with respect to Bonds.

“Bond” or “Bonds” means the Revenue Refunding Bonds, Series 2012 (Office Facility Building) of the Board authorized and issued under the Indenture.

“Bond Counsel” means any attorney or firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed from time to time by the Board.

“Bondholder” or “Holder” or “Holder of Bonds” or “Owner” or similar term, when used with respect to a Bond or Bonds, means the registered owner of any Outstanding Bond authorized under the Indenture.

“Bond Payment Date” means each date on which interest or both a Principal Installment and interest shall be payable on any of the Bonds according to their respective terms so long as any Bonds are Outstanding.

“Bond Registrar” means the bank, trust company or national banking association, appointed as Bond Registrar under the Indenture, and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other corporation or association at any time substituted in its place as Bond Registrar pursuant to the Indenture.

“Building” means the office space at The Gateway, 60 South 400 West, Salt Lake City, Utah, owned by the Board and originally financed by the proceeds of the Series 2002 and Series 2004 Bonds.

“Business Day” means any day (i) on which banks in the State of New York or in the cities in which the respective principal offices of the Paying Agent, the Bond Registrar and the Trustee are located are not required or authorized by law to be closed and (ii) on which the New York Stock Exchange is open.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Treasury Department promulgated thereunder.

“Continuing Disclosure Agreement” initially shall mean that certain Continuing Disclosure Undertaking of the Board dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Corporate Trust Office” means, when used with respect to any Fiduciary, the office of such Fiduciary at which at any particular time its corporate trust business with respect to the Bonds shall be administered, or such other corporate trust office as may from time to time be designated by such Fiduciary.

“Cost of Issuance Fund” means the Fund so designated, which is created and established by the Indenture.

“Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys (who may be counsel to the Board or an attorney or firm of attorneys retained by the Board in other connections) selected from time to time by the Board.

“Covenant Default” means an Event of Default described herein in paragraph (c) under “Events of Default.”

“Debt Service Fund” means the Fund so designated which is created and established by the Indenture.

“Debt Service Payment” means, when used with respect to any Bond Payment Date, an amount equal to the sum of the (a) interest payable and (b) Principal Installments payable on such date with respect to the Bonds.

“Debt Service Reserve Fund” means the Fund so designated which is created and established by the Indenture.

“Debt Service Reserve Requirement” means with respect to the Bonds an amount equal to the maximum annual debt service requirement for the Bonds. Such amount may be reduced from time to time as the Bonds are paid.

“Defeasance Obligations” means Permitted Investments that are (a) direct obligations of the United States of America or obligations of the timely payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America and (b) are not subject to redemption by the Board thereof prior to their maturity.

“Event of Default” means any of those events so defined under “Events of Default” herein.

“Fiduciary” or “Fiduciaries” means the Trustee, the Bond Registrar, the Paying Agent or any or all of them, as may be appropriate.

“Fiduciary Fees” means the fees payable to Fiduciaries as compensation for their services under the Indenture.

“Fiscal Year” means the 12-month period beginning on July 1 in any year and ending June 30 of the immediately succeeding year or such other consecutive twelve month period as may be adopted by the Board in accordance with law.

“Fund” or “Funds” means one or more of the special trust funds created and established pursuant to the Indenture.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel addressed to the Trustee to the effect that the action proposed to be taken will not, in and of itself, adversely affect the Tax-exempt Status of interest on the Bonds.

“Outstanding” means, when used with respect to all Bonds as of any date, all Bonds theretofore authenticated and delivered under the Indenture, except:

(a) any Bond canceled or delivered to the Bond Registrar for cancellation on or before such date;

(b) any Bond (or any portion thereof) (i) for the payment or redemption of which there shall be held in trust under the Indenture and set aside for such payment or redemption, moneys and/or Defeasance Obligations maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Defeasance Obligations

prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which shall have been given in accordance with the Indenture or provided for in a manner satisfactory to the Bond Registrar;

(c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and

(d) any Bond deemed to have been paid as provided in the Indenture.

“Paying Agent” means the bank, trust company or national banking association, appointed as Paying Agent under the Indenture (initially, the Trustee) and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other corporation or association at any time substituted in its place as Paying Agent pursuant to the Indenture.

“Permitted Investments” means any investments permitted by the State Money Management Act, Title 51, Chapter 7, Utah Code.

“Principal Installment” means, as of any date of calculation, and for any Bond Payment Date, the principal amount of all Outstanding Bonds due and payable on such Bond Payment Date.

“Program” means the Board’s Higher Education Student Loan Program (also referred to as the Loan Purchase Program).

“Rating Agency” means S & P and its successors and assigns to the extent such agencies maintain a rating of the Bonds at the request of the Board.

“Rebate Fund” means the fund so designated, which is created and established by the Indenture.

“Rebate Requirement” means the amount of arbitrage profits earned from the investment of gross proceeds of the Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as “Rebate Amount” in Section 1.148-3 of the Treasury Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Treasury Regulations.

“Record Date” means (i) in the case of each Bond Payment Date, the Bond Registrar’s close of business on the fifteenth day of the month immediately preceding such Bond Payment Date, or if such date is not a Business Day the next preceding Business Day; and, (ii) in the case of each redemption, such Record Date as shall be specified by the Bond Registrar in the notice of redemption, provided that such Record Date shall be not less than fifteen calendar days before the mailing of such notice of redemption.

“Redemption Price” means, when used with respect to a Bond or portion thereof to be redeemed, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

“Refunded Bonds” means, collectively, the outstanding Series 2002 Refunded Bonds and Series 2004 Refunded Bonds.

“Series 2002 Refunded Bonds” means the Board’s Revenue Bonds, Series 2002 (Office Facility Project).

“Series 2004 Refunded Bonds” means the Board’s Revenue Bonds, Series 2004 (Office Facility Project).

“S & P” means Standard & Poor’s, a Division of McGraw-Hill Companies, Inc.

“Special Record Date” means such date as may be fixed for the payment of defaulted interest on the Bonds in accordance with the Indenture.

“State” means the State of Utah.

“Supplemental Indenture” means any supplemental indenture approved by the Board in accordance with the Indenture amending or supplementing the Indenture or any Supplemental Indenture.

“Tax-exempt Status” means the status of interest on the Bonds as excluded from the gross income of the recipient thereof for federal income tax purposes.

“Trustee” means the bank, trust company or national banking association, appointed as trustee under the Indenture and having the duties, responsibilities and rights provided for in the Indenture and its successor or successors, and any other corporation or association at any time substituted in its place as Trustee pursuant to the Indenture.

“Utah Code” means the Utah Code Annotated 1953, as amended.

Indenture Constitutes a Contract

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Indenture by those who shall hold the same from time to time: the Indenture shall be deemed to be and shall constitute a contract among the Board, the Trustee, the Bond Registrar, the Paying Agent and the Owners from time to time of the Bonds; the pledge of certain Funds, Accounts, revenues and other moneys, rights and interests made in the Indenture and the covenants and agreements set forth in the Indenture to be performed by and on behalf of the Board shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Bonds, all of which regardless of the time or times of their issue or maturity shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof, except as expressly provided in or permitted by the Indenture.

Limited Obligation

The Bonds issued under the Indenture are not an indebtedness or obligation of the State but are special, limited obligations of the Board payable solely from (i) funds of the Board budgeted on an annual basis for such payments (including sources that the Board has, prior to the issuance of the Refunded Bonds and acquisition of the Building, used to pay rent) and (ii) any other source of legally available funds of the Board (other than appropriations of the State legislature not described in (i) above; provided, however, that no pledge of or lien on any of the Board’s moneys, revenues, rights, interest and collections pledged (heretofore or hereafter) under any of the Board’s other resolutions or indentures is made under the Indenture with respect to the Bonds. The Bonds are also secured by moneys and revenues in Funds and accounts, including the Debt Service Reserve Fund, held by the Trustee under the Indenture. The issuance of the Bonds shall not, directly or indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

Use of Rebate Fund

If it becomes necessary for the Board to comply with the rebate requirements of the Code and the Regulations, the Trustee shall, as directed by the Board, establish and thereafter maintain, so long as the Bonds are Outstanding, a Rebate Fund, which shall be held separate and apart from all other funds and accounts established under the Indenture and from all other moneys of the Trustee. All amounts in the Rebate Fund, including income earned from investment of the fund, shall be held by the Trustee free and clear of the lien of the Indenture.

Debt Service Fund

The Board covenants and agrees to transfer to the Trustee, for deposit to the Debt Service Fund, at least 15 days prior to each Bond Payment Date an amount equal to the Debt Service Payment due on the Bonds on such Bond Payment Date.

Amounts in the Debt Service Fund shall be used and withdrawn by the Trustee solely for transfer to the Paying Agent on each Bond Payment Date for the purpose of paying the interest and Principal Installments and Redemption Price on the Bonds as the same shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

Amounts remaining in the Debt Service Fund after all the Bonds have been paid or funds have been set aside and held in trust for such payment shall be transferred to the Board.

Investment and Deposit of Funds

Each of the Funds and any part thereof held by a Fiduciary shall be a trust fund for the purpose for which it is established by or pursuant to the Indenture, and security for the deposit thereof need not be given except as required under the Indenture or by laws or governmental regulations applicable to the securing of trust funds.

Each Fiduciary shall follow the investment instructions of the Board. The investment instructions of the Board shall be given by an Authorized Officer in writing or orally or by telephone and confirmed in writing. Any moneys in the Debt Service Fund, the Cost of Issuance Fund, Debt Service Reserve Fund, or the Rebate Fund may, at the direction and authorization of an Authorized Representative of the Board (as provided in the preceding sentence), be invested in Permitted Investments. Such investments shall be held by the Trustee, and when the Trustee determines it necessary to use the moneys in the Funds for the purposes for which the Funds were created, it shall liquidate at prevailing market prices, as much of the investments as may be necessary and apply the proceeds to such purposes. All income derived from the investment of such Funds shall be maintained in the respective Funds. The maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event later than) the date or dates on which moneys in the Funds for which the investments were made will be required for the purposes provided in the Indenture.

Particular Covenants of the Board

The Board covenants and agrees with the Trustee and the Bondholders of the Bonds as follows:

Payment of Bonds. The Board shall duly and punctually pay or cause to be paid, but solely from the sources provided in the Bonds and the Indenture, the principal or Redemption Price of every Bond and the interest thereon at the dates and places and in the manner mentioned in the Bonds.

In order to provide for such payment on a timely basis, the Board covenants to take such actions as shall be necessary to budget and provide for the amounts required for such payment. Each such budget shall be prepared and submitted for the necessary approvals as required by Utah Code Section 53B-7-101 and in accordance with all other applicable provision of law. The Board shall, to the extent necessary to provide for the payment of the Bonds, require each proprietary activity of the Board carried on within the Building to collect and allocate revenues sufficient for payment of debt service on the Bonds attributable to such activities. The Board shall not make any budget or request any appropriation in violation of the Act.

Program. The Board at all times shall appoint, retain and employ competent personnel or contract for such personnel for the purpose of administering the Program and all persons employed by the Board shall be qualified for their respective positions, all in accordance with law.

Events of Default

Each of the following events is declared an “Event of Default” under the Indenture:

- (a) The Board shall fail to pay any Principal Installment or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;
- (b) The Board shall fail to pay any installment of interest on any Bond when and as the same shall become due and payable;
- (c) The Board shall fail to perform or observe any other covenant, agreement or condition on its part contained in the Indenture (except the covenant to comply with the Continuing Disclosure Agreement) or in the Bonds, and such failure shall continue for a period of 60 days after written notice thereof to the Board by the Trustee or to the Board and to the Trustee by the Holders of not less than 10% in Aggregate Principal Amount of the Bonds Outstanding; or
- (d) The Board shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State.

Acceleration; Annulment of Acceleration

- (a) Upon the occurrence of an Event of Default and subject to the provisions of the Indenture, the Trustee may, and upon the written request of the Holders of not less than 25% in Aggregate Principal Amount of Outstanding Bonds shall, by notice in writing to the Board, declare the Aggregate Principal Amount of all Bonds Outstanding immediately due and payable; then the Aggregate Principal Amount of such Bonds shall become and be immediately due and payable, anything in the Bonds or in the Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.
- (b) Notwithstanding the preceding paragraph, following a Covenant Default, the Trustee shall not declare the Aggregate Principal Amount of all Bonds Outstanding immediately due and payable unless the Trustee is so directed by the written request of Holders of 100% in Aggregate Principal Amount of all Outstanding Bonds.
- (c) At any time after the Aggregate Principal Amount of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if (i) moneys shall have been deposited in the Debt Service Fund sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding Bonds; (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, and advances of the Trustee; (iii) all other amounts then payable by the Board under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Additional Remedies and Enforcement of Remedies

(a) Upon the occurrence and continuance of any Event of Default, the Trustee may, subject to the provisions of the Indenture, and shall upon the written request of the Holders of not less than 25% in Aggregate Principal Amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, and subject in either case to the provisions of the Indenture proceed forthwith to protect and enforce its rights and the rights of the Bondholders under the Act, the Bonds and the Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners of Bonds, including the right to require the Board to carry out any of its covenants or agreements with Owners of Bonds and to perform its duties under the Act;

(ii) by bringing suit upon the Bonds;

(iii) by action or suit in equity, to require the Board to account as if it were the trustee of an express trust for the Owners of the Bonds (including with respect to the Program);

(iv) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of Bonds; and

(v) to make and file in any proceeding in bankruptcy or judicial proceeding for reorganization or liquidation of the affairs of the Board, either in the respective names of the Owners of Bonds or on behalf of all the Owners of Bonds as a class, any proof of debt, amendment of proof of debt, petition or other document, to receive payment of any sums becoming distributable to the Owners of Bonds, and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Owners of Bonds against the Board allowed in any bankruptcy or other proceeding; provided that nothing in this paragraph (v) shall be deemed to grant to the Bondholders any rights to or security in any property of the Board other than that granted elsewhere in the Indenture.

(b) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% in Aggregate Principal Amount of the Bonds then Outstanding, shall, subject to the Indenture and upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture; or (ii) to preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request.

Application of Moneys after Default

(a) The Board covenants that if an Event of Default shall happen and shall not have been remedied, the Board, upon demand of the Trustee, shall pay or cause to be paid over to the Trustee as promptly as practicable after receipt thereof, all revenues, moneys, payments or receipts legally available for payment under the Indenture.

(b) During the continuance of an Event of Default, the Trustee shall apply, or cause the Paying Agent to apply, all moneys and securities held in any Fund (except the Rebate Fund), revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) To the payment of the reasonable and proper Fiduciary expenses;

(ii) To the payment of the interest and Principal Installments, premium, if any, or Redemption Price then due and payable on the Bonds, subject to the provisions of the Indenture, as follows:

(A) Unless the Aggregate Principal Amount of all of the Bonds shall have become or have been declared due and payable:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due and payable on the Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid Principal Installments, premium, if any, or Redemption Price of any Bonds which shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of Principal Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) If the Aggregate Principal Amount of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Remedies Vested in Trustee

All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of the Indenture, any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Majority Bondholders Control Proceedings

If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Holders of at least a majority in Aggregate Principal Amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or to take any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions of the Indenture (including indemnity to the Trustee as provided in the Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders not joining in such direction and provided further that nothing in the Indenture shall impair the right of the Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

Individual Bondholder Action Restricted

(a) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for any remedy under the Indenture unless:

(i) an Event of Default has occurred under the Indenture, as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and

(ii) the Holders of at least 25% in Aggregate Principal Amount of Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name and the Holders of at least a majority in Aggregate Principal Amount of Bonds Outstanding shall not, pursuant to the Indenture have countermanded such request; and

(iii) such Bondholders shall have offered the Trustee indemnity as provided in the Indenture; and

(iv) the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

(b) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture or to enforce any right under the Indenture except in the manner in the Indenture provided and for the respective benefit of the Holders of all Bonds Outstanding.

Termination of Proceedings

In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, the Board, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, and all rights, remedies and powers of the Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Waivers and Non-Waiver of Event of Default

(a) No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by the Indenture to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Indenture, or before the completion of the enforcement of any other remedy under the Indenture.

(c) Notwithstanding anything contained in the Indenture to the contrary, the Trustee, upon the written request of the Holders of at least a majority of the Aggregate Principal Amount of Bonds then Outstanding with indemnification satisfactory to the Trustee, shall waive any Event of Default under the Indenture and its consequences; provided, however, that except under the circumstances set forth in the Indenture, a default in the payment of the Principal Installment, of or interest on any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding.

(d) In case of any waiver by the Trustee of an Event of Default under the Indenture, the Board, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with the Indenture.

Compensation and Indemnification of Fiduciaries

Fiduciaries shall be entitled to the payment of the Fiduciary Fees. Subject to the provisions of the Indenture, the Board further agrees to indemnify and save each Fiduciary harmless against any losses, expenses, or liabilities it may incur in the exercise and performance of its powers and duties hereunder that are not due to its negligence or willful misconduct. Any Fiduciary's right to compensation, reimbursement of all reasonable expenses, charges, counsel fees and other disbursements, and indemnification set forth in the Indenture shall survive such Fiduciary's resignation or removal and the discharge of the Indenture.

Resignation by Trustee

The Trustee and any successor Trustee may resign at any time and be discharged of the duties and obligations created by the Indenture by giving not less than 60 days written notice to the Board served personally or by registered mail and mailing notice thereof to Holders of Bonds then Outstanding, at its own expense and without reimbursement therefor, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless a successor shall have been appointed previously by the Board or the Bondholders as provided in the Indenture, in which event such resignation shall take effect immediately on the appointment of and acceptance by such successor. In no event, however, shall such a resignation take effect until a successor Trustee has been appointed pursuant to the provisions of the Indenture.

Removal of the Trustee

The Trustee may be removed (i) at any time by an instrument or concurrent instruments in writing, filed with the Trustee and the Board, and signed by the Bondholders representing a majority in Aggregate Principal Amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Board, or (ii) by the Board, in its sole and absolute discretion, at any time except during the continuance of an Event of Default by filing with the Trustee notice of removal in the form of an Board Certificate. In no event, however, shall such removal take effect until a successor Trustee has been appointed pursuant to the Indenture. If removed, the Trustee shall be entitled to payment of accrued fees on or before a date not later than the Bond Payment Date following the date of such removal.

Appointment of Successor Trustee

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or its property or affairs, the Board covenants and agrees that it thereupon will appoint a successor Trustee.

If in a proper case no appointment of a successor Trustee shall be made by the Board pursuant to the foregoing provisions of the Indenture within 45 days after the Trustee shall have given to the Board written notice as provided in the Indenture or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act or its removal, the Trustee, or any Bondholder may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court, after such notice, if any, as such court may deem proper, thereupon may appoint a successor Trustee.

Every such Trustee appointed pursuant to the provisions of the Indenture shall (i) be a national banking association, trust company or bank in good standing and (ii) have a reported capital and surplus of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Supplemental Indenture Effective Upon Filing with the Trustee

For any one or more of the following purposes, and at any time or from time to time, a Supplemental Indenture may be executed and delivered, which, upon the filing with the Trustee of a copy thereof, shall be fully effective in accordance with its terms:

- (a) To add to the covenants and agreements of the Board in the Indenture, other covenants and agreements to be observed by the Board which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (b) To add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the Board which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (c) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Indenture of the revenues, moneys, securities or funds;
- (d) To modify any provisions of the Indenture in any respect whatever, provided that the modification, in the sole judgment of the Board, is reasonably necessary to assure the Tax-exempt Status of the interest on the Bonds; or
- (e) To provide for the issuance of additional bonds or other obligations secured in a manner similar to the Bonds in accordance with the provisions of the Indenture.

Supplemental Indentures Effective Upon Consent of Trustee

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed and delivered, which upon the filing with the Trustee of a copy thereof and the filing with the Trustee and the Board of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

- (a) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture;
- (b) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (c) To provide, for the benefit of the registered owners, additional duties upon the Trustee which may lawfully be granted to or conferred upon the Trustee;
- (d) To waive any right reserved to the Board, provided that the loss of such right shall not adversely impair the moneys available to pay the Outstanding Bonds;
- (e) To make any other amendment or change that will not materially adversely affect the interests of the Owners of Outstanding Bonds;
- (f) If the Bonds affected by such change are rated by a Rating Agency, to make any change which does not result in a reduction of the underlying rating applicable to any of the Bonds so affected, provided that if any of the Bonds so affected are secured by credit enhancement, such change must be approved in writing by the related credit enhancement Board; or
- (g) If the Bonds affected by such change are secured by credit enhancement, to make any change approved in writing by the related credit enhancement Board, provided that if any of the Bonds so affected are rated (on an underlying basis) by a Rating Agency, such change shall not result in a reduction of the underlying rating applicable to any of the Bonds so affected.

Supplemental Indenture Requiring Consent of Bondholders

At any time or from time to time and in accordance with and subject to the provisions of the Indenture, the Board may execute and deliver a Supplemental Indenture amending or modifying the Indenture and the rights and obligations of the Board and the Bondholders subject to the prior written consent by the Bondholders of at least two-thirds (2/3) in Aggregate Principal Amount of the Bonds Outstanding at the time of such consent. Such Supplemental Indenture, upon the filing with the Trustee of a copy thereof and upon compliance with the provisions of the Indenture, shall become fully effective in accordance with its terms as provided in the Indenture.

Discharge of Indenture

If the Board shall pay or cause to be paid, or there shall otherwise be paid, to the Bondholders of all Bonds, the Principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any revenues, moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the Board to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Board to be prepared and filed with the Board and, upon the request of the Board, shall execute and deliver to the Board all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to or upon the order of the Board all moneys or securities held by them pursuant to the Indenture that are not required for the payment of principal, or Redemption Price, if applicable, of or interest on Bonds not theretofore surrendered to them for such payment or redemption.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or the Paying Agent (through deposit by the Board of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the Indenture. All Outstanding Bonds shall be deemed, prior to the maturity or redemption date thereof, to have been paid within the meaning and with the effect expressed in the Indenture if (i) any of said Bonds are to be redeemed on any date prior to their maturity, the Board shall have given to the Bond Registrar in form satisfactory to it irrevocable instructions to mail as provided in the Indenture notice of redemption of such Bonds on said date; (ii) there shall have been deposited with the Trustee either moneys in an amount sufficient, or Defeasance Obligations the principal of and the interest on which when due (whether at maturity or the prior redemption thereof at the option of the holder thereof) will provide moneys in an amount that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the Principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Board shall have given to the Bond Registrar in form satisfactory to it irrevocable instructions to provide notice to the Bondholders of such Bonds as soon as practicable and in the same manner as notices of redemption that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price of and interest on said Bonds.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Series 2012 Bonds, Ballard Spahr LLP, Bond Counsel to the Board, proposes to issue its final approving opinion in substantially the following form:

State Board of Regents of the State of Utah
60 South 400 West
Salt Lake City, Utah 84101

Re: \$_____ State Board of Regents of the State of Utah Revenue Refunding Bonds, Series 2012
 (Office Facility Building)

We have acted as bond counsel to the State Board of Regents of the State of Utah (the "Board") in connection with the issuance by the Board of its Revenue Refunding Bonds, Series 2012 (Office Facility Building) in the aggregate principal amount of \$_____ (the "Bonds"). The Bonds are being issued pursuant to (i) the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended and other applicable provisions of law; (ii) a resolution of the Board adopted on March 30, 2012 (the "Resolution"); and (iii) an Indenture of Trust dated as of May 1, 2012 (the "Indenture") between the Board and U.S. Bank National Association, as trustee. The Bonds are being issued for the purpose of (i) refunding certain outstanding revenue bonds of the Board and (ii) paying costs incident to the issuance of the Bonds.

Our services as bond counsel have been limited to the preparation of the legal proceedings and supporting certificates authorizing the issuance of the Bonds under the applicable laws of the State of Utah and to a review of the transcript of such proceedings and certificates. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing laws as follows:

1. The Board is an institution of higher education duly organized and validly existing under the laws of the State of Utah and has authority to issue the Bonds.
2. The Indenture has been duly authorized, executed and delivered by the Board and constitutes a valid and binding obligation of the Board, enforceable upon the Board.
3. The Bonds are valid and binding special, limited obligations of the Board, payable solely from the sources provided in the Indenture. The Bonds are not an indebtedness or obligation of the State of Utah.
4. Interest on the Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the Board and continuing compliance by the Board with the requirements of the Internal Revenue Code of 1986. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on the Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder.
5. Interest on the Bonds is exempt from State of Utah individual income taxes under currently existing law.

In rendering our opinion, we wish to advise you that:

(a) The rights of the owners of the Bonds and the enforceability thereof and of the Indenture may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(b) We express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds; and

(c) Except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Respectfully submitted,

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by the State Board of Regents of the State of Utah (the “Issuer”), in connection with the issuance by the Issuer of its \$ _____ Revenue Refunding Bonds, Series 2012 (Office Facility Building) (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted on March 30, 2012, by the Issuer, which provides for the issuance of the Bonds and an Indenture of Trust dated as of May 1, 2012 (the “Indenture”), between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”). Proceeds of the Bonds will be used by the Issuer to (i) refund certain of its outstanding revenue bonds and (ii) pay the costs of issuing the Bonds.

The Issuer hereby acknowledges that it is an “obligated person” within the meaning of the hereinafter defined Rule and the only “obligated person” with respect to the Bonds. In connection with the aforementioned transactions, the Issuer and the Trustee covenant and agree as follows:

6. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer and the Trustee for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule (each as defined herein).

7. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report of the Issuer” means the Annual Report of the Issuer provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Disclosure Undertaking.

“Beneficial Owner” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” means the Issuer or any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent’s successors and assigns.

“Listed Events” shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is currently 1900 Duke Street, Suite 600, Alexandria, Virginia 22314; Telephone (703) 797-6600; Fax (703) 797-6700; and the Internet address of which is www.msrb.org.

“Official Statement” shall mean the Official Statement of the Issuer dated _____, 2012, relating to the Bonds.

“Participating Underwriter” shall mean each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

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

“State” shall mean the State of Utah.

Section 1. Provision of Annual Reports.

(a) The Issuer shall prepare an Annual Report of the Issuer and shall, or shall cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of each fiscal year of the Issuer (presently June

30), commencing with the fiscal year ended June 30, 2012, provide to the MSRB, the Annual Report of the Issuer which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report of the Issuer to the Dissemination Agent. In each case, the Annual Report of the Issuer may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for Listed Event under Section 5(f).

(b) If by fifteen (15) Business Days prior to the date specified in Section 3(a) for providing the Annual Report of the Issuer to the MSRB, the Dissemination Agent has not received a copy of the Annual Report of the Issuer, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with Section 3(a).

(c) If the Dissemination Agent is unable to verify that the Annual Report of the Issuer has been provided to the MSRB by the dates required in Section 3(a), the Dissemination Agent shall, in a timely manner, send a notice of a failure to file the Annual Report to the MSRB in an electronic format.

(d) The Dissemination Agent shall:

(i) determine each year prior to the dates for providing the Annual Report of the Issuer, the website address to which the MSRB directs the Annual Report to be submitted; and

(ii) file reports with the Issuer, as appropriate, certifying that their Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

2. Content of Annual Reports. The Annual Report of the Issuer shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles and audited by a certified public accountant or a firm of certified public accountants. If the Issuer's 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 of the Issuer and audited financial statements will be provided when and if available.

(b) An update of the financial and operating information in the Official Statement relating to the Issuer of the type contained in the tables entitled "STATE BOARD OF REGENTS OF THE STATE OF UTAH—State Appropriations to the Board."

Any or all of the items listed above may be included by specific reference to other documents, including Official Statements of debt issues of the Issuer, as appropriate or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final Official Statement, it must be available from the MSRB. The Issuer, as appropriate, shall clearly identify each such other document so incorporated by the reference.

3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the Issuer shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner but not more than ten (10) Business Days after the Listed Event:

(i) Principal and interest payment delinquencies;

- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions or 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;
- (vi) Defeasances;
- (vii) Tender offers;
- (viii) Bankruptcy, insolvency, receivership or similar proceedings; or
- (ix) Rating changes.

(b) Pursuant to the provisions of this Section 5(b), the Issuer shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the Listed Event, if material:

- (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
- (ii) Appointment of a successor or additional trustee or the change of the name of a trustee;
- (iii) Non-payment related defaults;
- (iv) Modifications to the rights of the owners of the Bonds;
- (v) Bond calls; or
- (vi) Release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under Section 5(b), whether because of a notice from the Trustee or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If the Issuer determines that the Listed Event under Section 5(b) would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in an electronic format in a timely manner not more than ten (10) Business Days after the Listed Event.

4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

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

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

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

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

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

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

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

8. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any Bondholder 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 or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an “event of default” under the Indenture, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Undertaking shall be an action to compel performance.

9. Duties Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding

liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

10. Beneficiaries. This Disclosure Undertaking 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.

11. Counterparts. This Disclosure Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: _____, 2012.

(SEAL)

STATE BOARD OF REGENTS OF THE STATE
OF UTAH

By: _____
Chair

Attest:

By: _____
Secretary

APPENDIX E

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Series 2012 Bonds. The Series 2012 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 Series 2012 Bond certificate will be issued for each maturity of the Series 2012 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 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 Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 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 Series 2012 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 Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 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 Series 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 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 Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2012 Bond documents. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 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 Series 2012 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 Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or 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 Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or 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 Series 2012 Bonds at any time by giving reasonable notice to the Board or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2012 Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2012 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 Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.