		RATINGS:
	Underlying	*Insured*
Moody's:	**Baa2 (stable)**	**n/a**
S&P:	**n/a**	**AA (Stable)**

NEW ISSUE - BOOK-ENTRY ONLY **See "RATINGS" herein**

In the opinion of Bond Counsel, assuming continuing compliance with certain conditions imposed by the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Series 2024-A Bonds will be excludable from gross income of the recipients thereof for federal income tax purposes pursuant to the provisions of Section 103(a) of the Code, but receipt of said interest also has other federal tax consequences to certain recipients as summarized herein under "TAX MATTERS." Bond Counsel is also of the opinion that, under existing law, interest on the Series 2024-A Bonds and the Series 2024-B Bonds will be exempt from State of Alabama income taxation.

THE PUBLIC EDUCATIONAL BUILDING AUTHORITY OF JACKSONVILLE (JACKSONVILLE STATE UNIVERSITY FOUNDATION)

$96,375,000
HIGHER EDUCATIONAL FACILITIES REVENUE BONDS (JSU FOUNDATION PROJECT), SERIES 2024
Consisting of:

$88,510,000	$7,865,000
Series 2024-A	**Taxable Series 2024-B**

Dated: Date of Issue **Due: August 1, as shown on inside cover**

The above-described Higher Educational Facilities Revenue Bonds (JSU Foundation Project), Series 2024-A (the "Series 2024-A Bonds") and the Taxable Higher Educational Facilities Revenue Bonds (JSU Foundation Project), Series 2024-B (the "Series 2024-B Bonds" and, together with the Series 2024-A Bonds, the "Series 2024 Bonds") are being issued by The Public Educational Building Authority of Jacksonville (Jacksonville State University Foundation) (the "Authority") pursuant to a Trust Indenture dated as of December 1, 2024 (the "Indenture"), between the Authority and Regions Bank, as trustee (the "Trustee"). Pursuant to a Lease Agreement dated as of December 1, 2024 (the "Lease Agreement"), between the Authority and Jacksonville State University Foundation, Inc., an Alabama nonprofit corporation (the "Foundation"), the Authority has agreed to apply the proceeds of the Series 2024 Bonds to finance: (a) the development, construction, equipping and furnishing of certain student housing facilities and related infrastructure and improvements (the "Project") for the benefit of students of Jacksonville State University, a body corporate of the State of Alabama (the "University"); (b) capitalized interest with respect to the Series 2024 Bonds; (c) the cost of a municipal bond insurance policy for each series of the Series 2024 Bonds; and (d) issuance costs of the Series 2024 Bonds. Pursuant to a Sublease Agreement dated as of December 1, 2024 (the "Sublease Agreement"), between the Foundation and the University, the Foundation will sublease the Project to the University on an operating-lease basis. The term of the Sublease Agreement shall begin on the date of the delivery of the Series 2024 Bonds and shall continue until midnight on the date that is forty (40) years after its effective date.

The Series 2024 Bonds will be issued in fully registered form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2024 Bonds. Individual purchases of beneficial ownership interests in the Series 2024 Bonds will be made in book-entry form only, and individual purchasers will not receive physical delivery of bond certificates. Payments of the principal of, and interest on, the Series 2024 Bonds will be made by the Trustee to Cede & Co., as nominee for DTC, for disbursement to DTC participants and subsequent disbursement to the beneficial owners of the Series 2024 Bonds. The Series 2024 Bonds are issuable as fully registered bonds without coupons in denominations of $5,000 or any multiple thereof. The Series 2024 Bonds will bear interest from their date of issue, payable semiannually on each February 1 and August 1, commencing February 1, 2025. Certain of the Series 2024 Bonds are subject to optional, mandatory, and extraordinary redemption as described herein. See "THE SERIES 2024 BONDS" herein.

THE SERIES 2024 BONDS, TOGETHER WITH ALL PRINCIPAL AND INTEREST THEREON, AND PREMIUM DUE, IF ANY, ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY SECURED BY THE INDENTURE, AND SHALL BE PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED IN THE INDENTURE). SEE "SECURITY AND SOURCES OF PAYMENT" HEREIN. THE AUTHORITY HAS NO TAXING POWER.

THE SERIES 2024 BONDS WILL NOT CONSTITUTE AN OBLIGATION OF THE CITY OF JACKSONVILLE, CALHOUN COUNTY OR THE STATE OF ALABAMA OR ANY POLITICAL SUBDIVISION THEREOF. NO HOLDER OF A SERIES 2024 BOND SHALL HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY OF JACKSONVILLE, CALHOUN COUNTY OR THE STATE OF ALABAMA OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY AMOUNT DUE UNDER THE SERIES 2024 BONDS. EXCEPT TO THE EXTENT OF ITS OBLIGATION TO MAKE RENTAL PAYMENTS UNDER THE SUBLEASE AGREEMENT, THE UNIVERSITY HAS NO LIABILITY, EXPRESS OR IMPLIED, FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2024 BONDS, AND THE UNIVERSITY IS NOT RESPONSIBLE, DIRECTLY OR INDIRECTLY, FOR ANY OBLIGATION OF ANY OTHER PARTY UNDER ANY BOND DOCUMENT OR ANY OTHER DOCUMENT DELIVERED IN CONNECTION WITH THE SERIES 2024 BONDS.

SEE "CERTAIN BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2024 BONDS. EACH PROSPECTIVE INVESTOR SHOULD CONSIDER THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE SERIES 2024 BONDS.

The scheduled payment of principal of and interest on the Series 2024-A Bonds and the Series 2024-B Bonds when due will be guaranteed under separate municipal bond insurance policies to be issued concurrently with delivery of each series by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See "BOND INSURANCE" herein.

BAM
BUILD AMERICA MUTUAL

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

The Series 2024 Bonds are offered when, as, and if issued by the Authority and received by the Underwriter and are subject to prior sale and the approval of legality by Waldrep, Stewart & Kendrick, LLP, Birmingham, Alabama, Bond Counsel, and to certain other conditions. Certain legal matters will be passed on by Disclosure Counsel, Waldrep, Stewart & Kendrick, LLP. Certain legal matters will be passed on for the Authority by Rhea Boyd & Rhea, Gadsden, Alabama, for the Foundation by Burr & Forman, LLP, Montgomery, Alabama, for the University by Waldrep, Stewart & Kendrick, LLP, and for the Underwriter by Bradley Arant Boult Cummings LLP, Birmingham, Alabama. Delivery of the Series 2024 Bonds through the facilities of DTC in New York, New York is expected to occur on or about December 11, 2024.

STIFEL

Dated: November 13, 2024

MATURITY SCHEDULE

THE PUBLIC EDUCATIONAL BUILDING AUTHORITY OF JACKSONVILLE (JACKSONVILLE STATE UNIVERSITY FOUNDATION)

$88,510,000
Higher Educational Facilities Revenue Bonds
(JSU Foundation Project)
Series 2024-A

Maturity (August 1,)	Principal Amount	Interest Rate	Yield	Price	CUSIP(1)
2032	$1,835,000	5.000%	3.630%	109.063	469480BK2
2033	1,930,000	5.000	3.710	109.455	469480BL0
2034	2,025,000	5.000	3.800	109.604	469480BM8
2035	2,125,000	5.000	3.860	109.098*	469480BN6
2036	2,230,000	5.000	3.920	108.595*	469480BP1
2037	2,345,000	5.000	3.980	108.094*	469480BQ9
2038	2,460,000	5.000	4.030	107.679*	469480BR7
2039	2,585,000	5.000	4.060	107.431*	469480BS5

$15,030,000 5.125% Term Series 2024-A Bonds; Due August 1, 2044;
Yield 4.300%*; Price 106.448*; CUSIP 469480BT3(1)

$19,335,000 5.250% Term Series 2024-A Bonds; Due August 1, 2049;
Yield 4.470%*; Price 106.048*; CUSIP 469480BU0(1)

$36,610,000 5.000% Term Series 2024-A Bonds; Due August 1, 2056;
Yield 4.740%*; Price 101.987*; CUSIP 469480BV8(1)

$7,865,000
Taxable Higher Educational Facilities Revenue Bonds
(JSU Foundation Project)
Series 2024-B

Maturity	Principal Amount	Interest Rate	Yield	Price	CUSIP(1)
2027	$1,415,000	5.125%	5.150%	99.932	469480BW6
2028	1,490,000	5.250	5.250	100.000	469480BX4
2029	1,570,000	5.250	5.350	99.586	469480BY2
2030	1,650,000	5.375	5.450	99.632	469480BZ9
2031	1,740,000	5.500	5.550	99.717	469480BJ5

* Calculated to August 1, 2034 first optional redemption date.

1 CUSIP is a registered trademark of the American Bankers Association. CUSIP data contained herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitution for the CUSIP services. The Authority, the Underwriter, the Foundation and the University are not responsible for the accuracy of CUSIP numbers herein, which are included solely for the convenience of owners of the Series 2024 Bonds.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Authority, the Foundation, the University or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Series 2024 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement contains statements that are 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.

The information set forth herein has been obtained from the Authority, the Foundation, the University or other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Foundation or the University since the date hereof. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Authority has provided only that information in this Official Statement that is contained under the heading "THE AUTHORITY" and, as to the Authority, under the heading "LITIGATION – The Authority." The Authority has not furnished or verified any other information or statements contained in this Official Statement and is not responsible for the sufficiency, completeness or accuracy of such other information or statements.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2024 Bonds or the advisability of investing in the Series 2024 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the section entitled "BOND INSURANCE " and "Appendix H - "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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OFFICIAL STATEMENT

THE PUBLIC EDUCATIONAL BUILDING AUTHORITY OF JACKSONVILLE (JACKSONVILLE STATE UNIVERSITY FOUNDATION)

$88,510,000
Higher Educational Facilities Revenue Bonds
(JSU Foundation Project), Series 2024-A

and

$7,865,000
Taxable Higher Educational Facilities Revenue Bonds
(JSU Foundation Project), Series 2024-B

INTRODUCTORY STATEMENT

Identification of Bonds and Indenture. This Official Statement, including the cover page and the Appendices hereto, is provided to furnish certain information in connection with the sale by The Public Educational Building Authority of Jacksonville (Jacksonville State University Foundation) (the "Authority") of its Higher Educational Facilities Revenue Bonds (JSU Foundation Project), Series 2024-A (the "Series 2024-A Bonds") and its Taxable Higher Educational Facilities Revenue Bonds (JSU Foundation Project), Series 2024-B (the "Series 2024-B Bonds" and, together with the Series 2024-A Bonds, the "Series 2024 Bonds"), to be issued by the Authority pursuant to a Trust Indenture dated as of December 1, 2024 (the "Indenture") between the Authority and Regions Bank, as trustee (in such capacity, the "Trustee"). Definitions of certain terms used in this Official Statement are set forth in Appendix A hereto or in the Indenture.

Lease Agreement. Pursuant to a Lease Agreement dated as of December 1, 2024 (the "Lease Agreement") between the Authority and Jacksonville State University Foundation, Inc., an Alabama nonprofit corporation (the "Foundation"), the Authority has agreed to apply the proceeds of the Series 2024 Bonds to provide financing for: (a) the development, construction, equipping and furnishing of certain housing facilities and related improvements and infrastructure (hereinafter defined collectively as the "Project") for the benefit of students of Jacksonville State University, a body corporate of the State of Alabama (the "University"); (b) capitalized interest with respect to the Series 2024 Bonds; (c) payment of the cost of a municipal bond insurance policy for the Series 2024 Bonds; and (d) costs of issuance of the Series 2024 Bonds.

The Foundation will be obligated pursuant to the Lease Agreement to pay to the Authority such rental payments as will be sufficient to pay when due the principal of, premium, if any, and interest on the Series 2024 Bonds. The rental payments due under the Lease Agreement are limited obligations of the Foundation, payable solely from rental payments received by the Foundation pursuant to the Sublease Agreement hereinbelow described and defined. The Authority has granted a pledge and assignment of its rights under the Lease Agreement, including without limitation its right to receive rental payments from the Foundation thereunder, as security for payment of the Series 2024 Bonds. See "SECURITY AND SOURCES OF PAYMENT – Trust Estate" herein. For additional information concerning the Lease Agreement, see Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE LEASE AGREEMENT".

Sublease Agreement. Pursuant to a Sublease Agreement dated as of December 1, 2024 (the "Sublease Agreement") between the Foundation and the University, the Foundation will sublease the Project to the University on an operating-lease basis. The term of the Sublease Agreement begins on the date of issuance of the Series 2024 Bonds and ending approximately forty (40) years later. In the Sublease Agreement, the University covenants that if the Project is not constructed then the University will not acquire or construct or enter into any lease agreement in substitution of facilities for the activities to be conducted within or on the Bond-Financed Facilities ("Bond-Financed Facilities Activities") unless provision is made for the payment in full of the Series 2024 Bonds. See "SECURITY AND SOURCES OF PAYMENT – The Sublease Agreement" herein for additional information.

The Foundation has granted a pledge and assignment of its rights under the Sublease Agreement, including without limitation its right to receive rental payments from the University thereunder, as security for payment of the Series 2024 Bonds. See "SECURITY AND SOURCES OF PAYMENT – Trust Estate" herein.

Under the Sublease Agreement, it is the obligation of the University to keep the Project insured and to pay all taxes, assessments and other charges levied or assessed against or with respect to the Project. The Authority has no responsibility whatsoever for the operation, maintenance, condition or insuring of the Project. For additional information concerning the Sublease Agreement, see Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE SUBLEASE AGREEMENT".

The Project. The Project will consist of a new residence hall to house students of the University, along with associated infrastructure improvements and equipment. The entire Project will be located on the University's existing campus and is anticipated to open in by the Fall of 2026. For additional information concerning the Project, see "THE PROJECT" herein.

The Foundation has selected RISE Gamecocks, LLC, a Georgia limited liability company (the "Housing Developer") as developer, and is negotiating terms of a Housing Project Development Agreement (the "Housing Development Agreement") under which the Housing Developer will design, develop, equip, furnish and construct the Project on behalf of the Foundation. See "SECURITY AND SOURCES OF PAYMENT – The Housing Development Agreement". In the Leasehold Mortgage (as hereinafter defined), the Foundation has granted a pledge and assignment of its rights under the Housing Development Agreement as security for payment of the Series 2024 Bonds. See "SECURITY AND SOURCES OF PAYMENT – Trust Estate" herein.

Project Site. The parcel of real property on which the Project will be located is owned in fee by the University and has been ground leased to the Foundation on a long-term basis pursuant to a Ground Lease Agreement dated as of December 1, 2024 (the "Ground Lease"), between the University, as ground lessor, and the Foundation, as ground lessee. The term of the Ground Lease expires on the date that is forty (40) years after its effective date. Pursuant to the Ground Lease, the Foundation has agreed to develop the Project in accordance with certain parameters established by the University and with plans and specifications developed by the architects, designers, engineers and/or contractors for the Project. For additional information concerning the Ground Lease, see Appendix D, "SUMMARIES OF CERTAIN PROVISIONS OF GROUND LEASE AND GROUND SUBLEASE ".

In accordance with the terms and conditions of the Ground Lease and in order to ensure that the Project is eligible for financing by the Authority under its organizing legislation, the Foundation has subleased the site on which the Project will be located to the Authority pursuant to a Ground Sublease Agreement dated as of December 1, 2024 (the "Ground Sublease"), between the Foundation, as ground sublessor, and the Authority, as ground sublessee. The Ground Sublease has a term coterminous with that of the Ground Lease. For additional information concerning the Ground Sublease, see Appendix D, "SUMMARIES OF CERTAIN PROVISIONS OF GROUND LEASE AND GROUND SUBLEASE", and for additional information concerning the Authority, see "THE AUTHORITY" herein.

The Authority, as ground sublessee of the real property on which the Project will be located, will enter into the Lease Agreement pursuant to which the Authority will agree, among other things, to issue the Series 2024 Bonds; to finance the acquisition, construction and equipping of the Project; and to lease the Project to the Foundation, and the Foundation will agree, among other things, to take responsibility for managing, and for using proceeds of the Series 2024 Bonds for payment of the costs of, the acquisition, construction and equipping of the Project; and to make rental payments to the Authority sufficient to pay all debt service with respect to the Series 2024 Bonds. The Foundation will enter into the Sublease Agreement pursuant to which the Foundation will agree, among other things, to cause the acquisition, construction and equipping the Project; and to lease the Project to the University, and the University will agree, among other things, to make rental payments to the Foundation sufficient to pay debt service with respect to the Series 2024 Bonds; and to operate the Project.

Leasehold Mortgage. As equal and ratable security for payment of the Series 2024 Bonds and all Additional Bonds (as hereinafter defined) issued from time to time pursuant to the Indenture, the Authority and the Foundation will enter into a Leasehold Mortgage, Security Agreement and Fixture Filing (the "Leasehold Mortgage"), pursuant to which they will grant in favor of the Trustee a non-foreclosable mortgage lien on the leasehold estates held by the Authority and the Foundation in the Project and the Foundation will make a collateral assignment to the Trustee of the rentals payable by the University under the Sublease Agreement. See "SECURITY AND SOURCES OF PAYMENT – Trust Estate" herein and Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE LEASEHOLD MORTGAGE". No mortgage is granted to the Trustee on the University's fee ownership of the real property on which the Project will be located, and the rights of the Trustee will be limited to those held by the Authority and the Foundation under the Ground Lease and Ground Sublease for the remaining terms and under the conditions set forth therein. The mortgage lien provided by the Leasehold Mortgage is not subject to foreclosure and shall not be construed so as to compel the sale of the leasehold estates held by the Authority and the Foundation or any part thereof in satisfaction of the Series 2024 Bonds. See "CERTAIN BONDHOLDERS' RISKS" herein. However, the Trustee's remedies under the Leasehold Mortgage upon an event of default thereunder do include, without limitation, the right to accelerate all indebtedness secured by the Leasehold Mortgage (including the Series 2024 Bonds), take possession of the Bond-Financed Facilities and exclude the Authority and the Foundation (and by extension, the University) therefrom, and administer, manage and operate the Bond-Financed Facilities to the same extent that the Authority or the Foundation could do so. See Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE LEASEHOLD MORTGAGE – Rights of Secured Party Upon Default".

Bond Documents. This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Indenture, the Series 2024 Bonds, the Lease Agreement, the Sublease Agreement, the Ground Lease, the Ground Sublease, the Leasehold Mortgage and the Continuing Disclosure Agreement (collectively, the "Bond Documents"). Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Bond Documents are qualified in their entirety by reference to such documents, and all references herein to the Series 2024 Bonds are qualified in their entirety to the forms thereof included in the Indenture.

Trust Estate. The Series 2024 Bonds, together with all principal and interest therein, and premium due, if any, are special limited obligations of the Authority secured by the Indenture and shall be payable solely from the Trust Estate (as defined in the Indenture), which shall include, without limitation, the Trustee's rights under the Leasehold Mortgage. See "SECURITY AND SOURCES OF PAYMENT – Trust Estate" herein. The Authority has no taxing power.

Bond Insurance. The scheduled payment of principal of and interest on the Series 2024 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with delivery of the Series 2024 Bonds by Build America Municipal Assurance Company ("BAM"). See "BOND INSURANCE" herein.

No Government Obligation. THE SERIES 2024 BONDS WILL NOT CONSTITUTE AN OBLIGATION OF THE CITY OF JACKSONVILLE, CALHOUN COUNTY OR THE STATE OF ALABAMA OR ANY POLITICAL SUBDIVISION THEREOF. NO HOLDER OF A SERIES 2024 BOND SHALL HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY OF JACKSONVILLE, CALHOUN COUNTY OR THE STATE OF ALABAMA OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY AMOUNT DUE THE SERIES 2024 BONDS.

No University Obligation. EXCEPT TO THE EXTENT OF ITS OBLIGATION TO MAKE RENTAL PAYMENTS UNDER THE SUBLEASE AGREEMENT, THE UNIVERSITY HAS NO LIABILITY, EXPRESS OR IMPLIED, FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2024 BONDS, AND THE UNIVERSITY IS NOT RESPONSIBLE, DIRECTLY OR INDIRECTLY, FOR ANY OBLIGATION OF ANY OTHER PARTY UNDER ANY BOND DOCUMENT OR UNDER ANY OTHER DOCUMENT DELIVERED IN CONNECTION WITH THE SERIES 2024 BONDS.

Judicial Validation. Prior to issuing the Series 2024 Bonds, the validity and enforceability of the Series 2024 Bonds were determined by judicial proceeding. See "VALIDATION OF SERIES 2024 BONDS" herein.

Additional Bonds. The Indenture permits the issuance of additional bonds if necessary to complete the Project on a parity with the Series 2024 Bonds (the "Additional Bonds"). See "SECURITY AND SOURCES OF PAYMENT – Additional Bonds" herein. Because Additional Bonds, if issued, will be on parity with the Series 2024 Bonds, all holders of Additional Bonds will be entitled to an equal and ratable claim to the Trust Estate with all holders of Series 2024 Bonds.

Certain Risk Factors. SEE "CERTAIN BONDHOLDERS' RISKS" HEREIN FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SERIES 2024 BONDS. EACH PROSPECTIVE INVESTOR SHOULD CONSIDER THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE SERIES 2024 BONDS.

Appendices. Summaries of certain documents and definitions of certain terms relating to the Series 2024 Bonds are attached hereto as Appendices A and D. The proposed form of opinion of Bond Counsel is attached hereto as Appendix B. The form of Continuing Disclosure Agreement is attached hereto as Appendix C. The audited financial statements of the University for fiscal year 2023 are attached hereto as Appendix E. Certain information provided by The Depository Trust Company ("DTC") concerning its Book-Entry Only System is set forth in Appendix G. The specimen municipal bond insurance policy is attached hereto as Appendix H.

ESTIMATED SOURCES AND USES OF FUNDS

The schedule below contains the estimated sources and uses of funds resulting from the sale of the Series 2024 Bonds (exclusive of accrued interest and investment earnings):

Sources of Funds	**Series 2024-A Bonds**	**Series 2024-B Bonds**	**Total**
Par Amount	$88,510,000.00	$7,865,000.00	$96,375,000.00
Original Issue Premium (Discount)	4,365,024.50	(18,458.20)	$4,346,566.30
Total Sources of Funds	**$92,875,024.50**	**$7,846,541.80**	**$100,721,566.30**
Uses of Funds			
Deposit to Acquisition Fund	$81,376,088.31	$6,807,193.72	$88,183,282.03
Deposit to Capitalized Interest Account[1]	9,609,225.69	893,106.44	10,502,332.13
Deposit to Costs of Issuance Fund[2]	1,889,710.50	146,241.64	2,035,952.14
Total Uses of Funds	**$92,875,024.50**	**$7,846,541.80**	**$100,721,566.30**

[1] These amounts will be used to pay interest on the Series 2024 Bonds to and including February 1, 2027.
[2] These amounts include the underwriter's discount and municipal bond insurance premium, though such costs will be paid directly at closing and will not be deposited in the accounts of the Costs of Issuance Fund.

THE SERIES 2024 BONDS

General Description

The Series 2024 Bonds will bear interest at the rates shown on the inside of the cover page of this Official Statement payable on February 1, 2025, and semiannually thereafter on August 1 and February 1 of each year (the "Interest Payment Dates") until paid in full.

Interest on the Series 2024 Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months. The Series 2024 Bonds will be issued as fully-registered bonds without coupons in the denominations of $5,000 or any multiple thereof ("Authorized Denominations").

Limited Obligations of the Authority

THE SERIES 2024 BONDS AND THE OBLIGATION TO PAY PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST THEREON, ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, SECURED AS PROVIDED IN THE INDENTURE AND PAYABLE SOLELY OUT OF THE PAYMENTS MADE PURSUANT TO THE LEASE AGREEMENT AND THE TRUST ESTATE AND AS OTHERWISE PROVIDED IN THE INDENTURE, THE LEASE AGREEMENT AND THE SUBLEASE AGREEMENT. NEITHER THE MEMBERS OF THE BOARD OF DIRECTORS OF THE AUTHORITY NOR ANY PERSON EXECUTING THE SERIES 2024 BONDS SHALL BE LIABLE PERSONALLY ON THE SERIES 2024 BONDS BY REASON OF THE ISSUANCE THEREOF. THE AUTHORITY HAS NO TAXING POWER.

THE SERIES 2024 BONDS WILL NOT CONSTITUTE AN OBLIGATION OF THE CITY OF JACKSONVILLE, CALHOUN COUNTY OR THE STATE OF ALABAMA OR ANY POLITICAL SUBDIVISION THEREOF. NO HOLDER OF A SERIES 2024 BOND SHALL HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY OF JACKSONVILLE, CALHOUN COUNTY OR THE STATE OF

ALABAMA OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY AMOUNT DUE ON THE SERIES 2024 BONDS.

EXCEPT TO THE EXTENT OF ITS OBLIGATION TO MAKE RENTAL PAYMENTS UNDER THE SUBLEASE AGREEMENT, THE UNIVERSITY HAS NO LIABILITY, EXPRESS OR IMPLIED, FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2024 BONDS, AND THE UNIVERSITY IS NOT RESPONSIBLE, DIRECTLY OR INDIRECTLY, FOR ANY OBLIGATION OF ANY OTHER PARTY UNDER ANY BOND DOCUMENT OR ANY OTHER DOCUMENT DELIVERED IN CONNECTION WITH THE SERIES 2024 BONDS.

UNDER THE TERMS OF THE INDENTURE, THE AUTHORITY MAY ISSUE ADDITIONAL BONDS WHICH MAY BE SECURED ON A PARITY WITH THE SERIES 2024 BONDS.

Redemption of Series 2024-A Bonds

Optional Redemption of Series 2024-A Bonds. Those of the Series 2024-A Bonds scheduled to mature on August 1, 2035, and thereafter, may be redeemed, in whole or in part, at the option of the Authority on any date on or after August 1, 2034, at a redemption price equal to 100% of the par amount redeemed plus accrued interest to the redemption date. During the term of the Sublease Agreement, any right of optional redemption with respect to the Series 2024-A Bonds may be exercised only upon the written direction of the University.

Scheduled Mandatory Redemption of Series 2024-A Bonds. Certain of the Series 2024-A Bonds (collectively herein called "Term Series 2024 Bonds") are subject to mandatory redemption as follows:

(a) **2044 Term Bonds.** Those of the Series 2024-A Bonds maturing on August 1, 2044 (the "2044 Term Bonds"), are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on August 1 in years and principal amounts (after credit as provided below) as follows:

Year	**Amount**
2040	$2,715,000
2041	2,850,000
2042	3,000,000
2043	3,150,000
2044 (maturity)	3,315,000

(b) **2049 Term Bonds.** Those of the Series 2024-A Bonds maturing on August 1, 2049 (the "2049 Term Bonds"), are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on August 1 in years and principal amounts (after credit as provided below) as follows:

Year	**Amount**
2045	$3,480,000
2046	3,665,000
2047	3,855,000
2048	4,060,000
2049 (maturity)	4,275,000

(c) **2056 Term Bonds.** Those of the Series 2024-A Bonds maturing on August 1, 2056 (the "2056 Term Bonds"), are subject to mandatory redemption, by lot, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on August 1 in years and principal amounts (after credit as provided below) as follows:

Year	Amount
2050	$4,495,000
2051	4,720,000
2052	4,960,000
2053	5,205,000
2054	5,465,000
2055	5,740,000
2056 (maturity)	6,025,000

(d) Not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date with respect to Series 2024-A Term Bonds, the Trustee shall proceed to select for redemption, by lot, Series 2024-A Term Bonds or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2024-A Term Bonds or portions thereof for redemption on such scheduled mandatory redemption date. The Authority may, not less than 60 days prior to any such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2024-A Term Bonds scheduled for redemption on such date: (A) the principal amount of Series 2024-A Term Bonds delivered by the Authority to the Trustee for cancellation and not previously claimed as a credit; (B) the principal amount of Series 2024-A Term Bonds previously redeemed (other than Series 2024-A Term Bonds redeemed pursuant to this paragraph) and not previously claimed as a credit; and (C) the principal amount of Series 2024-A Term Bonds otherwise deemed "Fully Paid" and not previously claimed as a credit.

Mandatory Redemption of Series 2024-A Bonds with Excess Proceeds. If proceeds of the Series 2024-A Bonds remain in the Acquisition Fund after the Trustee receives a Completion Certificate (as defined in the Indenture) with respect to the Bond-Financed Facilities, such remaining proceeds of the Series 2024-A Bonds that are not deposited into the Capitalized Interest Account of the Indenture, or into a Special Reserve Fund created pursuant to the provisions of Section 6.6(c) of the Indenture, shall be applied by the Trustee to the redemption of Series 2024-A Bonds identified by the Issuer (in the largest possible principal amount, subject to the requirements with respect to Authorized Denominations) within 90 days after receipt of the Completion Certificate by the Trustee at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date.

Redemption of Series 2024-B Bonds

Optional and Scheduled Mandatory Redemption. The Series 2024-B Bonds are not subject to optional redemption or scheduled mandatory redemption prior to maturity.

Mandatory Redemption of Series 2024-B Bonds with Excess Proceeds. If proceeds of the Series 2024-B Bonds remain in the Acquisition Fund after the Trustee receives a Completion Certificate (as defined in the Indenture) with respect to the Bond-Financed Facilities, such remaining proceeds of the Series 2024-B Bonds that are not deposited into the Capitalized Interest Account or into a Special Reserve Fund created pursuant to the provisions of Section 6.6(c) of the Indenture shall be applied by the Trustee to the redemption of the Series 2024-B Bonds identified by the Issuer (in the largest possible principal amount, subject to the requirements with respect to Authorized Denominations) within 90 days after receipt of the Completion Certificate by the Trustee at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date.

Optional Redemption of all Bonds Upon Occurrence of Certain Calamities

All (but not less than all) of the Bonds issued pursuant to the Indenture may be redeemed at the option of the Authority (provided, that, during the term of the Sublease Agreement, any right of optional redemption with respect to the Series 2024 Bonds may be exercised only upon the written direction of the University), at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date:

(a) the Bond-Financed Facilities shall have been damaged or destroyed to such extent that, in the opinion of the Foundation or the University, as applicable, they cannot be restored within a period of 12 months to substantially the condition thereof immediately prior to such damage or destruction or the Foundation or the University is thereby prevented from carrying on its normal operations at the Bond-Financed Facilities for a period of not less than 12 months; or

(b) the taking by eminent domain of all or substantially all the Bond-Financed Facilities or of any part, use or control of the Bond-Financed Facilities that, in the opinion of the Foundation or the University, as applicable, results in the Foundation or the University being thereby prevented from carrying on its normal operations at the Bond-Financed Facilities for a period of not less than 12 months; or

(c) as a result of a change in law or a final order of any court or other governmental authority the Lease Agreement or Sublease Agreement becomes void or unenforceable or impossible of performance or unreasonable burdens or excessive liabilities are imposed on the Foundation or the University that, in the opinion of the Foundation or the University, as applicable, render the Bond-Financed Facilities uneconomic for their intended use.

If the Bonds are called for redemption upon the occurrence of any of the events described in the three preceding paragraphs, the Bonds may be redeemed on any date for which the requisite notice of redemption can be given within 180 days of such event at a redemption price equal to 100% of the principal amount thereof plus interest accrued to the redemption date.

General Redemption Provisions

Selection of Bonds To Be Redeemed. If less than all of the outstanding Bonds are to be redeemed, the principal amount of Bonds of each series and maturity to be redeemed may be specified by the Authority (at the direction of the University during the term of the Sublease Agreement) by notice delivered to the Trustee not less than 60 days before the date fixed for redemption (unless a shorter notice is acceptable to the Trustee), or, in the absence of timely receipt by the Trustee of such notice, shall be selected by the Trustee by lot or by such other method as the Trustee shall deem fair and appropriate; provided, however, that the principal amount of Bonds of each maturity to be redeemed may not be larger than the principal amount of Bonds of such maturity then eligible for redemption and may not be smaller than the smallest Authorized Denomination.

If less than all Bonds with the same series and maturity are to be redeemed, the particular Bonds of such series and maturity to be redeemed shall be selected by the Trustee not less than 30 nor more than 60 days prior to the redemption date from the outstanding Bonds of such series and maturity then eligible for redemption by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Bonds of such maturity of a denomination larger than the smallest Authorized Denomination. If a Bond of any series is in an amount greater than an Authorized Denomination, a portion of such Bond may be redeemed, but such Bond may be redeemed in part only in an Authorized Denomination and only if the unredeemed portion thereof is an Authorized Denomination.

So long as the Series 2024 Bonds are maintained under a book-entry system with DTC or any other securities depository in accordance with the Indenture: (a) if fewer than all of the Series 2024 Bonds are called for redemption, DTC, or such other securities depository, and not the Trustee, will select the particular accounts from which such Series 2024 Bonds or portions thereof will be redeemed in accordance with DTC's or such other securities depository's standard procedures for redemption of obligations such as the Series 2024 Bonds; and (b) if part, but not all, of any Series 2024 Bond shall be called for redemption, the owner of such Series 2024 Bond may elect not to surrender such Series 2024 Bond in exchange for a new Series 2024 Bond in accordance with the provisions of the Indenture and Series 2024 Bond, and in such event will be required to make a notation indicating the principal amount of such redemption and the date thereof on the payment grid attached to such Series 2024 Bond. For all purposes, the principal amount of each Series 2024 Bond outstanding at any time will be equal to the lesser of the principal sum shown on the face thereof and such principal sum reduced by the principal amount of any partial redemption of such Series 2024 Bond following which the owner thereof has elected not to surrender such Series 2024 Bond in accordance with the provisions of the Indenture and such Series 2024 Bond. The failure of the owner of a Series 2024 Bond to note the principal amount of any partial redemption on the payment grid attached thereto, or any inaccuracy therein, will not affect the payment obligation of the Authority under such Series 2024 Bond or the Indenture. THEREFORE, IT CANNOT BE DETERMINED FROM THE FACE OF A BOND WHETHER A PART OF THE PRINCIPAL THEREOF HAS BEEN PAID. For additional information concerning DTC and its Book-Entry Only System, see "THE SERIES 2024 BONDS – Book-Entry Only System" herein and Appendix G, "BOOK-ENTRY ONLY SYSTEM".

Notice of Redemption; Cessation of Interest. If any of the Series 2024 Bonds are called for redemption, notice thereof identifying the Series 2024 Bonds or portions thereof to be redeemed is required to be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid) not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Holder of each Series 2024 Bond to be redeemed at the address shown on the Bond Register the close of business on the day preceding the date of the mailing; provided, however, that failure to give such notice by mailing to any Holder of Series 2024 Bonds or any defect therein will not affect the validity of any proceedings for the redemption of any other Series 2024 Bonds with respect to which no such failure or defect occurred. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the Holder of such Series 2024 Bonds actually receives such notice.

The Indenture requires all notices of redemption to state: (1) the redemption date, (2) the redemption price, (3) the principal amount of Bonds to be redeemed, and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (4) that on the redemption date the redemption price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date, and (5) the place or places where the Bonds to be redeemed are to be surrendered for payment of the redemption price. If such notice of redemption is given in accordance with the Indenture, the Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Authority shall default in the payment of the redemption price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice such Bond shall be paid by the Authority at the redemption price. Installments of interest due on or prior to the redemption date shall be payable to the Holders of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds.

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date shall be deposited with the Trustee. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate. If any Bond called for redemption shall not be paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the Post-Default Rate.

Transfers of Series 2024 Bonds

Any Series 2024 Bond may be transferred or exchanged on the Bond Register upon surrender thereof at the operations office of the Trustee by the Holder in person or by his, her or its attorney-in-fact or legal representative duly authorized in writing together with a written instrument of transfer in form and with guarantee of signature satisfactory to the Trustee. Upon any such registration of transfer, the Authority is required to execute and the Trustee is required to authenticate and deliver in the name of the transferee a new fully registered Series 2024 Bond or new Series 2024 Bonds of like tenor, in Authorized Denominations, of the same series and in the same aggregate principal amount as the transferred or exchanged Series 2024 Bond.

The Trustee is not required (1) to transfer or exchange any Series 2024 Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Series 2024 Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Series 2024 Bond so selected for redemption in whole or in part.

No service charge shall be made for any transfer or exchange of Series 2024 Bonds, but the Trustee may require the payment by the Holder requesting the exchange or transfer of any governmental tax, fee or charge required to be paid with respect to such exchange or transfer.

Payment of Series 2024 Bonds

The principal of, premium, if any, and interest on the Series 2024 Bonds are payable in any currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and such principal and premium, if any, is payable when due at the operations office of the Trustee upon presentation and surrender thereof.

Payment of the interest on any Series 2024 Bond is required to be made to the person appearing on the Bond Register as the registered owner thereof at the close of business on the Regular Record Date and is required to be paid:

(a) by check or draft mailed by the Trustee to such Bondholder on the Interest Payment Date at such Bondholder's address as it appears on the Bond Register; or

(b) in the case of an interest payment to any owner of $500,000 in aggregate principal amount of Series 2024 Bonds of a series, at such Bondholder's option and upon agreement of the Bondholder to pay wire transfer charges, by wire transfer to such Bondholder upon written notice from such Bondholder containing the wire transfer address to which such Bondholder wishes to have such wire directed, which written notice is filed with the Trustee prior to close of business on such Regular Record Date.

Notwithstanding the foregoing, while the Series 2024 Bonds are held in the book-entry-only system described in the following section, all principal, premium, if any, and interest will be paid by DTC or its nominee by wire transfer.

Book-Entry-Only System

The Series 2024 Bonds are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, to which debt service payments on the Series 2024 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2024 Bonds. Individual purchases of the Series 2024 Bonds will be made in book-entry only form, and individual purchasers ("Beneficial Owners") of the Series 2024 Bonds will not receive physical delivery of bond certificates.

So long as DTC or its nominee is the registered owner of the Series 2024 Bonds, disbursement of debt service payments to DTC is the responsibility of the Trustee, disbursement of debt service payments to DTC Participants is the responsibility of DTC, and disbursement of debt service payments to the Beneficial Owner is the responsibility of DTC Participants or Indirect Participants as more fully described herein.

So long as Cede & Co., or any successor thereto, is the registered owner of the Series 2024 Bonds, as DTC's partnership nominee, references herein to the Bondholders or owners or registered owners of the Series 2024 Bonds shall mean DTC and shall not mean the Beneficial Holders of the Series 2024 Bonds. During such period, the Trustee and the Authority will recognize DTC or its partnership nominee as the owner of all of the Series 2024 Bonds for all purposes, including the payment of the principal of, premium, if any, and interest on the Series 2024 Bonds, as well as the giving of notices and voting.

THE AUTHORITY, THE FOUNDATION, THE UNIVERSITY AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OF THE SERIES 2024 BONDS WITH RESPECT TO: (a) THE SERIES 2024 BONDS; (b) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (c) THE PAYMENT OF ANY AMOUNT DUE TO ANY PARTICIPANT OR BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2024 BONDS; (d) THE DELIVERY BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE SERIES 2024 BONDS TO BE GIVEN TO BOND OWNERS; (e) THE SELECTION OF BENEFICIAL HOLDERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2024 BONDS; OR (f) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

For more details on DTC and the book-entry only system, see Appendix G, "BOOK-ENTRY ONLY SYSTEM".

SECURITY AND SOURCES OF PAYMENT

General

Pursuant to the Lease Agreement, the Foundation has agreed, among other things, to make rental payments to the Authority as will be sufficient to pay when due the principal of, premium, if any, and interest on the Series 2024 Bonds. See Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE LEASE AGREEMENT." Pursuant to the Indenture, the Authority has assigned to the Trustee, as security for payment of the Series 2024 Bonds and all Additional Bonds issued pursuant to the Indenture, all of the Authority's rights to receive these rental payments from the Foundation. See "SECURITY AND SOURCES OF PAYMENT – Trust Estate" herein.

The rental payments due under the Lease Agreement are limited obligations of the Foundation, payable solely from Basic Rental Payments (as defined in the Sublease Agreement) received by the Foundation pursuant to the

Sublease Agreement. See "CERTAIN BONDHOLDERS' RISKS – Limited Resources of the Foundation" herein and Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE LEASE AGREEMENT".

The Foundation's ability to make the rental payments required by the Lease Agreement, as and when due, is dependent upon its receipt of Basic Rental Payments (as defined in the Sublease Agreement) from the University in accordance with the terms and conditions of the Sublease Agreement. See "SECURITY AND SOURCES OF PAYMENT – The Sublease Agreement" and "CERTAIN BONDHOLDERS' RISKS" herein.

Pursuant to the Indenture, the Leasehold Mortgage and Lease Agreement, the Foundation has assigned to the Trustee, for the pro rata benefit of the holders of the Series 2024 Bonds and any Additional Bonds issued pursuant to the Indenture, all rights of the Foundation under the Sublease Agreement, including without limitation the basic rental payments required to be made by the University thereunder. See "SECURITY AND SOURCES OF PAYMENT – Trust Estate" herein.

The Sublease Agreement

Under the terms of the Sublease Agreement, the University will operate and maintain the Project and will make rental payments on or before the third Business Day prior to each Bond Payment Date to the Foundation in amounts sufficient to enable the Foundation to pay debt service on the Series 2024 Bonds. The rental and other obligations of the University under the Sublease Agreement constitute limited obligations of the University, payable from all legally available funds of the University, excluding any funds appropriated to the University by the State of Alabama.

The term of the Sublease Agreement begins on the date of issuance of the Series 2024 Bonds and ends approximately forty (40) years later.

In the Sublease Agreement, the University has covenanted that, so long as the Series 2024 Bonds are outstanding, until the Project is constructed the University will not locate the housing or related ancillary facilities to be conducted therein to any facility not included in the leased premises pursuant to the Sublease Agreement.

No obligation or agreement of the University under the Sublease Agreement shall be construed to constitute an obligation of the City of Jacksonville, Calhoun County, the State of Alabama, or any other political subdivision or public body thereof or a debt of the City of Jacksonville, Calhoun County, the State of Alabama, or any political subdivision or public body thereof, or as a pledge of the general credit, full faith or taxing power of the City of Jacksonville, Calhoun County, the State of Alabama, or any other political subdivision or public body thereof. Without limiting the foregoing, and notwithstanding any provision to the contrary contained in the Sublease Agreement, the Ground Lease or any other agreement between the University and the Foundation, under no circumstances shall any amount due and payable by the University under the Sublease Agreement be payable, in whole or in part, from moneys appropriated to the University by the State of Alabama, and the Foundation shall never have any right to demand payment of such amounts from the University from moneys appropriated to the University by the State of Alabama.

The Housing Development Agreement

Pursuant to the Housing Development Agreement, the Developer will agree to deliver the completed Project to the Foundation at or below a guaranteed maximum price, currently estimated to be approximately $89,000,000 (excluding change orders). The Housing Development Agreement will likely require substantial completion of the Project by August 10, 2026.

Subject to the terms of the Housing Development Agreement, the services to be provided by the Developer include all design, planning, permitting, engineering, development and construction activities and services necessary to complete the Project.

For additional information concerning the Project Developer, see "THE PROJECT – The Project Developer" herein.

Trust Estate

Pursuant to the Indenture, the Authority has assigned the following rights and property to the Trustee for the equal and ratable benefit of the Holders of the Series 2024 Bonds and all Additional Bonds issued pursuant to the Indenture (collectively, the "Trust Estate"):

(a) *Lease Payments and Lease Agreement.* A first-priority security interest in all rights of the Authority under the Lease Agreement, excluding certain rights reserved to the Authority. Pursuant to the Lease Agreement, the Foundation will be obligated to pay to the Authority such rental payments as will always be sufficient to pay when due the principal of, premium, if any, and interest on the Series 2024 Bonds. For additional information regarding the Lease Agreement, see Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE LEASE AGREEMENT". Pursuant to the Indenture, the Authority will assign to the Trustee as security for payment of the Series 2024 Bonds all of the Authority's rights to receive these rental payments from the Foundation but will reserve rights to continue to receive certain notices and indemnities.

(b) *Leasehold Mortgage*. A first-priority, non-foreclosable lien and security interest in the Authority's and the Foundation's leasehold estates in the Project. As security for the obligations of the Authority and the Foundation with respect to the Series 2024 Bonds, the Authority and the Foundation will execute and deliver to the Trustee, subject to the Permitted Encumbrances, the Leasehold Mortgage pursuant to which the Authority and the Foundation will grant to the Trustee a first leasehold mortgage lien on their interests in the Project and any improvements thereto or expansions thereof, all fixtures installed therein, and all equipment and furnishing located thereon, and all awards or payments, including all interest thereon, together with the right to receive the same, that may be made to the Authority or the Foundation with respect to the Bond-Financed Facilities as a result of the exercise of the right of eminent domain, any damage to or destruction of the Bond-Financed Facilities or any part thereof, or any other injury to or decrease in the value of the Bond-Financed Facilities, and all right, title and interest of the Authority and the Foundation in and to any policies of insurance with respect to any damage to or destruction of the Bond-Financed Facilities. Additionally, pursuant to the Leasehold Mortgage, the Foundation will collaterally assign to the Trustee the rentals payable to the Foundation by the University under the Sublease Agreement. The mortgage lien of the Leasehold Mortgage, however, is not foreclosable, and the remedies available to the Trustee and the holders of the Bonds issued under the Indenture will not include foreclosure or sale of the Bond-Financed Facilities or any part thereof or interest therein. However, the Trustee's remedies under the Leasehold Mortgage upon an event of default thereunder do include, without limitation, the right to accelerate all indebtedness secured by the Leasehold Mortgage (including the Series 2024 Bonds), take possession of the Bond-Financed Facilities and exclude the Authority and the Foundation (and by extension, the University) therefrom, and administer, manage and operate the Bond-Financed Facilities to the same extent that the Authority or the Foundation could do so. For additional information regarding the Leasehold Mortgage, see Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE LEASEHOLD MORTGAGE".

(c) *Certain Indenture Funds.* A first-priority security interest in all money and investments from time to time on deposit in, or forming a part of, the accounts and subaccounts established for the Series 2024 Bonds under the Debt Service Fund, the Costs of Issuance Fund and the Acquisition Fund. See "SECURITY AND SOURCES OF PAYMENT – Debt Service Fund, – Acquisition Fund, and – Costs of Issuance Fund" herein. No security interest is granted with respect to any money or investments that may from time to time be on deposit in or otherwise forming a part of the Operating and Capital Reserve Fund. See "SECURITY AND SOURCES OF PAYMENT – Operating and Capital Reserve Fund" herein.

(d) *Construction Documents.* A security interest in all rights of the Foundation under the Housing Development Agreement and all other agreements for construction, architectural, engineering or disbursement services and all plans and specifications made or entered into in connection with the design, development or construction of the Project.

Debt Service Fund

The Indenture establishes a special trust fund which shall be designated the "Debt Service Fund" and shall consist of two special accounts to be designated the "Capitalized Interest Account" the "Debt Service Account". The Capitalized Interest Account of the Debt Service Fund shall consist of two subaccounts, the "Series 2024-A Subaccount" and the "Series 2024-B Subaccount", and the Debt Service Account of the Debt Service Fund shall also consist of two subaccounts, the "Series 2024-A Subaccount" and the "Series 2024-B Subaccount". The Trustee shall be the depository, custodian and disbursing agent for the Debt Service Fund.

On each Bond Payment Date, money in the appropriate subaccount of the appropriate Debt Service Account of the Debt Service Fund shall be applied by the Trustee to pay Debt Service on each series of the Series 2024 Bonds; provided, however, that moneys on deposit in the Capitalized Interest Account shall be transferred from the appropriate subaccount of the Capitalized Interest Account to the appropriate subaccount of the Debt Service Fund in the amount of interest coming due on the Series 2024-A Bonds and Series 2024-B Bonds, respectively, on each Bond Payment Date until the amount on deposit in the applicable subaccount of the Capitalized Interest Account, together with investment earnings thereon, has been depleted.

If on any Bond Payment Date, the amount on deposit in the Debt Service Fund or any account or subaccount thereof is not sufficient to pay Debt Service on the Series 2024 Bonds due and payable on such date, (i) the Lease Agreement requires the Foundation to cause the University, under the Sublease Agreement, to immediately deposit the amount of such deficiency in the appropriate account or subaccount of the Debt Service Fund, and (ii) the Sublease Agreement requires the University to immediately deposit the amount of such deficiency in the appropriate account or subaccount of the Debt Service Fund.

Upon the occurrence and continuance of an Event of Default, amounts then on deposit, if any, in the Debt Service Fund shall be applied to the Series 2024 Bonds. For additional information regarding the Debt Service Fund, see Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE INDENTURE – Debt Service Fund."

Acquisition Fund

The Indenture establishes a trust fund that shall be designated the "Series 2024 Acquisition Fund" (the "Acquisition Fund") and shall consist of two special accounts to be designated the "Series 2024-A Account" and the "Series 2024-B Account". The Trustee shall be the depository, custodian and disbursing agent for the Acquisition Fund. Deposits to the Acquisition Fund are to be made from proceeds of the Series 2024 Bonds on the date of initial delivery thereof. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Money in the Acquisition Fund shall be paid out by the Trustee from time to time for the purpose of paying Acquisition Costs (including reimbursement of the Foundation for any such costs paid by it) upon delivery to the Trustee of a requisition (a "Requisition") substantially in the form attached to the Lease Agreement, executed by an Authorized JSUF Representative and the Project Developer.

After an Authorized JSUF Representative (as defined in the Indenture) delivers a Completion Certificate to the Trustee, amounts on deposit in the Acquisition Fund shall be withdrawn by the Trustee and applied as follows:

(1) As respects any balance in the Series 2024-A Account of the Acquisition Fund not then earmarked for payment of Acquisition Costs (the “2024-A Acquisition Fund Remaining Balance”):

(I) for a period of forty-five (45) days following the date of the Completion Certificate (the “Remaining Balance Direction Period”), JSUF shall have the right for a JSUF Representative to direct the Trustee in writing that all or a portion of the 2024-A Acquisition Fund Remaining Balance be deposited into the Series 2024-A Subaccount of the Capitalized Interest Account or into a Special Reserve Fund (and, if such direction is for a deposit of funds into both the Series 2024-A Subaccount of the Capitalized Interest Account and a Special Reserve Fund, then such direction shall specify the amount to be deposited into the Series 2024-A Subaccount of the Capitalized Interest Account and into the Special Reserve Fund); provided, such written direction to the Trustee shall be accompanied by a Favorable Tax Opinion addressed to the Trustee and the Authority; and

(II) following the earlier to occur of (i) delivery of the direction and Favorable Tax Opinion described in (I) immediately above, (ii) expiration of the Remaining Balance Direction Period, or (iii) JSUF directing the Trustee in writing that it has elected to waive the Remaining Balance Direction Period, any amounts then on deposit in the Series 2024-A Account of the Acquisition Fund shall be applied to the redemption of as many Series 2024-A Bonds as possible in accordance with Section 6.1(j)(3) of the Indenture, and the balance remaining in the Series 2024-A Account of the Acquisition Fund, if any, after such redemption shall be deposited in the Series 2024-A Subaccount of the Debt Service Account and applied to the payment of principal on the Series 2024-A Bonds on the next ensuing Bond Payment Date on which principal payments are to be made.

(2) As respects any balance in the Series 2024-B Account of the Acquisition Fund not then earmarked for payment of Acquisition Costs (the “2024-B Acquisition Fund Remaining Balance”):

(I) for the Remaining Balance Direction Period, JSUF shall have the right for a JSUF Representative to direct the Trustee in writing that all or a portion of the 2024-B Acquisition Fund Remaining Balance be deposited into the Series 2024-B Subaccount of the Capitalized Interest Account or into a Special Reserve Fund (and if such direction is for a deposit of funds into both the Series 2024-B Subaccount of the Capitalized Interest Account and a Special Reserve Fund, then such direction shall indicate the amount to be deposited into the Series 2024-B Subaccount of the Capitalized Interest Account and into the Special Reserve Fund); and

(II) following the earlier to occur of (i) delivery of the direction described in (I) immediately above, (ii) expiration of the Remaining Balance Direction Period, or (iii) JSUF directing the Trustee in writing that it has elected to waive the Remaining Balance Direction Period, any amounts then on deposit in the Series 2024-B Account of the Acquisition Fund shall be deposited in the Series 2024-B Subaccount of the Debt Service Account and applied to the payment of Debt Service on the Series 2024-B Bonds on the next ensuing Bond Payment Date on which payments of Debt Service are to be made.

Upon the occurrence and continuance of an Event of Default, amounts then on deposit, if any, in the Acquisition Fund shall be applied to the Series 2024 Bonds. For additional information regarding the Acquisition Fund, see Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE INDENTURE – Acquisition Fund."

Costs of Issuance Fund

The Indenture establishes a trust fund that shall be designated the "Costs of Issuance Fund" (the "Costs of Issuance Fund") and shall consist of two special accounts to be designated the "Series 2024-A Account" and the "Series 2024-B Account". The Trustee shall be the depository, custodian and disbursing agent for the Costs of Issuance Fund. Deposits to the Costs of Issuance Fund are to be made from proceeds of the Series 2024-A Bonds and Series 2024-B Bonds on the date of initial delivery thereof.

Money in the Costs of Issuance Fund shall be paid out by the Trustee for the purpose of paying Costs of Issuance with respect to the Series 2024 Bonds. After the Foundation certifies to the Trustee that money remaining in the Costs of Issuance Fund is not needed to pay Costs of Issuance with respect to the Series 2024 Bonds, any balance remaining in the Costs of Issuance Fund shall be deposited in the Series 2024-A Account and/or the Series 2024-B Account of the Acquisition Fund, as applicable.

Upon the occurrence and continuance of an Event of Default, amounts then on deposit, if any, in the Costs of Issuance Fund shall be applied to the Series 2024 Bonds. For additional information regarding the Costs of Issuance

Fund, see Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE INDENTURE – Costs of Issuance Fund."

Operating and Capital Reserve Fund

The Indenture establishes a special fund designated the "Operating and Capital Reserve Fund" (the "Operating and Capital Reserve Fund"). The Trustee shall be the depository, custodian and disbursing agent for the Operating and Capital Reserve Fund. <u>The Operating and Capital Reserve Fund is not subject to the lien of the Indenture, is not pledged as security for the Series 2024 Bonds, and does not constitute part of the Trust Estate</u>.

No funds will be on deposit in the Operating Capital Reserve Fund at the time of issuance of the Series 2024 Bonds, and the Indenture does not require any deposits to be made into the Operating and Capital Reserve Fund, whether by the University, JSUF, the Authority, or any other entity.

The University shall have the right, but not the obligation, to make deposits from time to time into the Operating and Cash Reserve Fund. Money, if any, on deposit in the Operating and Capital Reserve Fund shall be paid out by the Trustee from time to time, upon the written direction of the University, for the purpose of paying operating and capital expenses of the Project, including, but not limited to, repair, maintenance and capital improvements to the Project, and for the purpose of paying debt service on the Series 2024 Bonds. Also, upon the occurrence and continuance of an Event of Default arising from the failure to timely pay debt service on the Series 2024 Bonds, the Trustee shall withdraw amounts, if any, then on deposit in the Operating and Capital Reserve Fund necessary to pay the then-unpaid debt service on the Series 2024 Bonds. During the continuance of an Event of Default arising from the failure to timely pay debt service on the Series 2024 Bonds, the only permitted withdrawal from the Operating and Capital Reserve Fund shall be to pay debt service on the Series 2024 Bonds as aforesaid, and no other withdrawal from the Operating and Capital Reserve Fund, whether at the direction of the University or otherwise, may be permitted during such time.

For the avoidance of doubt, the University shall never be required to deposit any amounts into the Operating and Cash Reserve Fund.

Additional Bonds

Pursuant to the Indenture, the Authority may at any time and from time to time (but only upon instructions of the University), if no Indenture Default exists, issue Additional Bonds secured by the Trust Estate on an equal and parity basis with the Series 2024 Bonds. Such Additional Bonds are required to be issued in such series and principal amounts, to be dated, to bear interest at such rate or rates, to be subject to redemption at such times and prices and to mature in such years as the supplemental indenture authorizing the issuance thereof will fix and determine and are required to be authenticated as provided in the Indenture. For additional information regarding the issuance of Additional Bonds, see Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE INDENTURE – Additional Bonds".

Prior to the issuance of such Additional Bonds, the Foundation must, among other things, (a) certify to the Trustee that the Additional Bonds constitute Completion Bonds or that the proceeds of such Additional Bonds will be used to pay the costs of acquiring and constructing housing facilities to be located on the University campus, and (b) if applicable, provide an opinion of Bond Counsel to the Authority that the issuance of the Additional Bonds will not cause interest on the other Bonds then issued and outstanding under the Indenture to become taxable. For additional information regarding the requirements that must be satisfied prior to the issuance of Additional Bonds, see Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE INDENTURE – Additional Bonds".

BOND INSURANCE

The information contained in this section has been supplied by and relates to BAM (as defined below) for use in this Official Statement. No representation is made by the Authority, the Foundation, the University or the Underwriter as to the accuracy or completeness of this information.

Bond Insurance Policy

Concurrently with the issuance of the Series 2024 Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policies (the "Policies") for the Series 2024-A Bonds and the Series 2024-B Bonds. The Policies guarantee the scheduled payment of principal of and interest on the Series 2024-A Bonds and the Series 2024-B Bonds when due as set forth in the form of the Policies included as Appendix H to this Official Statement.

The Policies are not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2024 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2024 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2024 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2024 Bonds, nor does it guarantee that the rating on the Series 2024 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $486.0 million, $232.7 million and $253.3 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2024 Bonds or the advisability of investing in the Series 2024 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at https://bambonds.com/insights/#video. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2024 Bonds, and the University and Underwriters assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2024 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2024 Bonds, whether at the initial offering or otherwise.

DEBT SERVICE REQUIREMENTS

The following table sets forth debt the scheduled debt service requirements on the Series 2024 Bonds:

	Series 2024-A Bonds		Series 2024-B Bonds		
Fiscal Year Ending September 30	Principal[1]	Interest[2]	Principal	Interest[3]	Total Debt Service
2025	--	$2,870,288	--	$266,772	$3,137,060
2026	--	4,492,625	--	417,556	4,910,181
2027	--	4,492,625	$1,415,000	417,556	6,325,181
2028	--	4,492,625	1,490,000	345,038	6,327,663
2029	--	4,492,625	1,570,000	266,813	6,329,438
2030	--	4,492,625	1,650,000	184,388	6,327,013
2031	--	4,492,625	1,740,000	95,700	6,328,325
2032	$1,835,000	4,492,625	--	--	6,327,625
2033	1,930,000	4,400,875	--	--	6,330,875
2034	2,025,000	4,304,375	--	--	6,329,375
2035	2,125,000	4,203,125	--	--	6,328,125
2036	2,230,000	4,096,875	--	--	6,326,875
2037	2,345,000	3,985,375	--	--	6,330,375
2038	2,460,000	3,868,125	--	--	6,328,125
2039	2,585,000	3,745,125	--	--	6,330,125
2040	2,715,000	3,615,875	--	--	6,330,875
2041	2,850,000	3,476,731	--	--	6,326,731
2042	3,000,000	3,330,669	--	--	6,330,669
2043	3,150,000	3,176,919	--	--	6,326,919
2044	3,315,000	3,015,481	--	--	6,330,481
2045	3,480,000	2,845,588	--	--	6,325,588
2046	3,665,000	2,662,888	--	--	6,327,888
2047	3,855,000	2,470,475	--	--	6,325,475
2048	4,060,000	2,268,088	--	--	6,328,088
2049	4,275,000	2,054,938	--	--	6,329,938
2050	4,495,000	1,830,500	--	--	6,325,500
2051	4,720,000	1,605,750	--	--	6,325,750
2052	4,960,000	1,369,750	--	--	6,329,750
2053	5,205,000	1,121,750	--	--	6,326,750
2054	5,465,000	861,500	--	--	6,326,500
2055	5,740,000	588,250	--	--	6,328,250
2056	6,025,000	301,250	--	--	6,326,250

(1) For purposes of this table, the principal amount of Series 2024 Bonds to be retired in a fiscal year pursuant to mandatory redemption provisions is shown as maturing in that fiscal year.
(2) Interest through February 1, 2027, paid from funds deposited in the Capitalized Interest Account of the Debt Service Fund for Series 2024-A Bonds.
(3) Interest through February 1, 2027, paid from funds deposited in the Capitalized Interest Account of the Debt Service Fund for Series 2024-B Bonds.

THE AUTHORITY

The Authority is a public corporation created by the City of Jacksonville, Alabama (the "City") pursuant to §16-18-1 et seq., Code of Alabama (1975), as amended (the "Act"). The Act grants the Authority, among others, the powers, authority and rights to issue revenue bonds for the purpose of aiding any accredited institutions of higher education in financing or refinancing educational facilities and housing facilities and facilities which are incidental, subordinate or related thereto or appropriate in connection therewith.

All of the Authority's property and affairs are controlled by, and all of its power are exercised through, a board of directors (the "Authority Board") consisting of three members, each appointed by the City Council of the City. After the initial terms of the initial Authority Board members (which are one-, two- and three-year terms, respectively), Authority Board members serve six-year terms, and each Authority Board member may serve an unlimited number of six-year terms. Authority Board members serve until their successors have been appointed. All vacancies on the Authority Board are filled by the City Council of the City.

The officers of the Authority consist of a chairman, a vice chairman, a secretary and a treasurer, each selected by the Authority Board from among its members and whose terms of office and duties are described in the Authority's bylaws. All officers are subject to removal from office, with or without cause, at any time by a vote of a majority of the entire Authority Board. Vacancies may be filled by the Authority Board.

Neither the members of the Authority Board nor the Board's officers receive compensation for serving in such roles, but they are entitled to reimbursement for expenses incurred in performing such service.

The Authority has no assets, property, or employees. Other than legal counsel, the Authority has not engaged any consultant or other professional. THE AUTHORITY HAS NO TAXING POWER.

The Authority is not receiving a fee in connection with the issuance of the Series 2024 Bonds.

The Authority has issued the Series 2024 Bonds solely to carry out the Authority's statutory purposes. The Foundation has agreed to indemnify the Authority for certain matters.

The Authority Board members are not personally liable in any way for any act or omission committed or suffered in the performance of the functions of the Authority.

Neither the Authority nor the City has assumed any responsibility for the matters contained herein except, in the case of the Authority, solely as to matters relating to the Authority. All findings and determinations made with respect to the Series 2024 Bonds by the Authority and the City, respectively, are and have been made by each for its own internal uses and purposes. The City does not endorse in any manner, directly or indirectly, guarantee or promise to pay the Series 2024 Bonds from any source of funds of the City or guarantee, warrant or endorse the creditworthiness or credit standing of the Foundation or the University, or in any manner guarantee, warrant or endorse the investment quality or value of the Series 2024 Bonds or the financial feasibility of the Project. The Series 2024 Bonds are payable solely as described in this Official Statement and are not in any manner payable from any funds or properties otherwise belonging to the Authority. By its issuance of the Series 2024 Bonds, the Authority does not in any manner, directly or indirectly, guarantee, warrant or endorse the creditworthiness or credit standing of the Foundation or the University or the investment quality or value of the Series 2024 Bonds or the financial feasibility of the Project.

The Authority makes no warranty or representation, whether express or implied, with respect to the Project or the use thereof. Further, the Authority has not prepared any material for inclusion in this Official Statement, except that material under the headings "THE AUTHORITY" and "LITIGATION – The Authority." The distribution of the information contained under the captions "THE AUTHORITY" and "LITIGATION – The Authority" contained in this Official Statement has been duly approved and authorized by the Authority. Such approval and authorization does not, however, constitute a representation or approval by the Authority of the accuracy or sufficiency of any of the information contained herein except to the extent of the material under the headings referenced in this paragraph.

THE PROJECT

General

The Project will be known as "West Village Housing" and will be located behind the University's baseball field in the western quadrant of the University's campus. It will consist of a new residence hall for students of the University and will contain approximately 717 beds. It is presently anticipated that the Project will be comprised of 424 four bedroom (and four bathroom) units; 60 two-bedroom (and two-bathroom) units; and 13 one-bedroom (and one-bathroom) units, along with a conference room, study rooms, and other amenities for residents of the facility. Additional details are as follows:

West Village Housing			
Apartment Unit Types	**Number of Units**	**Number of Beds**	**Number of Bathrooms**
Four Bedroom	79	316	79
Two Bedroom	10	20	10
One Bedroom	3	3	3
Total Apartment Unit Types	92	339	92
Semi-Suite Unit Types	**Number of Units**	**Number of Beds**	**Number of Bathrooms**
Four Bedroom	79	316	158
Two Bedroom	27	54	27
One Bedroom	8	8	8
Total Semi-Suite Unit Types	114	378	193
Total	**206**	**717**	**285**

The Project will offer affordable, on-campus residential options that will aid the University in reducing waitlists for freshman housing. See "THE UNIVERSITY – the Project" herein. Below is a preliminary rendering of the new Project.

The Housing Developer

Pursuant to the Housing Development Agreement, the Housing Developer will agree to design, develop, equip, furnish and construct the Project on behalf of the Foundation. The Housing Developer is headquartered in Valdosta, Georgia, and, through its affiliates, has development experience since 1995, including more than 58,000 beds of student housing, among 96 projects and across 25 states nationwide. The Housing Developer's expertise includes significant replacement housing projects with multiple phases of construction and demolition across multiple campus sites as well as single-site new construction. Additionally, the Housing Developer has experience with dining halls (6,000 dining seats), parking decks (approximately 9,000 structured parking spaces) and mixed-use facilities, including retail space (315,000 square feet of retail). The development value of RISE projects exceeds $4.0 billion.

The Housing Developer also served as project developer for the facilities financed with proceeds of the Series 2023 Bonds heretofore issued by the University. The projects financed with proceeds of those bonds have been completed. See “UNIVERSITY FINANCIAL INFORMATION – Series 2023 Bonds – Athletic, Housing and Dining Projects” herein.

Choate Construction Company (“Choate Construction”) has been selected as the general contractor for the Housing Facility, and Niles Bolton & Associates (“Niles Bolton”) has been selected as the architect for the Housing Facility.

Founded in 1989, Choate Construction is based in Atlanta, Georgia, with regional offices in Charleston, Charlotte, Nashville, Raleigh and Savannah. Today, Choate Construction employs over 480 full-time professionals, is 100% employee owned and provides general contracting and construction management services. Choate Construction was named Southeast General Contractor of the year in 2018 by ENR and has delivered over 21,000 student housing beds on-time and within budget for projects benefitting students attending Appalachia State University, the University of Georgia, Western Carolina University, Elon University, Kennesaw State University and West Virginia State University, among others. More than 6,000 of Choate Construction's student housing beds have been completed under RISE as developer and Niles Bolton as architect, which includes the Phase 1 housing project for the University.

Niles Bolton is currently ranked as the #1 largest student housing designer in the country by Building Design + Construction Magazine and has designed 77,750 on-campus student beds, 55,000 off-campus student beds, and over 750,000 multi-family units. For over 45 years, the principals of Niles Bolton have served as architects on a wide mix of student housing projects, including traditional residence halls, apartment style facilities and mixed-use residential villages, which includes over 46,000 student beds totaling over 18 MM SF of facilities across 25 years in working with the affiliates of RISE. Public-private-partnership (a.k.a., "P3") experience with affiliates of RISE includes 60 projects including 3,600 beds at Louisiana State University and 2,300 beds at Appalachian State University.

THE FOUNDATION

General

The Foundation is a nonprofit corporation formed in 1978 under the laws of the State of Alabama. The Foundation is also an organization that is exempt from federal income tax pursuant to §501(c)(3) of the Internal Revenue Code of 1986, as amended. It was organized and is operated exclusively for the benefit of the University with the general objective of providing support for and assisting in the accomplishment of the educational purposes of the University. The Foundation does not have members.

Foundation Governance

The Foundation is governed by a Board of Directors. The Board of Directors is comprised of twenty-four (24) individuals, twenty-one (21) of whom are public directors elected by the members of the Board of Directors and three (3) of whom are faculty directors elected by the Faculty Senate of the University. Each public director and faculty director is entitled to vote. Additionally, there are five (5) ex-officio members of the Board of Directors, comprised of (i) the President of the University; (ii) the Vice-President for University Advancement of the University; (iii) the Treasurer of the Foundation; (iv) the Executive Director of Marketing and Communications of the University; and (v) the President of the University Student Government Association, none of whom are entitled to vote. The Foundation may select emeritus directors from any retiring or retired member of the Board of Directors who has provided outstanding service to the Board of Directors. Emeritus directors do not have the right to vote. Finally, the Executive Director of the Foundation is a permanent director and is not entitled to vote.

The following individuals constitute the current Board of Directors of the Foundation:

Mr. Marcus E. Angle
Mr. Louis A. Bass
Mrs. Nancy L. Chambers
Dr. Ronnie J. Clayton
Mrs. Sheri C. Harbison
Mr. Donald Hedden
Mr. Larry C. Jackson
Mr. Bob Kennamer*
Mr. Floyd Kirby*
Mr. Charles Leesburg*
Dr. Gary O. Lewis
Mr. John Mann*
Mr. Don Martin*
Mr. Gregory B. Morrow
Mrs. Cheryl B. Orange

Mrs. Susan A. Pinkard
Mr. Eric J. Powell
Mr. Ted Propes*
Mr. Charlie Robinson*
Mrs. Vickie L. Saxon
Mr. Terry Smiley
Dr. John E. Sneed**
Mr. James Storey*
Dr. Gregory E. Sumner
Dr. Lewis G. Sumner
Mr. John T. Thomas
Mr. Braxton E. Wade
Mrs. Cynthia M. Watson
Mr. Phil Webb
Mr. William J. Webb
Mr. Roger Whitaker*
Mr. Kenneth Wright

*Denotes Emeritus Director
** Denotes Faculty Director

Foundation Executive Leadership

The Foundation has executive officers consisting of a President, a Vice President, a Secretary and a Treasurer. The President and Vice President are elected from the public directors of the Board of Directors. The Treasurer is elected by the Board of Directors and serves as an ex-officio member of the Board of Directors. The following individuals currently serve as officers of the Foundation:

Terry Smiley, President

Marc Angle, Vice-President

Ken Howell, Treasurer

Alan Medders, Secretary

In addition to the executive officers, an Executive Director of the Foundation is appointed by the President. The Executive Director has charge of and is responsible for all funds and property of the Foundation. The Executive Director is currently Dr. Alan Medders.

NO RECOURSE AGAINST THE FOUNDATION'S DIRECTORS AND OFFICERS

No recourse under or upon any obligation, covenant or agreement contained in the Lease Agreement, in any of the other Bond Documents, or in any other documents delivered in connection with the issuance of the Series 2024 Bonds, or for any claim based thereon, or under any judgment obtained against the Foundation, or by the enforcement of any assessment or penalty or otherwise or by any legal or equitable proceeding by virtue of any constitution, rule of law or equity, or statute or otherwise or under any other circumstances, under or independent hereof, will be had against any incorporator, director or officer, as such, past, present or future of the Foundation or the Foundation, or any incorporator, director or officer of any successor entity, as such, either directly or through the Foundation or any successor entity, or otherwise, for the payment for or to the Foundation or any receiver thereof, of any sum that may be due and unpaid by the Foundation under the Lease Agreement, any of the other Bond Documents or any other documents delivered in connection with the issuance of the Series 2024 Bonds.

THE UNIVERSITY

THE FOLLOWING INFORMATION CONCERNING THE UNIVERSITY IS PRESENTED AS IT MAY BE RELEVANT TO A COMPLETE UNDERSTANDING OF THE PROJECT. HOWEVER, EXCEPT TO THE EXTENT OF ITS OBLIGATION TO MAKE RENTAL PAYMENTS UNDER THE SUBLEASE AGREEMENT, THE UNIVERSITY HAS NO OBLIGATION, EXPRESS OR IMPLIED, WITH RESPECT TO THE PAYMENT OF DEBT SERVICE ON THE SERIES 2024 BONDS, AND NO ASSETS, REVENUES OR OTHER PROPERTY OF THE UNIVERSITY IS COMMITTED, DIRECTLY OR INDIRECTLY, AS SECURITY FOR PAYMENT OF THE SERIES 2024 BONDS. THE SERIES 2024 BONDS ARE PAYABLE SOLELY FROM THE TRUST ESTATE.

THE FOLLOWING INFORMATION DOES NOT CONTAIN AUDITED FINANCIAL INFORMATION FOR THE SEPTEMBER 30, 2024 FISCAL YEAR, WHICH INFORMATION IS NOT AVAILABLE AS OF THE DATE OF THIS OFFICIAL STATEMENT; HOWEVER, THE UNIVERSITY REPRESENTS THAT, SINCE THE DATES OF THE INFORMATION SET FORTH BELOW, THERE HAS BEEN, TO THE KNOWLEDGE OF THE UNIVERSITY, NO MATERIAL ADVERSE CHANGE IN THE ASSETS, LIABILITIES OR FINANCIAL CONDITION OF THE UNIVERSITY.

The University is a public corporation and instrumentality of the State of Alabama existing under the provisions of Chapter 52, Title 16, Code of Alabama (1975), as amended. The campus of the University is located in Jacksonville, Alabama, which is located approximately 13 miles north of Anniston, Alabama. Anniston, Alabama is located on Interstate 20 midway between Birmingham, Alabama, and Atlanta, Georgia.

History

On February 22, 1883, the Alabama Legislature created the Jacksonville State Normal School as a two-year college for elementary teacher training. In 1929, the institution was changed from a State Normal School to a four-year State Teachers College offering the baccalaureate degree. As the college grew, a diversified curriculum began to attract students majoring in fields other than education. By 1957, the institution had progressed to the point where the Legislature changed the name to Jacksonville State College. A master's degree program was initiated with the first graduate degrees being awarded in 1959. The institution grew rapidly through the next few years and was designated Jacksonville State University by the Alabama Legislature on November 22, 1966. The campus has grown to be one of the premier higher education facilities in Alabama. As of the fall of 2024, the student body numbered approximately 9,955, the highest in the University's history, with 59 buildings on a campus comprising 459 acres. The University is located on a single campus in Jacksonville, Alabama, with owned or shared facilities in Gadsden, Alabama, and Anniston, Alabama. In addition, distance learning classes are taught by compressed video in Gadsden, Oxford, Anniston and Fort Payne (all in Alabama) along with Internet and television courses.

General

The University is a state-supported, coeducational institution providing up to six years of study. Its purpose is to provide quality education integrating traditional academic pursuits with career-oriented programs at reasonable costs to its students. In addition, the University provides service to the community in northeast Alabama through consulting and research activities and continuing education programs.

In the fall of 2023, approximately 45 states were represented in the enrollment of the University with 251 foreign students from 63 different countries. A significant segment of the enrollment is from Alabama and the adjacent states of Georgia and Florida. Within Alabama, virtually all areas of the state are represented in the enrollment. This representation is particularly strong, however, in the northeastern part of the state where the University is located.

Enrollment

Fall 2024 enrollment (i.e., total students in attendance, irrespective of course-load) for the University as a whole was 9,955. This includes 8,095 in-state students, 1,566 out-of-state students, and 294 international students. Historical enrollment at the University for the academic years shown below is as follows:

Total Enrollment

Year	Total Enrollment	Undergraduate	Graduate	Distance Learning[(1)]
2024	9,955	8,663	1,292	7,384
2023	9,672	8,378	1,294	7,015
2022	9,633	8,311	1,322	6,571
2021	9,540	8,067	1,473	6,557
2020	9,238	7,747	1,491	7,580
2019	9,021	7,749	1,272	6,329
2018	8,479	7,321	1,158	4,226
2017	8,567	7,491	1,076	4,019

(1) Reflects number of students taking one or more courses on-line.

The following charts demonstrate student demographics at the University for the current fall semester and for the fall semester of the academic years shown, including the mix of in-state and out-of-state enrollment and full-time and part-time enrollment:

In-State and Out-of-State Enrollment

Year	In-State	Out-of-State	International	Total
2024	8,095	1,566	294	9,955
2023	7,836	1,585	251	9,672
2022	7,838	1,615	180	9,633
2021	7,863	1,528	149	9,540
2020	7,644	1,470	124	9,238
2019	7,428	1,440	153	9,021
2018	6,983	1,339	157	8,479
2017	7,107	1,287	173	8,567

Full-Time and Part-Time Enrollment

Year	Full-Time	Part-Time	Total
2024	7,056	2,899	9,955
2023	6,960	2,712	9,672
2022	6,950	2,683	9,633
2021	6,729	2,811	9,540
2020	6,484	2,754	9,238
2019	6,243	2,778	9,021
2018	5,707	2,772	8,479
2017	5,756	2,811	8,567

Applications and Admissions

As illustrated in the chart below, the University has experienced strong growth in the number of applications and admissions since 2017. The University attributes this growth to increased marketing efforts on several fronts. Recruitment communications through emails, text messages and phone calls have been expanded through a "Sophomore, Junior, Senior" prospect search campaign that included purchasing over 80,000 name buys. The University has also partnered with EAB Global, Inc. in application marketing and yield communications. A transfer student search campaign with additional name buys and "pathway agreements" with community colleges or industry partners for credit articulation or tuition assistance have been ramped up. There has been increased focus on scholarship/financial aid optimization and matriculation of dual enrollment students to the University. The University is also implementing new programs, including a Master's in Athletic Training and a Master's in Geographic Information Science and Technology, to attract additional students. The University believes that all of these efforts are contributing to growth in applications, admissions and degrees awarded. The following chart demonstrates the total number of applicants and admissions at the University for the current fall semester and for the fall semester of the prior academic years shown:

Applicants and Admissions

Year	Applicants	Acceptances	Number Enrolled
2024	11,199	8,792	1,737
2023	12,008	9,152	1,815
2022	12,570	9,863	1,941
2021	10,483	8,003	1,818
2020	10,932	6,963	1,313
2019	10,217	5,589	1,493
2018	6,108	3,243	1,073
2017	6,056	3,265	1,147

Personnel and Governance

For the 2023 fiscal year, University personnel (full-time regular) totaled approximately 1,276. The full-time employee total was approximately 999 (including 345 faculty members), with an additional 227 part-time employees (including 183 faculty members.

The University is governed by a Board of Trustees (the "University Board") consisting of the Governor of the State of Alabama and the State Superintendent of Education, as ex-officio members, and nine additional members each appointed by the Governor (subject to the advice and consent of the State Senate) for twelve-year terms. Members whose terms expire continue to serve until reappointed or replaced. The University Board consists of two members from the congressional district in which the University is located (the Third District), one member from each of the other congressional districts in the State and one at-large member. Appointments are staggered so that one-third of the members are appointed every four years. University Board members receive no compensation but are reimbursed for actual expenses. No employee of the University is eligible to serve as a member of the University Board. The University Board delegates to the President of the University by explicit policy sufficient authority to administer the affairs of the University and he, in turn, delegates authority to other University officials. Institutional decision-making, however, is affected by means of a system of internal governance.

The following persons constitute the University Board:

Board Members	Term Expires
Honorable Key Ivey, *Governor*	Ex Officio
Sen. Vivian Davis Figures, *District One*[1]	2023
Ms. Gale Saxon Main, *District Two*[1]	2023
Mr. Greg Brown, *District Three*	2027
Mr. Tony Smoke, *District Three*	2022
Mr. Clarence W. Daugette, III, *District Four*[1]	2023
Mr. Randall E. Jones, *District Five*	2027
Mr. Rusty Fuller, *District Six*	2025
Mr. Drew Linn, *District Seven*	2025
Mr. Randy Owen, *At–Large*	2024
Mr. Tony Ingram, *At–Large*	2027

[1] Updated appointments for Figures, Main and Daugette pending confirmation at next session of the Alabama Legislature.

Organization and Administration

The organization and administration of the University are established in accordance with the standards set by the State of Alabama, the Southern Association of Colleges and Schools and other accrediting bodies and with regulations stipulated by the federal government. The University is administered in compliance with these regulatory authorities and the statutory authority granted to the University Board.

The President of the University is responsible to the University Board for the overall administration of the institution and serves as the Board's Secretary. Members of the administration are:

Don C. Killingsworth, Jr., Ed.D.; President. Dr. Don C. Killingsworth, Jr. was appointed in 2020 as the thirteenth President in the over 125-year history of the University. Dr. Killingsworth graduated from the University with a bachelor's degree in geography in 1999 and a master's degree in counseling in 2001, and subsequently received his doctorate in higher education administration from the University of Alabama in 2016. Following receipt of his master's degree, Dr. Killingsworth worked for more than one year as a consultant for American College Testing, Inc., the provider of the ACT college entrance exam. He returned to the University in 2002 to serve as coordinator of Academic Advisement, and soon after was named director of Government Relations. He was later promoted to Chief Government Relations and Community Engagement Officer.

In addition to his role as President, Dr. Killingsworth continues to serve in a leadership role for the Higher Education Partnership as Chairperson for the Council of University Governmental Affairs Representatives, a group comprised of lobbyists from Alabama's 14 public universities.

Dr. Arlitha Williams-Harmon; Sr. Vice President Finance & Administration/CFO. Dr. Arlitha Williams-Harmon has a decade of exceptional leadership in higher education and joined Jacksonville State University in March 2022. In 2020, she was appointed Interim Chief Financial Officer for Kern Community College District (KCCD) in Bakersfield, California, overseeing financial strategy, capital planning, debt management, and external financial reporting. KCCD serves communities over 24,800 square miles in Kern, Tulare, Inyo, Mono, and San Bernardino counties. With a total enrollment of approximately 30,000 students, KCCD is geographically one of the largest community college districts in the United States, with programs at Bakersfield College, Cerro Coso Community College, and Porterville College. Also, Dr. Harmon served as the Vice President of Finance & Administrative Services at Porterville College. She offers a vision-driven approach to decision-making, strategic planning, and innovative fiscal management to foster positive educational student outcomes. Her accomplishments include spearheading several district-wide initiatives to improve data-driven integrated planning and resource allocation. Before joining KCCD, Dr. Harmon was a K-12 School District Business Manager in Northern Mississippi responsible for the accounts payable, accounts receivable, payroll, human resource, and cafeteria operations.

Her career history includes service at the City of Los Angeles Treasurer and Mayor's Office, managing departmental budgets and public safety grants. Dr. Harmon also has fiscal services experience with the RAND Corporation in Santa Monica, California, and the Federal Reserve Bank of San Francisco, Los Angeles Branch. Her passion for developing and expanding access to financially sound public programs is evidenced through being awarded Porterville College's 2014 Administrator of the Year. Furthermore, Southern California Edison recognized her commitment to sustainable management with their 2016 Corporate Energy Efficiency Award. She served as a board member on the California Central Valley Regional Center, School Project for Utility Rate Reduction (SPURR), and Porterville College Foundation.

Dr. Harmon holds a Bachelor of Science degree in Accounting from the University of Southern California (USC), a Master's of Arts in Public Administration from California State University at Long Beach, and a Doctorate in Community College Leadership from Mississippi State University. She and her husband are the proud parents of a son in college and son in high school.

Dr. Christie Shelton; Provost and Sr. Vice President for Academic Affairs. Dr. Shelton earned her BSN and MSN from the University before receiving a PhD from the University of Alabama at Birmingham. She has served in various roles at the University since 2000, including Lab Coordinator, BSN Program Director, Co-Principal Investigator, and Associate Dean before becoming Dean of the School of Health Professions and Wellness (SHPW) in 2013 (formerly the College of Nursing).

Dr. Shelton is a board member-at-large for the American Association of Colleges of Nursing. She is also a member of the Alabama Health Action Coalition and serves as a board member for the Cleburne County Hospital Board. Dr. Shelton serves on numerous committees, task forces, and work groups for the University.

Accreditation and Degrees Awarded

The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges to award bachelors, master's, educational specialist and doctoral degrees. Total degrees awarded by the University for the previous academic years shown is as follows:

Degrees Awarded

Year	Undergraduate	Graduate	Doctoral	Total
2024	1,349	535	34	1,918
2023	1,409	563	38	2,010
2022	1,415	557	43	2,015
2021	1,463	539	13	2,015
2020	1,454	438	16	1,908
2019	1,308	402	3	1,713
2018	1,304	362	8	1,674
2017	1,352	346	2	1,700

Tuition and Fees

The following schedule of tuition, room and board for students enrolled at the University was established by the University Board effective with the fall semester of 2024:

Tuition and Fees, per Semester

Undergraduate

	Alabama Resident	Out-of-State Resident
Tuition	$348/hour	$696/hour
Fees(1)	$1,227	$1,227
Housing(2)	$2,080	$2,080
Dining(3)	$2,024	$2,024

(1) General university fees; other miscellaneous fees may apply.
(2) Freshman Hall, double occupancy.
(3) On-campus students living in non-apartment-style housing.

Graduate

	Alabama Resident	Out-of-State Resident
Tuition	$428/hour	$696/hour
Fees(1)	$608	$608

(1) General university fees; other miscellaneous fees may apply.

Doctoral

	Alabama Resident	Out-of-State Resident
Tuition	$428/hour	$696/hour

Distance Learning

Undergraduate (12 hours)	$4,700
Graduate (9 hours)	$3,852

Fundraising

The University's 2023 fundraising total was $4.2 million in outright gifts and pledges. In the first three quarters of 2024, fundraising exceeded $12.0 million. At the July 2024 University Board meeting, the University announced a 5-year Stadium naming rights partnership with AmFirst Credit Union, in Birmingham, AL, which can be extended an additional 5 years. Current fundraising efforts are focused on scholarships, new programs and current program enhancements across campus, and naming opportunities across campus.

Several projects that have required additional fundraising are the new Loring & Debbie White Football Complex (the "WFC"). The WFC is a $32 million facility, and over $2 million of gifts have been secured. The goal for WFC is between $8.0 million to 10.0 million in additional naming opportunities. Also, in December 2023 construction began on the Randy Owen Center for Performing Arts (the "ROC"), $36.5 million which includes the new construction on a 1,000-seat performance hall and the complete renovation of the former First Baptist Church of Jacksonville Building to the Educational Wing of the ROC since 2022 over approximately $7.0 million of gifts have been secured for the project, plus a $15 million grant from the State of Alabama. Efforts are underway to complete the remaining fundraising for the ROC which is schedule to opening in Spring 2026.

In July 2024, the University Board approved the engagement of Gonser Gerber, Napierville, Illinois, to begin the planning, development, and execution of a comprehensive fundraising campaign (the "Comprehensive Campaign"). The Comprehensive Campaign will encompass the current fundraising initiatives for annual, endowed and capital support listed above as well as others being considered by the University. One of the new projects will be the West Campus Village, with a goal of securing a total of $5.0 million for naming student meeting spaces. The University expects to launch the public phase of the Comprehensive Campaign in early 2025.

March 2018 Tornado

On March 19, 2018, an EF-3 tornado struck the campus of the University, damaging 50 of 66 major buildings on campus, with four being considered a total loss. The affected buildings included campus housing and academic buildings, and damage inventory exceeded $112,000,000 for 48 projects. The University maintained insurance to cover most of the damage. On April 26, 2018, the President of the United States declared the areas affected by the tornado a disaster area. Recovery by the University continues, and in the spring of 2022, the University re-established regular biweekly communication with the Federal Emergency Management Agency ("FEMA") and the Alabama Emergency Management Agency to facilitate completion of all tornado related repairs and reimbursements. See "UNIVERSITY FINANCIAL INFORMATION – Other University Obligations" herein and Appendix E, "AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR 2023", including NOTE 5 – "CAPITAL ASSETS", NOTE 7 – "FORGIVENESS OF STATE OF ALABAMA LOAN" and NOTE 15 – "RISK MANAGEMENT", for more information.

University Housing

The University's housing facilities currently include ten (10) residence halls, five on-campus apartment complexes, and one off-campus privately owned apartment complex under a one-year lease. Currently, approximately 223 beds are off-line for maintenance as well as ongoing modified bed configurations and program allocations. The total number of available beds for all such housing facilities totals approximately 2,647 beds. As of the fall 2024 semester, overall capacity across the University's housing facilities was at 90% occupancy. Prior to the Fall 2024 opening of North Village, Meehan Hall was the most recently constructed residence hall. It opened in the fall of 2010, provides 388 beds in a facility adjoining the football stadium on the south side of the University's campus.

North Village Hall (shown immediately below), which was financed in 2023 using a portion of the proceeds from the Authority's Series 2023-A Bonds and its Series 2023-B Bonds (hereinafter defined), opened in August 2024 and is currently 94% occupied. It is located in the northwest quadrant of the University's campus and consists of a new four-story residence hall for students of the University and contains approximately 123,450 square feet and 515 beds, is comprised of 120 two-bedroom units and 18 one-bedroom units, along with a conference room, study rooms, a multi-purpose room, various offices and storage rooms and a convenience store. It also includes a FEMA-certified storm shelter.

Following the opening of the West Village housing facility in Fall of 2026 (approximately 700 beds), the University's long term plan is to take approximately 662 of its older housing beds off-line permanently.

The following chart demonstrates the University's housing occupancy for the current fall semester and for the fall semester of the prior academic years shown:

Student Housing Occupancy

Year	Beds Available	Beds Occupied	Percent Occupied
2023	2,607	2,593	99%
2022	2,627	2,608	99%
2021	2,558	2,482	97%
2020	2,373	2,128	90%
2019	2,445*	2,260	92%
2018	2,054	1,814	88%
2017	1,957	1,742	89%

*In 2019, the University entered into a five (5) year agreement with The Pointe & JSU, a privately-owned apartment complex, to provide housing for University students. The number of beds available for the years 2019 through 2023 includes the 504 beds at The Pointe @ JSU. In 2024, THE University entered into a one (1) year agreement with The Edge @ JSU, a privately-owned apartment complex, to provide housing for University students. The number of beds available for 2024 includes the 220 beds at The Edge @ JSU.

Other University Facilities Projects

As with most institutions of higher learning, there is an ongoing need for capital improvements and additions across a wide range of University facilities. Damage to the campus from the 2018 tornado accelerated some University projects and provided an opportunity to repair, rebuild and add new facilities. None of the projects described below will be funded by proceeds of the Series 2024 Bonds.

Merrill Hall. Merrill Hall (shown immediately below), the new home for the College of Business and Industry, honors the original Merrill Hall, which was destroyed by the 2018 tornado, and provides new features and technology that were not available when the original Merrill Hall was built in 1970. Completed in the fall of 2021, the 107,000 square foot facility includes a 405-seat auditorium, a three-story grand atrium and seating area, a "Z Beans" that provides food offerings and a seating area, and a FEMA-certified storm shelter. The facility, which cost approximately $51.0 million, was funded by insurance and FEMA reimbursements due to the tornado that destroyed the original structure and other funds of the University.

RMC-JSU South Complex. Previously home to Jacksonville Hospital, this facility was donated to the University by its owner, Northeast Alabama Regional Medical Center or "RMC", following the 2018 tornado. The facility was renovated (see picture below) and now houses undergraduate nursing, respiratory therapy and athletic training programs within the College of Health Professions and Wellness. The facility includes four tiered classrooms accommodating 125 students, update and modernize the Basic Skills Lab (which opened in the fall of 2022), provides instructional space for the Master's of Athletic Training program, and enhancements in breakout rooms, dining and parking. This project was completed in early 2024.

Randy Owen Center for the Performing Arts. The Randy Owen Center for the Performing Arts (the "ROC") will pay tribute to Randy Owen, a University graduate and lead singer of the award-winning band Alabama. The project, with an estimated size of 35,000 square feet including and featuring a 1,000-seat concert hall that includes a balcony, mainstage support areas, a recording studio and more, has a current budget of $36.5 million. Based on current plans, the ROC will also include the former First Baptist Church of Jacksonville, which the University intends to acquire and renovate in order to create general education classrooms, maker spaces and studios, music technology spaces, a creative collective design space, a recital hall, event spaces and the Randy Owen Museum and Archives.

In 2020, the State of Alabama appropriated $15.0 million for the ROC, and the University launched a campaign to raise the balance of funds, having raised approximately $7.0 million to date. The ROC will provide a destination where students, faculty, parents, alumni and members of the community can share their passion for the arts.

Construction of the ROC began in December 2023, and it is scheduled to be completed and open by the Spring of 2026. A rendering of ROC is as follows:

Loring and Debbie White Football Complex. On July 27, 2024, the University opened the Loring and Debbie White Football Complex (shown below), a $32.0 million state-of-the-art facility to serve as the new home for Jacksonville State University Gamecock football. The University has received over $2.0 million in gifts for this facility, and is working to secure another $8.0 million to $10.0 million in gifts and naming rights opportunities.

Football Pavilion. In addition to the football operations building that was part of the new athletic facilities constructed with proceeds of the Series 2023-A Bonds and the Series 2023-B Bonds, the University has plans to build a football practice field pavilion with a new weight room. The practice facility is anticipated to include an open-air, covered practice pavilion with an 80-yard artificial turn practice field and a 4,500 square-foot weight training building, located directly to the south of the new football operations building. The budget for this project is currently $15.0 million and is expected to be funded by donations.

Jax State Dining Hall. The University used proceeds from the Series 2023 Bonds to construct and develop a new dining hall containing approximately 65,000 square feet ("Jax State Dining Hall"). This facility (a picture of which is below) was completed on August 1, 2024, and replaced the 62-year old Jack Hopper Dining Hall. The Jax State Dining Hall includes a larger dining space (increasing capacity to 700 from 325), an executive dining room, and administrative offices. The New Dining Facility accommodates the existing and increasing student enrollment and creates a more connected university atmosphere.

With respect to The Jax State Dining Hall, the University entered a ten (10) year agreement with Sodexo, with a ten (10) year renewal option, totaling $20.0 million – with $7.0 million being contributed toward an operating and capital reserve fund (the "2023 Operating and Capital Reserve Fund"). (Amounts in the 2023 Operating and Capital Reserve Fund may be used solely in connection with operations of the facilities financed by the Series 2023 Bonds and for the Series 2023 Bonds.)

UNIVERSITY FINANCIAL INFORMATION

Major Sources of Revenue

As a four-year public university, the University is supported in part by an annual appropriation by the State of Alabama from the Alabama Education Trust Fund ("ETF"). Approximately 32% of the University's annual operating budget is funded from such tax dollars. The remaining 68% of the University's revenues are generated from tuition charges, sales and services of various auxiliary enterprises, and other external sources. See Appendix E, "AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR 2023".

State Appropriations. The largest single source of revenue of the University is appropriations by the State of Alabama. A substantial portion of the State tax revenues is paid into the ETF and is appropriated for educational purposes, including appropriations for the University and other institutions of higher learning. The ETF was established in 1927 by Act of the Legislature, and revenues are paid into the ETF pursuant to constitutional provisions and continuing appropriations of the Legislature. Among the State taxes paid into the ETF are the utilities gross receipts and use taxes, lease taxes, sales taxes, income taxes and a portion of the State ad valorem taxes.

State appropriations to the University are not pledged as security for the Series 2024 Bonds or for payment of the rental amounts due to the Foundation under the Sublease Agreement. The University's obligations pursuant to the Sublease Agreement are limited obligations of the University, payable from all legally available funds of the University. Funds appropriated to the University by the State of Alabama are not pledged to payment of the University's obligations under the Sublease Agreement and may not lawfully be used for payment of debt service.

Under the Constitution of Alabama, if in any fiscal year there are insufficient funds of the State to pay all claims, a proration of claims is required. The ETF is subject to this constitutional requirement and, if moneys in the fund are insufficient to pay all amounts appropriated there from by the Legislature, each appropriation must be reduced pro rata. The University experienced proration in fiscal year 2001, when appropriations were reduced by 6.2%. In December, 2008, then-Governor Bob Riley announced a 12.9% reduction in certain State spending due to lower than expected revenues from sales tax and income tax, with such reduction affecting the University's appropriation of $44,339,200 in the fiscal year which ended October 30, 2009. The Governor simultaneously used the State's Rainy Day Fund to offset the impact of proration to the University by $1,507,533. As a result, the adjusted state appropriation to the University for fiscal year 2009 was $39,461,888. The ETF entered fiscal year 2010 with proration of 7.50%. On September 16, 2010, then-Governor Bob Riley announced that, due to lost tax revenue resulting from the BP oil spill in April, the level of proration in the ETF must be increased from 7.50% to 9.50%, cutting State of Alabama budgeted spending by another $113 million, for the remainder of fiscal year 2010. The most recent time proration was declared with respect to the ETF was in February 2011, when then-Governor Robert Bentley announced a 3%

proration in the ETF. As discussed below under "CERTAIN BONDHOLDERS' RISKS – The University – State Appropriations; Proration", the State has established the Rainy Day Account and the Budget Stabilization Fund to guard against proration. As reported in the Annual Comprehensive Financial Report of the State of Alabama for the fiscal year ended September 30, 2023, the balance of the Rainy Day Account as of September 30, 2023, was $726 million, and the balance of the Budget Stabilization Fund as of September 30, 2023, was $587 million.

The state appropriation for the University was $49,864,961 for the fiscal year ended September 30, 2022, $62,809,504 for the fiscal year ended September 30, 2023, and $77,184,860 for the fiscal year ended September 30, 2024. State appropriations, historically, have been largely for operations and maintenance expenses of the University ("O&M"). The O&M appropriations to the University for the fiscal years ended September 30, 2022, 2023, and 2024 were $46,786,485, $51,028,490 and $53,428,224, respectively.

The substantial increase in appropriations for the 2023 and 2024 fiscal years is the result of supplemental appropriation bills passed by the Alabama Legislature that first went into effect for the fiscal year ended September 30, 2023, and which resulted in substantial, one-time increases in appropriations to the University for the fiscal years ended September 30, 2023 and September 30, 2024.

The University estimates receiving State appropriations for the fiscal year ending September 30, 2025 for just O&M (*i.e.,* without regard to any supplemental appropriations such as those received for the 2023 and 2024 fiscal years) to be approximately $57.2 million, which represents a 7.0% increase from the O&M State appropriation for the 2024 fiscal year.

There can be no assurance that appropriations to the University from the ETF or from the other sources can or will be held at present levels in future fiscal years.

Total State appropriations for the University have been as follows as a percent of total available funds (both restricted and unrestricted) for the fiscal years ended September 30, 2018 through 2023:

State Appropriations

Fiscal Year Ended September 30	Total University Revenues	ETF Appropriation	ETF Appropriation as Percentage of Total Revenues
2023	$196,137,148	$62,809,504	32.0%
2022	181,116,385	49,864,961	27.5
2021	166,753,080	46,652,769	28.0
2020	159,134,000	45,520,000	28.6
2019	165,821,000	42,617,999	25.7
2018	128,128,865	37,095,160	29.0

Student Tuition and Fees. Student tuition and fees are payable by all students during the year of attendance. These funds may be used for any purposes designated by the University Board, but historically the funds have been expended primarily for instructional purposes. The University Board has the sole authority to establish the student tuition and fees, which it may set at whatever level it considers appropriate and in the best interests of the University. State appropriations are not increased or reduced based on, or otherwise offset against, revenues from student tuition and fees.

Tuition and Fee Revenue Bonds

University Indenture Revenue Bonds. Pursuant to that certain Trust Indenture dated as of December 1, 1988 (as supplemented and amended as of the date of this Official Statement, the "University Indenture"), between the University and The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, the "University Bond Trustee"), the University has issued from time to time its tuition fee and revenue bonds for capital projects and related expenditures (the "University Revenue Bonds"). As of the date of this Official Statement, the University Revenue Bonds issued by the University are outstanding in the aggregate principal amount of $257,041,454.

Pledged Revenues. All University Revenue Bonds are special limited obligations of the University payable solely out of the tuition and fees paid by the undergraduate and graduate students enrolled at the University, which the University has pledged to the University Bond Trustee as security for payment of the University Revenue Bonds (collectively, the "Pledged Revenues").

Debt Service Coverage Covenant. Pursuant to the University Indenture, the University has covenanted in favor of the holders of the University Revenue Bonds to charge tuition and fees in an amount that will produce Pledged Revenues not less than 200% of the Maximum Annual Debt Service on the University Revenue Bonds issued under the University Indenture. For purposes of this covenant, the following terms have the meanings set forth below:

> "Annual Debt Service Requirement" means, as of any time, the amount of principal and interest maturing with respect to the University Revenue Bonds during a Bond Year less any amount of such principal and interest payable from funds received by the University from any government or governmental agency and designated solely for the payment of such principal and interest, provided that, (a) the principal amount of any University Revenue Bonds subject to a mandatory redemption requirement during a Bond Year are considered as maturing in the Bond Year during which such redemption is required rather than in the year of stated maturity, (b) in the case of University Revenue Bonds (whether outstanding or proposed to be issued) that bear interest at a variable or adjustable rate, the interest payable on such University Revenue Bonds is calculated on the assumption that such University Revenue Bonds bear interest at a fixed rate of interest equal to the greater of (i) the average of such rate for the 12-month period immediately preceding the issuance of such University Revenue Bonds or (ii) the rate in effect on the date of issuance of such University Revenue Bonds, and (c) University Revenue Bonds for which a defeasance escrow has been established in accordance with the University Indenture are not deemed to be outstanding.
>
> "Bond Year" means a period beginning on December 2 of one calendar year and ending on December 1 of the next calendar year.
>
> "University Revenue Bonds" means all tuition and fee revenue bonds issued by the University pursuant to the University Indenture, including all such bonds outstanding as of the date of this Official Statement and all such bonds that may be issued in the future.
>
> "Maximum Annual Debt Service Requirement" means, as of any date of determination, the maximum Annual Debt Service Requirement during the then current or any then succeeding Bond Year; provided, however, that in computing the Maximum Annual Debt Service Requirement for any purposes pertaining directly to the Reserve Fund, the Annual Debt Service Requirement with respect to University Revenue Bonds not entitled to the benefit of the security provided by the Reserve Fund shall be excluded.

The estimated Maximum Annual Debt Service for all University Revenue Bonds issued and outstanding under the University Indenture as of the date of this Official Statement is $6,276,182, and occurs in the fiscal year of the University ending September 30, 2026. Based upon the audited financial statements of the University, the total tuition and fees for the fiscal year of the University ended September 30, 2023, net of scholarship allowances, was $57,774,706. Consequently, for the fiscal year of the University ending September 30, 2023, the University's Pledged Revenues covered its estimated Maximum Annual Debt Service Requirement by a ratio of approximately 9.2 to 1.0, which exceeds the ratio of 2.0 to 1.0 required by the University Indenture.

Series 2023 Bonds – Athletic, Housing and Dining Projects

On March 15, 2023, the Authority issued its $77,085,000 Higher Educational Facilities Revenue Bonds (JSU Foundation Project), Series 2023-A (the "Series 2023-A Bonds") and $47,280,000 Taxable Higher Educational Facilities Revenue Bonds (JSU Foundation Project), Series 2023-B (the "Series 2023-B Bonds" and, together with the Series 2023-A Bonds, the "Series 2023 Bonds"). Proceeds of the Series 2023 Bonds were used to design, develop and construct three general projects, consisting of (i) a new, four-story, 123,450 square foot residence hall known as "North Village Housing" containing approximately 500 beds, along with a conference room, study rooms, a multi-purpose room, offices and storage facilities and a convenience store for use by students of the University (the “2023 Student Housing Project”), (ii) an approximately 35,000 square foot dining facility located on the southwest quadrant of the University campus, and (iii) an approximately 51,800 square foot athletic facility to include football operations facilities, offices and locker rooms, along with stadium enhancements consisting of additional premium suites and outdoor seating (collectively, the "2023 Project").

The North Village Housing project achieved substantial completion on July 15, 2024, and the new dining facility described above was completed on August 1, 2024, and the athletic facility improvements were also completed in August 2024. Pictures or renderings of the North Village Housing project and the athletic facility improvements are included in this Official Statement. See "THE UNIVERSITY – University Housing" and "THE UNIVERSITY – Other University Facilities Projects" herein.

The 2023 Project is leased by the Authority to the Foundation under a Lease Agreement dated as of March 1, 2023 (the "2023 Lease Agreement"). The Foundation, in turn, subleases the 2023 Project to the University under a Sublease Agreement dated as of March 1, 2023 (the "2023 Sublease Agreement"). The 2023 Sublease Agreement is an operating lease, subject to annual renewal at the option of the University, under which the University has agreed – but only for the then-current annual term (as hereinafter defined) – to operate and maintain the 2023 Project and to pay to the Foundation such rental payments as will be sufficient to pay when due the principal of, premium, if any, and interest on the Series 2023 Bonds. In the 2023 Sublease Agreement, the University covenants that if it does not renew the 2023 Sublease Agreement for any renewal term without making provision for the payment in full of the Series 2023 Bonds, then it will not acquire or construct or enter into any lease agreement for the replacement or substitution of facilities for the activities conducted within or on the facilities financed by the Series 2023 Bonds unless provision is made for the payment in full of the Series 2023 Bonds.

The rental and other obligations of the University under the 2023 Sublease Agreement constitute limited obligations of the University, payable from all legally available funds of the University, excluding any funds appropriated to the University by the State of Alabama.

For more information on the Series 2023 Bonds, go to: www.emma.msrb.org and search by CUSIP 469480.

2017 Foundation Bonds

In 2017, the University entered into an agreement with the Foundation for the development, construction, equipping and furnishing of a state-of-the-art fitness and wellness center (the "Fitness and Wellness Project") on the University's campus. The Fitness and Wellness Project is approximately 100,000 square feet and provides opportunities for exterior fitness and wellness programmatic elements. In addition to University students, the Fitness and Wellness Project, which opened in 2019, provides services to the general public.

The Fitness and Wellness Project was financed through revenue bonds (the "2017 Foundation Bonds") issued in 2017 by the Authority pursuant to a Trust Indenture dates as of October 1, 2017, between the Authority and Regions Bank, as Trustee (the "2017 Indenture"). The University entered into an agreement dated July 17, 2017 (the "Services Agreement") with the Foundation under which the Foundation agreed to provide ongoing management and program services with respect to the Fitness and Wellness Project and other fitness and wellness facilities located on the University's campus. Under the Services Agreement, the University agreed to pay an annual fee (the "Annual Service Fee") to the Foundation in consideration of the services provided by the Foundation and for reimbursement of certain expenses incurred by the Foundation. The Service Fee is a general obligation of the University, payable from all sources lawfully available to the University for such purpose.

The Foundation pledged and assigned the Services Agreement, including the Foundation's right to receive the Annual Service Fee, for payment of debt service on the 2017 Foundation Bonds.

The 2017 Foundation Bonds are not secured by Pledged Revenues. The University has no liability, express or implied, for the payment of principal of, premium, if any, or interest on the 2017 Foundation Bonds. However, given that the Annual Service Fee paid to the Foundation is expected to be funded through the University's revenues, including, without limitation, a new student fee that commenced on January 1, 2019, of $190 per semester, the University has shown the 2017 Foundation Bonds debt service payments in the under the column entitled "2017 Foundation Bonds" contained in the schedule under the heading "Debt Service Requirements for University Revenue Bonds, 2017 Foundation Bonds and Series 2024 Bonds" below.

For more information on the 2017 Foundation Bonds, go to: www.emma.msrb.org and search by CUSIP 469480.

Other University Obligations

Lines of Credit. In addition to the University Revenue Bonds, the 2017 Foundation Bonds, and the Series 2023 Bonds, the University maintains (i) a non-revolving capital line of credit with Regions Bank in the maximum amount of $30,000,000, which bears interest at a variable rate and matures on August 1, 2026, and (ii) a revolving operating line of credit with Regions Bank in the maximum amount of $10,000,000, which bears interest at a variable rate and matures on August 1, 2026. The current balance of the capital line of credit is $9,226,454, and the current balance on the operating line of credit is $0.00. Both the capital line of credit and the operating line of credit are secured by a pledge of the tuition and fees collected by the University from undergraduate and graduate students enrolled at the University, on a subordinate basis to the pledge of such revenues in favor the University Revenue Bonds.

Future University Borrowings

Football Practice Pavilion. As mentioned above under "THE UNIVERSITY – Other University Facilities Projects", the University is planning to commence construction of a new football practice pavilion and related infrastructure upgrades in the near future. This project is anticipated to cost approximately $15,000,000. While the University anticipates funding construction of the football practice pavilion from athletic fundraising, it may draw on, or establish a separate short-term loan within the capital limits of, the capital line of credit described immediately above to fund construction of the facility prior to receipt of fundraising gifts.

Potential Community Building/Conference Center Project. The University has discussed a potential project involving the development of a new facility to include meeting space, a restaurant, a bowling alley, and a possible hotel (the "Potential Community Building/Conference Center Project"). The building design for this project is currently pending. No construction timeline has been established, and there is no certainty the project will proceed. If pursued, the University presently intends that this project be paid with donations, investment partner funding, and/or available University funds. Toward that end, the Foundation has been in discussions with potential investment partners for the various components of this project.

It is possible, though at this time not anticipated, that the Potential Community Building/Conference Center Project may be funded with proceeds of a future University borrowing.

Other. In addition, the University may from time to time borrower additional money in connection with various University projects.

Special Covenants Respecting Future Borrowings Payable from Legally Available Funds. Pursuant to the 2023 Sublease Agreement and the Sublease Agreement, the University has covenanted that, so long as any of the Series 2023 Bonds or the Series 2024 Bonds, respectively, are outstanding and the scheduled payment of or interest on any of the Series 2023 Bonds and the Series 2024 Bonds when due is insured by Assured Guaranty Municipal Corp. (respecting the Series 2023 Bonds) and by BAM (respecting the Series 2024 Bonds), the University may issue bonds, notes or other obligations, including lease obligations (other than rental payments pursuant to the 2023 Sublease Agreement and the Sublease Agreement, respectively), that are payable from all or a portion of "Legally Available Funds" only if Legally Available Funds for each of the two (2) fiscal years immediately preceding the issuance of any such additional bonds, notes or other obligations was not less than 150% of the "Maximum Annual Debt Service" on all obligations payable from Legally Available Funds (including the proposed additional obligations payable from Legally Available Funds). For purposes of these covenants, (i) "Maximum Annual Debt Service" on obligations payable from Legally Available Funds shall not include any debt service on bonds, notes or other obligations that are payable from a dedicated revenue stream which would otherwise be a component part of Legally Available Funds (including any then-outstanding University Revenue Bonds), and (ii) "Legally Available Funds" means all legally available funds of the University, excluding those revenues dedicated to the payment of debt service on bonds, notes or other obligations which are excluded from "Maximum Annual Debt Service", in an amount equal to the applicable fiscal year debt service on such obligations, and also excluding any funds appropriated to the University by the State of Alabama.

See Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE SUBLEASE – Covenant Regarding Additional Obligations of the University."

Estimated Debt Service Requirements for University Revenue Bonds, 2017 Foundation Bonds, Series 2023 Bonds and Series 2024 Bonds

The following table reflects the estimated debt service payable with respect to the University Revenue Bonds, the 2017 Foundation Bonds, the Series 2023 Bonds, and the Series 2024 Bonds:

Fiscal Year Ending September 30	University Revenue Bonds[1]	2017 Foundation Bonds[2]	Series 2023 Bonds[3]	Series 2024 Bonds[3]	Grand Total
2025	$6,259,742	$2,235,138	$7,868,430	$3,137,060	$19,500,370
2026	6,276,182	2,216,538	7,871,630	4,910,181	21,274,531
2027	6,168,625	2,322,938	7,872,730	6,325,181	22,689,474
2028	6,186,775	2,304,338	7,876,730	6,327,663	22,695,506
2029	6,211,100	2,280,538	7,873,330	6,329,438	22,694,406
2030	6,099,918	2,391,738	7,872,830	6,327,013	22,691,499
2031	6,124,231	2,369,838	7,869,215	6,328,325	22,691,609
2032	6,146,863	2,347,025	7,872,405	6,327,625	22,693,918
2033	6,030,366	2,463,300	7,872,093	6,330,875	22,696,634
2034	6,054,384	2,434,800	7,877,800	6,329,375	22,696,359
2035	6,084,697	2,405,550	7,877,181	6,328,125	22,695,553
2036	5,971,047	2,520,550	7,872,588	6,326,875	22,691,060
2037	5,306,463	2,477,550	8,579,019	6,330,375	22,693,407
2038	5,305,056	2,424,050	8,634,106	6,328,125	22,691,337
2039	5,306,588	2,520,550	8,537,600	6,330,125	22,694,863
2040	2,704,800	2,459,550	10,201,200	6,330,875	21,696,425
2041	2,706,200	2,398,550	10,258,450	6,326,731	21,689,931
2042	2,793,000	2,492,550	10,077,950	6,330,669	21,694,169
2043	2,795,000	2,428,800	10,139,750	6,326,919	21,690,469
2044	2,793,800	2,359,800	10,211,350	6,330,481	21,695,431
2045	2,794,300	2,455,800	10,115,300	6,325,588	21,690,988
2046	2,791,400	2,384,000	10,191,400	6,327,888	21,694,688
2047	2,794,900	2,307,600	10,264,313	6,325,475	21,692,288
2048	2,794,600	2,401,800	10,169,863	6,328,088	21,694,351
2049	2,795,400	2,324,800	7,243,338	6,329,938	18,693,476
2050	2,792,200	2,243,200	7,327,788	6,325,500	18,688,688
2051	2,794,800	2,337,200	7,232,275	6,325,750	18,690,025
2052	--	2,249,800	10,115,463	6,329,750	18,695,013
2053	--	2,158,000	10,205,638	6,326,750	18,690,388
2054	--	2,247,000	8,120,875	6,326,500	16,694,375
2055	--	2,149,600	8,214,375	6,328,250	16,692,225
2056	--	2,053,000	8,310,225	6,326,250	16,689,475
2057	--	2,137,200	8,226,050	--	10,363,250
2058	--	--	10,365,375	--	10,365,375

(1) Reflects all bonds of the University issued under the University Indenture and secured by Pledged Revenues.

(2) The 2017 Foundation Bonds were not issued under the University Indenture and are not secured by Pledged Revenues.

(3) The Series 2023 Bonds were not issued, and the Series 2024 Bonds are not being issued, under the University Indenture and will not be secured by the Pledged Revenues. The Series 2023 Bonds were not issued, and the Series 2024 Bonds are not being issued, under the 2017 Indenture and will not be secured by the Services Agreement or the Annual Service Fee.

Significant Accounting Policies

General. In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained in accordance with the principals of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the University Board. Externally restricted funds may be utilized only in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the University Board retains full control to use in achieving any of its institutional purposes.

Endowment funds are subject to the restrictions of gift instruments requiring that the principal be invested and the income only be utilized in perpetuity. Term endowment funds are similar to endowment funds except that upon the passage of a stated period of time or occurrence of a particular event, all or part of the principal maybe expended. While quasi-endowment funds have been established by the University Board for the same purposes as endowment funds, any portion of quasi-endowment funds may be expended.

Investments are stated at cost, except endowment fund investments, which are stated at market value. All gains and losses arising from the sale, collection or other disposition of investments and other non-cash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like is accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds, which income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds.

All other unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, appropriations, endowment income and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

GASB 87. The University anticipates that with the implementation of GASB Statement No. 87 for the fiscal year ended September 30, 2022, the University will recognize the agreement with the Foundation regarding the Fitness and Wellness Project as a lease subject to the terms of this pronouncement. The Foundation guarantees this associated debt and holds the assets on its balance sheet. The net effect of this implementation will cause the University to recognize a lease liability and a lease asset for this agreement. The lease liability will be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset will be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The University will reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The University will amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements will include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Retirement Benefits

Most employees participate in the Teachers' Retirement System of Alabama, and payments under these plans are funded as they accrue. The State of Alabama provides for retirement benefits under the Teachers' Retirement System of Alabama for most employees of the University. For the fiscal years ended September 30, 2022, and September 30, 2023, the University paid $7,424,941 and $16,002,000, respectively for this program which is reflected in Current Funds Expenditures. See Appendix E, "AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR 2023", including NOTE 9 – "PENSION PLAN", NOTE 10 – "POSTRETIREMENT BENEFITS OTHER THAN PENSIONS" and NOTE 11 – "SUPPLEMENTAL RETIREMENT PROGRAM" for more information regarding the University's retirement and other benefit plans and obligations.

Historical Financial Statements

The following table, based upon the University's audited financial statements for the fiscal years ended September 30, 2019 through 2023, reflects unrestricted current funds, revenues, expenditures and other charges. See Appendix E, "AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR 2023".

Jacksonville State University
Statement of Activities and Change in Net Assets
Fiscal Year End September 30 (in thousands)

	2019	2020	2021	2022	2023
Assets					
Current Assets					
Cash and cash equivalents	$48,011	$68,877	$52,460	$59,489	$70,198
Restricted cash	-	-	7,000	-	-
Accounts receivable, net	47,750	49,256	22,895	28,056	22,826
Prepaid expenses	15,040	14,032	9,831	10,971	11,259
Total current assets	$110,801	$132,165	$92,186	$98,516	$104,283
Noncurrent Assets					
Net Notes Receivable	1,854	1,965	1,679	1,562	1,237
Deposit with trustees	1,181	110	-	-	9,200
Investments	5,847	6,108	7,082	5,920	6,659
Investments in Real Estate	55	55	55	-	-
Land	7,014	7,014	7,220	7,342	7,458
Capital Assets	375,160	388,532	-	442,301	459,248
Right-of-Use Buildings & Equipment	-	-	-	42,422	182,443
Less: accumulated depreciation	(151,503)	(154,470)	-	(167,639)	(176,398)
Total noncurrent assets	$239,608	$249,314	$276,473	$331,964	489,902
Total assets	**$350,409**	**$381,479**	**$368,659**	**$430,479**	**$594,185**
Deferred Outflow of Resources					
Related to Refunding of Debt	4,983	4,909	4,524	4,139	3,805
Related to OPEB	3,386	9,974	22,284	18,925	20,863
Related to Pension	16,219	16,473	26,966	23,305	42,902
Total Deferred Outflow of Resources	24,588	31,356	53,774	46,369	67,570
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	23,682	19,360	7,342	10,769	11,256
Wages Payable	4,301	4,481	4,805	4,182	4,462
Unearned Revenue	42,675	42,901	38,144	42,662	39,908
Compensated absences	943	727	946	1,003	1,201
Bonds and Capital Lease Payable	4,304	2,169	9,161	12,711	12,557
Due to State of Alabama	-	12,947	12,947	6,447	-
Lease Obligations	-	49	-	1,812	1,440
Tuition paid in advance	54	28	-	-	-
Total current liabilities	$75,959	$82,662	$73,344	$79,585	$70,824
Non-Current Liabilities					
Compensated absences	1,275	1,882	1,393	1,267	1,110
Bonds and Capital Lease Payable	72,182	99,693	96,784	134,786	273,337
Capital Lease payable	-	192	140	-	-
Due to the State of Alabama	12,947	-	-	-	-
Noncurrent Loans	-	5,900	-	-	-
Deposits Held in Custody	692	1,174	1,027	1,297	1,709
Net Pension Liability	77,586	85,222	101,985	77,521	122,711
Net OPEB Liability	59,959	29,529	45,042	36,342	13,372
Total non-current liabilities	$224,641	$223,592	$246,371	$251,304	$412,239
Total liabilities	**$300,600**	**$306,254**	**$319,715**	**$330,890**	**$483,063**
Deferred Inflows of Resources					
Related to Pension	8,428	3,757	2,442	23,363	6,133
Related to OPEB	3,242	36,249	31,456	33,262	50,402
Total Deferred Inflow of Resources	11,670	40,006	33,898	56,625	56,535
Net assets					
Net Investment in capital assets	145,491	157,418	160,204	179,773	207,677
Restricted Nonexpendable	963	963	963	963	964
Restricted Scholarships&fellowships	12,683	12,646	13,561	14,174	13,259
Restricted Loans	2,779	2,779	2,569	2,439	2,506
Debt Service	1,180	110	-	-	-
Unrestricted	(100,369)	(107,341)	(108,478)	(108,015)	(102,249)
Total Net Position	**$62,727**	**$66,575**	**$68,820**	**$89,334**	**$122,158**

Jacksonville State University
Statement of Activities and Change in Net Assets
Fiscal Year End September 30 (in thousands)

	2019	2020	2021	2022	2023
Operating Revenues					
Student Tuition and Fees Net of Scholarship Allowances	$52,313	$56,300	$51,510	$56,114	$57,774,706
Federal grants & contracts	27,989	21,002	17,831	17,470	6,198
State & local grants & contracts	3,343	4,086	4,318	3,555	3,757,465
Non-governmental grants & contracts	2,405	2,325	2,084	4,435	4,518,650
Sales & services of educational activities	63	47	324	921	1,200,627
Athletic income	2,307	1,191	3,466	3,086	3,043,830
Other operating revenues	422	424	1,810	2,699	3,460,816
Auxiliary enterprises:					
Residential life	8,301	10,427	12,543	12,703	14,330,973
Sales & Service	7,779	6,646	7,654	10,328	11,137,268
Other auxiliary revenues	-	-	-	-	-
Total operating revenues	**$104,922**	**$102,448**	**$101,541**	**$111,312**	**$105,422,782**
Operating Expenses					
Instruction	48,213	50,349	51,282	47,171	55,170,318
Public service	2,371	2,972	1,929	2,903	3,660,655
Academic support	7,999	7,900	8,420	7,909	8,315,276
Student services	20,251	19,528	17,971	26,401	29,844,669
Grants to students	-	-	11,559	971	-
Research	2,256	1,114	318	179	537,846
Operation & maintenance	3,704	18,217	19,630	11,942	12,530,049
Institutional support	20,288	22,038	22,588	27,632	21,901,627
Scholarships & financial aid	12,148	13,224	9,876	15,771	14,074,257
Depreciation	7,090	7,818	8,545	10,328	12,222,373
Auxiliary enterprises	13,347	14,037	12,378	14,519	15,800,636
Other	-	-	-	-	-
Total operating expenses	$137,667	$157,197	$164,496	165,727	$174,057,706
Operating income (loss)	(32,745)	(54,749)	(62,956)	(54,415)	(68,634,924)
Non-Operating Revenues (Expenses)					
State appropriations	42,618	45,520	46,653	49,865	62,809,504
Federal grants (Pell Revenue)	14,630	10,419	17,222	19,091	20,897,084
State of Alabama loan forgiveness	-	-	-	6,500	6,643,477
Investment income	855	523	1,079	(794)	3,070
Rental of Facilities	239	214	240	377	364
Interest on Debt	(2,832)	(2,789)	(3,660)	(5,338)	(5,653)
Insurance Income – Tornado Damage	17,162	4,700	-	-	-
Net non-operating revenues	71,736	58,597	61,553	69,805	89,712
Change in Net Position Before Capital Contribution	38,991	3,848	(1,403)	15,390	21,077
Capital Contributions Received	3,764	-	-	4,1916	11,704
Change in Net Position	**$42,755**	**$3,848**	**$(1,403)**	**$20,306**	**$32,781**
Net assets					
Prior Year's Net Position	19,972	62,727	66,575	68,820	89,334
Prior Period Adjustments*	-	-	3,648	207	43
Prior Year's Net Position	19,972	62,727	70,223	69,027	89,376
Ending Net Position	**$62,727**	**$66,575**	**$68,820**	**$89,334**	**$122,158**

* The University has historically made prior period adjustments in its financial statements, most significantly in fiscal year 2018, when the University adopted GASB Statement No. 75, and in fiscal year 2020 to correct certain misstatements in the October 1, 2020 net position (see Appendix E, "AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR 2023".

Unaudited Financial Information for the 2024 Fiscal Year

Set forth on Appendix F is the unaudited Statement of Revenues, Expenses and Changes in Net Position of the University for the fiscal year ended September 30, 2024 (the "Unaudited 2024 Fiscal Year Income Statement"). The Unaudited 2024 Fiscal Year Income Statement does not include GASB 68 and 75 adjustments for pension and post retirement benefit liabilities, the impact of which to the Unaudited 2024 Fiscal Year Income Statement is unknown at this time, and the GASB 96 adjustment for software subscription right of use asset and liability has not been made (though the University believes such adjustment should be immaterial to the Unaudited 2024 Fiscal Year Income Statement.

NO APPRAISAL

No appraisal has been performed for the Project.

VALIDATION OF SERIES 2024 BONDS

On October 25, 2024, pursuant to authority granted under Section 11-81-220 through Section 11-81-227 of the Code of Alabama (1975), as amended, the Circuit Court of Calhoun County, Alabama, entered an order validating the Series 2024 Bonds and all proceedings had and taken in connection with the authorization, issuance and sale of the Series 2024 Bonds and all covenants and provisions contained in the Bond Documents.

No appeal of such order was filed with the Alabama Supreme Court by or before the deadline of 12:00 p.m. on November 8, 2024, so the expedited appeal period under the validation statute lapsed and the Circuit Court's judgment is final. The final judgment of the Circuit Court of Calhoun County is forever conclusive as to the validity of the Series 2024 Bonds and the enforceability of the Bond Documents against the Authority. The validation statute provides that the validity of such obligations and security therefor and the enforceability of the Bond Documents shall never be called in question in any court of the State of Alabama. While no absolute assurance can be given, the Authority believes that any further legal challenges to the validity of the Series 2024 Bonds and the enforceability of the Bond Documents are barred.

CERTAIN BONDHOLDERS' RISKS

General

EACH INVESTOR SHOULD CONSIDER THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE SERIES 2024 BONDS. Each prospective investor should carefully examine this Official Statement and his or her own financial condition (including the diversification of his or her investment portfolio) in order to make a judgment as to whether the Series 2024 Bonds are an appropriate investment.

The Foundation and the University have identified and summarized below certain "Bondholders' Risks" that could adversely affect the Series 2024 Bonds which should be considered by prospective investors. The following discussion is not intended to be exhaustive, but includes certain major factors which should be considered along with other factors set forth elsewhere in this Official Statement, including the Appendices hereto.

Restriction of Yield Due to Unanticipated Prepayment

If the Foundation or the University defaults in their obligations under the Lease Agreement, the Sublease Agreement or the other Bond Documents, a default may occur under the Bond Documents. In addition, the occurrence of certain extraordinary events could allow the University, on behalf of the Authority, to redeem some or all outstanding Bonds. See "THE SERIES 2024 BONDS – Optional Redemption of all Bonds Upon Occurrence of Certain Calamities" herein. Upon the occurrence of an Event of Default (as defined in the Indenture) or the occurrence of such extraordinary events, the Series 2024 Bonds may be paid before maturity or applicable redemption dates and a forfeiture of purchase premiums, if any, or a reduction in yield on the Series 2024 Bonds may result.

Limited Obligations of the Authority

The Series 2024 Bonds constitute special, limited obligations of the Authority and have potential sources of payment as follows:

(a) ***Payments Received by the Trustee from the Foundation and the University Pursuant to the Terms of the Indenture, the Lease Agreement and the Sublease Agreement***. The Authority has no obligation to pay the Series 2024 Bonds except from the Trust Estate, including rental payments derived from the Lease Agreement. The Series 2024 Bonds and the obligation to pay principal of, premium, if any, and interest thereon, are special, limited obligations of the Authority, secured as provided in the Indenture and payable solely out of the payments made by the Foundation pursuant to the Lease Agreement, the Trust Estate established pursuant to the Indenture, and as otherwise provided in the Indenture, the Lease Agreement and the Sublease Agreement. Neither the full faith and credit nor the taxing power of the Authority, the University, the State or any political subdivision thereof is pledged to the payment of the Series 2024 Bonds. The State is not liable on the Series 2024 Bonds, and the Series 2024 Bonds are not a debt of the State or the University. The Authority has no taxing power. No owner of the Series 2024 Bonds has the right to compel any exercise of the taxing power, if any, of the State or any political subdivision thereof to pay the principal of, premium, if any, or interest on the Series 2024 Bonds. Neither the members of the Board of Directors of the Authority nor any person executing the Series 2024 Bonds is liable personally on the Series 2024 Bonds by reason of the issuance thereof. Under the Lease Agreement, the Foundation will be required to make rental payments (the interest in which the Trustee has received by assignment from the Authority) to the Trustee in amounts sufficient to enable the Trustee to pay the principal of, premium, if any, and interest on the Series 2024 Bonds, and under the Sublease Agreement, the University will be required to make rental payments (the interest in which the Trustee has received by assignment from the Foundation) to the Foundation in amounts sufficient to enable the Foundation to pay the principal of, premium, if any, and interest on the Series 2024 Bonds.

(b) ***Revenues Received from Operation of the Project by a Receiver Upon an Event of Default Under the Indenture***. It has been the experience of lenders in recent years that attempts to have a receiver appointed to take charge of properties with respect to which loans have been made are frequently met with defensive measures such as the initiation of protracted litigation and the initiation of bankruptcy proceedings. Such defensive measures can prevent the appointment of a receiver or greatly increase the expense and time involved in having a receiver appointed. See "CERTAIN BONDHOLDERS' RISKS – Enforceability of Remedies" herein. Accordingly, prospects for uninterrupted payment of principal and interest on the Series 2024 Bonds in accordance with their terms are largely dependent upon rental payments from the Foundation and the University described in the preceding paragraph.

Leasehold Mortgage Not Subject to Foreclosure

The mortgage lien of the Leasehold Mortgage is not foreclosable, and the remedies available to the Trustee and the holders of the Bonds issued under the Indenture will not include foreclosure or sale of the Bond-Financed Facilities or any part thereof. The Leasehold Mortgage does not give any authority to the Trustee or the holders of any of the Bonds to compel a sale of the Bond-Financed Facilities or any part thereof, and no foreclosure proceedings or sale shall ever be had under the authority of the Leasehold Mortgage with respect to the Bond-Financed Facilities or any part thereof. See Appendix A, "SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS – SUMMARY OF THE LEASEHOLD MORTGAGE – Rights of Secured Party Upon Default".

Limited Resources of the Foundation; Limited Obligations of the University

The Foundation has no substantial unrestricted revenues or unrestricted assets other than its leasehold interest in the Project, and the Series 2024 Bonds are secured only by the Trust Estate, including the Foundation's right to receive rental payments from the University pursuant to the Sublease Agreement. Therefore, timely payment of principal of, premium, if any, and interest on the Series 2024 Bonds will be dependent upon the University's ability to make rental payments under the Sublease Agreement. See "SECURITY AND SOURCES OF PAYMENT — General" herein. The University's overall financial condition is subject to numerous factors, discussed below. The University's obligations pursuant to the Sublease Agreement are limited obligations of the University, payable from all legally available funds of the University. Funds appropriated to the University by the State of Alabama are not pledged to payment of the University's obligations under the Sublease Agreement and may not lawfully be used for payment of debt service.

No Recourse Against the Authority or the University

Neither the Authority nor the University, except to the extent of its obligation to make rental payments under the Sublease Agreement from such funds as are lawfully available for such purpose, will be liable for the payment of the principal of, premium, if any, or interest on the Series 2024 Bonds, nor shall the Authority or University be responsible or liable for any other obligations of the Foundation or the obligations of any other party in connection with the Series 2024 Bonds.

No Debt Service Reserve

The Indenture, Lease Agreement and Sublease Agreement do not require the establishment of a reserve fund or other account in order to pay debt service on the Bonds issued under the Indenture if other sources of payment available to the Foundation or the University are not sufficient for such purpose.

The University

The Foundation's ability to make the rental payments required by the Lease Agreement, as and when due, in order to pay Debt Service on the Series 2024 Bonds and any Additional Bonds issued pursuant to the Indenture, is dependent upon the Foundation's receipt of rental payments from the University in accordance with the terms and conditions of the Sublease Agreement. See "SECURITY AND SOURCES OF PAYMENT — The Sublease Agreement" herein. Therefore, the Foundation's ability to fulfill its obligations under the Bond Documents, including without limitation its ability to make rental payments under the Lease Agreement sufficient to pay debt service on the Series 2024 Bonds, may be adversely affected by factors affecting the financial or operation condition of the University.

Tuition and Fees. The University's ability to make rental payments to the Foundation in accordance with the Sublease Agreement is dependent upon the University's receipt of tuition and fees from enrolled students. The University has no taxing power. Although the University's tuition and fees have historically more than covered its operating expenses and debt service, no assurance can be given that such revenues will continue to be sufficient to make all rental payments in full as and when due under the Sublease Agreement. The actual revenues received by the University from tuition and fees are a function of student population, which is in turn subject to a host of factors, such as population trends generally, population shifts from the University's service areas in particular, competition from other colleges and universities, economic developments in the University's immediate service areas and macro-economic factors that may lead college-age persons to defer or forego higher education in favor of immediate entry into the job market.

General Economic Conditions. The University's receipt of tuition and fees from its enrolled students will be affected by, and will be subject to, general economic and political events and conditions that will change in the future to an extent and with effects that cannot be determined at this time. These general economic and political events and conditions include, among other things, population, demographic and employment changes and trends; periods of inflation or deflation; variable patterns of national and regional economic growth, whether cyclical or structural in nature; disruptions in credit and financial markets; political gridlock concerning, among other matters, national tax and spending policies and health care policies; political developments in the State and the United States of America; budget and debt limit controversies, both nationally and at the State level; unusually large numbers of business failures and business and consumer bankruptcies and policy responses, or lack thereof, to the foregoing.

Enrollment. The University's ability to generate revenues and its overall financial condition may be adversely affected by a wide variety of future events and conditions including a decline in the enrollment, and the Foundation's ability to collect rental payments under the Sublease Agreement sufficient to pay Debt Service on the Series 2024 Bonds depends, to a material extent, on the University's ability to maintain student enrollment. Enrollment can be affected by a number of factors including, without limitation, (a) increased competition from other schools, (b) changes in the demand for higher education in general or for programs offered by the University in particular, (c) diminishment or loss of accreditation of the University's programs, (d) failure of the University to meet applicable federal guidelines or some other event which results in students of the University being ineligible for federal financial aid, and (e) state budget cuts. See "State Appropriations; Proration" below.

State Appropriations; Proration. Appropriations from the State of Alabama to the University are the second largest source of revenue in the University's budget, and although there is no pledge or assignment of University revenues, including without limitation the State appropriations, to make rental payments as and when due under the Sublease Agreement or to pay Debt Service on the Series 2024 Bonds or any Additional Bonds issued pursuant to the Indenture, any reduction in State appropriations can exert significant pressure on moneys available to the University to make the rental payments as and when due in accordance with the terms and conditions of the Sublease Agreement. No assurances can be given that State appropriations to the University in future years will be equal to or greater than current appropriations to the University. See "UNIVERSITY FINANCIAL INFORMATION – Major Sources of Revenue – State Appropriations" herein.

Applicable provisions of the Constitution of Alabama of 1901, as amended, effectively prohibit the State from engaging in deficit financing — that is to say, State expenditures during any fiscal year may not exceed available revenues. State law provides procedures for delaying or, if necessary, reducing (or "prorating") appropriations of State revenues in order to maintain and enforce the constitutional ban on deficit financing.

By statewide ballot on June 4, 2002, Alabama voters passed an amendment to the Constitution of Alabama of 1901 to establish the "Education Trust Fund Rainy Day Account" (the "Rainy Day Account"), as proposed by Act No. 2001-1066 of the Alabama Legislature. The Rainy Day Account is designed to prevent the proration of state appropriations for education (including higher education expenditures). The amendment also contains provisions for the replenishment of the account. Money transferred out of the Rainy Day Account must be reimbursed within 6 years of its transfer.

In March 2011, the Legislature passed and the Governor signed into law The Education Trust Fund Rolling Reserve Act (Act No. 2011-003) (the "Rolling Reserve Act"), which is designed to reduce the risk of proration in the State's education budget. The sources of revenue that fund the Education Trust Fund are highly sensitive to changes in the economy and the range of total revenues varies widely from year to year. As a result, accurately projecting the Education Trust Fund revenues each year in order to prepare a workable education spending budget has been difficult. The inability to make accurate revenue projections has led to increased instances of proration in the education budget. The Rolling Reserve Act caps the education spending budget using a growth rate equal to the rolling 15 year average annual revenue growth rate as applied to actual revenues. Under the Rolling Reserve Act, Education Trust Fund revenues over and above the budgeted amount are to be transferred to the Rainy Day Account until the Rainy Day Account has been reimbursed in full.

Once the Rainy Day Account has been fully repaid, any remaining revenues will be transferred to a new savings account established by the Rolling Reserve Act, the Education Trust Fund Budget Stabilization Fund (the "Budget Stabilization Fund"). Money in the Budget Stabilization Fund may be withdrawn only to prevent proration in the Education Trust Fund. If the balance in the Budget Stabilization Fund reaches an amount equal to 20% of the then-current year education budget, any funds above that amount will be transferred to another new fund created by the Rolling Reserve Act, the Education Trust Fund Capital Fund (the "Capital Fund"). Money in the Capital Fund may be used for construction or renovation to public education facilities in the State. The budget process required by the Rolling Reserve Act was implemented beginning with the 2013 fiscal year budget.

No assurance can be given that funds in the Rainy Day Account or the Budget Stabilization Fund will be available to prevent future proration, or that the State will be able to replenish the accounts if drawn upon. **The funds in the Rainy Day Account, the Budget Stabilization Fund and the State appropriations to the University are <u>not</u> pledged as security for the Series 2024 Bonds or for payment of the rental amounts due to the Foundation under the Sublease Agreement.**

Risks Associated with Ground Lease

The Foundation does not own fee title to the real property on which the Project is situated, and instead leases such property from the University pursuant to the Ground Lease. A default under the Ground Lease could result in a termination thereof. The Trustee is granted the right to cure defaults by the Foundation under the Ground Lease in order to avoid termination thereof. No assurance can be given, however, that the Trustee would be willing or able to effect a cure of any such default.

Additional Bonds

The Authority may, upon request from the Foundation complying with the provisions of the Indenture, issue one or more series of Additional Bonds to finance costs of completing the Project. See "SECURITY AND SOURCES OF PAYMENT – Additional Bonds" herein. Each series of Additional Bonds will be equally and ratably secured under the Indenture with the Series 2024 Bonds and with all other series of Additional Bonds, if any, issued under the Indenture, without preference, priority or distinction in favor of any Bond over any other. The consent of the Bondholders is not required prior to the issuance of Additional Bonds.

Geographic Concentration

Utilization of the Project may be adversely affected by regional and local economic conditions, competitive conditions, applicable local laws and regulations, and general real estate market conditions, including the supply and proximity of competing facilities with similar features and services in such area.

Insurance and Legal Proceedings

The University will carry property and general liability insurance and business interruption insurance in amounts consistent with industry practices to the extent that such insurance is available on commercially reasonable terms and in compliance with the requirements of the Ground Lease, the Lease Agreement and the Sublease Agreement. However, there can be no assurance that any current or future claims will be covered by or not exceed applicable insurance coverage. A claim against the Foundation not covered by, or in excess of, the University's insurance could have a material adverse effect upon the University.

Governmental Regulation

Regulations and conditions affecting the acquisition, development and ownership of real estate, including local zoning and land use issues, environmental regulations, the Americans with Disabilities Act, and general conditions in the commercial real estate market could, if applied to on campus facilities such as the Project, increase the operating expenses of the Project or could otherwise have a material adverse effect on the financial condition of the Foundation or the University or the results of their operations.

Risks of Construction

The cost of construction and the date of completion of the Project may be affected by factors beyond the control of the Foundation or the University, including strikes, material and labor shortages, supply chain issues, adverse weather conditions, subcontractor defaults, delays and unknown contingencies.

Pursuant to the Housing Development Agreement, the Housing Developer will agree to cause the construction of the Project at or below a guaranteed maximum price (subject to adjustment as provided in the said agreement) that, when added to all other costs of developing, designing, constructing, equipping and furnishing the Project, will not exceed the amount of the total development budget agreed to in the Housing Development Agreement. The Housing Development Agreement also obligates the Housing Developer to take such actions as may be necessary to ensure completion of the Project by the scheduled date of substantial completion, as may be extended pursuant to the terms of the Housing Development Agreement. The cost of completing the Project may be increased, however, if there are change orders or other matters allowed under the Housing Development Agreement.

Market for the Series 2024 Bonds

The Series 2024 Bonds will not be listed on a securities exchange or inter-dealer quotation system. Although the Underwriter presently intends to make a market for the Series 2024 Bonds, the Underwriter is not obligated to purchase any of the Series 2024 Bonds in the future, and such market making may be discontinued at any time. There can be no assurance that there will be a secondary market for the Series 2024 Bonds, and the absence of such a market for the Series 2024 Bonds could result in investors not being able to resell their Series 2024 Bonds should they need or wish to do so.

Cleanup Costs and Liens Under Environmental Statutes

The Foundation and the University are not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the site of the Project. However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such enforcement actions were initiated, the Foundation and the University could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Project. In addition, under applicable environmental statutes, in the event an enforcement action were initiated, a lien superior to the Trustee's lien on behalf of the Bondholders could attach to the Project, which would adversely affect the Trustee's ability to realize value under the Leasehold Mortgage.

Enforceability of Remedies

To secure the Foundation's obligations to the Authority under the Lease Agreement, the Foundation has, subject to Permitted Encumbrances, (a) consented to the Authority's assignment to the Trustee, as security for payment of the Bonds, of all of the Authority's rights to collect and receive the rental payments due from the Foundation to the Authority under the Lease Agreement; (b) granted in favor of the Trustee, as security for payment of the Bonds, a security interest in its rights to collect and receive the rental payments due from the University under the Sublease Agreement; (c) granted in favor of the Trustee, as security for payment of the Bonds, a security interest in its rights under the Housing Development Agreement and all other plans, specifications and agreements necessary for the construction and development of the Project and (d) granted in favor of the Trustee, as security for payment of the Bonds, a non-foreclosable mortgage lien on its leasehold interest in the Land and the building, improvements, fixtures, equipment and furniture comprising the Project, subject to the University's rights under the Ground Lease. See "SECURITY AND SOURCES OF PAYMENT" herein for a further discussion of the security for the Series 2024 Bonds.

Pursuant to the Indenture, the Authority will assign, pledge and grant a security interest in all of its right, title and interest in the Lease Agreement (except for Reserved Rights), the Series 2024 Bonds and certain funds and accounts held under the Indenture to the Trustee which, on behalf of the owners of the Series 2024 Bonds, will exercise all of the Authority's rights with respect thereto (except for Reserved Rights). The practical realization of value upon any default will depend upon the exercise of various remedies specified by the Bond Documents. These and other remedies may, in many respects, require judicial actions, which are often subject to discretion and delay. Under existing law (including, particularly, federal bankruptcy law), the remedies specified by the Bond Documents may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Bond Documents. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights generally.

Uncertainty of Investment Income

The investment earnings of, and accumulations in, certain funds and accounts established by the Indenture have been estimated and are based on assumed earnings' rates. While these assumptions are believed to be reasonable in view of the rates of return presently available, there is no assurance that similar interest rates will be available on such investments in the future, nor is there any assurance that the potential accumulations assumed will be realized.

Consequences of Changes in the Foundation's Tax Status

The Foundation has obtained a determination letter from the Internal Revenue Service stating that it will be treated as an exempt organization as described in Section 501(c)(3) of the Code and can reasonably be expected not to be classified as a "private foundation." In order to maintain its exempt status and not to be considered a private foundation, the Foundation is subject to a number of requirements affecting its operation. The possible modification or repeal of certain existing federal income tax laws, the change of Internal Revenue Service policies or positions, the change of the Foundation's or the Foundation's method of operations, purposes or character or other factors could result in loss by the Foundation of its tax-exempt status.

The Foundation will covenant to take such actions as are necessary to remain eligible for such tax-exempt status and to avoid operating the Project as an unrelated trade or business (as determined by applying Section 512(a) of the Code). Failure of the Project to remain so qualified or of the Foundation so to operate the Project could affect the funds available to the Foundation for payments under the Lease Agreement by subjecting the Foundation to federal income taxation and could result in the loss of the excludability of interest on the Series 2024-A Bonds from gross income for purposes of federal income taxation. See "Taxation of the Series 2024-A Bonds" below.

State and Local Taxes

The Foundation has assumed that the Project will be exempt from ad valorem property taxes based on exemptions currently provided in the Code of Alabama (1975), as amended. The determination of whether such exemptions apply to the Project is made by the county tax assessor, subject to review by a state district court.

Taxation of the Series 2024-A Bonds

An opinion of Bond Counsel has been obtained with respect to the Series 2024-A Bonds as described under "TAX MATTERS" herein. Such an opinion is not binding on the Internal Revenue Service. Application for a ruling from the Internal Revenue Service regarding the status of the interest on the Series 2024-A Bonds has not been made. The opinion of Bond Counsel contains certain exceptions and is based on certain assumptions described herein under the heading "TAX MATTERS." Failure by the Authority or the Foundation or the University to comply with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and covenants contained in the Indenture, the Lease Agreement, the Sublease Agreement and the Tax Regulatory Agreement could result in interest on the Series 2024-A Bonds becoming includible in gross income for federal tax purposes.

LITIGATION

The Authority

There is not now pending (as to which the Authority has received service of process) or, to the actual knowledge of the Authority threatened, any litigation against the Authority restraining or enjoining the issuance or delivery of the Series 2024 Bonds or questioning or affecting the validity of the Series 2024 Bonds or the proceedings or authority under which the Series 2024 Bonds are to be issued. Neither the creation, organization or existence of the Authority nor the title of any of the present members or other officers of the Authority to their respective offices is being contested. There is no litigation against the Authority pending (as to which the Authority has received service of process) or, to the actual knowledge of the Authority, threatened, which in any manner questions the right of the Authority to enter into the Indenture, the Lease Agreement or the Bond Purchase Agreement or to secure the Series 2024 Bonds in the manner provided in the Indenture and the Act.

The Foundation

There is no action, suit or proceeding, at law or in equity before any court, public board or body pending or, to the knowledge of the Foundation, threatened (or any meritorious basis for such an action, suit, proceeding, inquiry or investigation) at the date of this Official Statement to restrain or enjoin the issuance, sale, execution or delivery of the Series 2024 Bonds or any proceedings of the Foundation taken with respect thereto, or wherein an unfavorable decision, ruling or finding (i) would adversely affect the transactions contemplated by this Official Statement or the validity or enforceability of the Series 2024 Bonds, the Indenture, the Lease Agreement, the Sublease Agreement or any other agreement or instrument which is used or contemplated for use in the consummation of the transactions contemplated by this Official Statement or (ii) would materially adversely affect the financial condition or operations of the Project. There is no litigation now pending or threatened against the Foundation, of which the Foundation has knowledge, which in any manner questions the right of the Foundation to enter into or perform its obligations under the Lease Agreement, the Sublease Agreement, the Ground Lease or the Leasehold Mortgage.

The University

General. There is no action, suit or proceeding, at law or in equity before any court, public board or body pending or, to the knowledge of the University, threatened (or any meritorious basis for such an action, suit, proceeding, inquiry or investigation) at the date of this Official Statement to restrain or enjoin the issuance, sale, execution or delivery of the Series 2024 Bonds or any proceedings of the University taken with respect thereto, or wherein an unfavorable decision, ruling or finding (i) would adversely affect the transactions contemplated by this Official Statement or the validity or enforceability of the Series 2024 Bonds, the Indenture, the Lease Agreement, the Sublease Agreement or any other agreement or instrument which is used or contemplated for use in the consummation of the transactions contemplated by this Official Statement or (ii) would materially adversely affect the financial condition or operations of the Project. There is no litigation now pending or threatened against the University, of which the University has knowledge, which in any manner questions the right of the University to enter into or perform its obligations under the Sublease Agreement, the Ground Lease or any other Bond Document.

ServPro Litigation. ServPro of Birmingham ("ServPro") brought a lawsuit in the Circuit Court of Calhoun County (case number 11-CV-2022-900084) against several officers of the University and one member of the University Board in their official capacities. ServePro alleged that the University owes ServPro approximately $11,000,000 plus interest for unpaid tornado cleanup and remediation work and asked the Court to order the University to pay such amount to ServPro. ServPro has also sued one current and one former University employee in their individual capacities alleging tortious misconduct. ServPro's claim arose after the Alabama State Insurance Fund refused to reimburse the University for insurance claims related to the tornado remediation work performed by ServPro allegedly because of a third-party audit raising concerns about ServPro's charges and presumably because of an investigation by the Federal Bureau of Investigation purportedly relating to some of the same issues.

The University maintains that the claims against the University Board member and the University officers in their official capacities are barred by sovereign immunity and that such claims must be asserted, if at all, at the Alabama State Board of Adjustment.

On November 30, 2023, the University sued ServPro and two of its principals, Brady Wilson and Frank Williams, claiming that ServPro overcharged the University more than $25,000,000.00 in the tornado cleanup and remediation. The University's claim is based on an audit by a CPA firm, Meaden & Moore, retained by the State of Alabama. The University obtained the Meaden & Moore audit by foreign subpoena in the case in which ServPro sued President Killingsworth and others. The University is represented by the Beasley Allen law firm in the lawsuit, originally numbered 11-CV-2023-900533, in which the University sues ServPro.

ServPro removed 11-CV-2023-900533 to federal court. The parties in both lawsuits attempted mediation but were not successful. The parties agreed to arbitrate the claims. The claims in both lawsuits are now pending before Allen Schreiber of Schreiber ADR. The claims are expected to be arbitrated in or around April 2025.

Regardless of the ultimate determination of the sovereign immunity issue, there are numerous other factual and legal defenses that will be asserted by the University and other defendants. However, if the Court orders the University to pay ServPro the amount it claims it is owed, the University believes any such amounts should be reimbursed by the Alabama State Insurance Fund. The University cannot predict the results of the ServPro litigation and the extent to which a decision in favor of ServPro would impact the financial condition of the University.

Servpro has also filed a direct claim against the University at the Alabama State Board of Adjustment essentially seeking the same relief that is sought in the lawsuit filed with the Circuit Court of Calhoun County. This claim is stayed pending the outcome of the arbitration.

OVC Litigation. The Ohio Valley Conference ("OVC"), an intercollegiate athletic conference, sued in the Circuit Court of Calhoun County (case number 11-CV-2021-900312.00) against the University and the President of the University and one member of the University Board in their official capacities. OVC sought the payment of a $1,000,000 exit fee provision plus nominal other damages that it contends the University owes as a result of resigning its membership in the OVC. In its complaint, OVC also asserts individual claims against the University's president and the member of the University Board. The University and other defendants contend that the exit fee provision is an unenforceable penalty, and that the lawsuit is otherwise barred by sovereign immunity. By order dated September 6, 2022, the Circuit Court of Calhoun County dismissed OVC's lawsuit.

OVC appealed that decision to the Alabama Supreme Court. The Supreme Court reversed, in part, and affirmed, in part. The parties settled their claims after the case was remanded to the Circuit Court.

OVC also filed a claim seeking virtually identical relief against the University at the Alabama State Board of Adjustment which has been dismissed.

TAX MATTERS

Certain Federal Income Tax Considerations

General. The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Series 2024 Bonds and is based on the Code, the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service ("IRS") and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed herein.

The following discussion is not a complete analysis or description of all potential United States ("U.S.") federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular Holders of the Series 2024 Bonds and does not address U.S. federal gift or estate tax or (as otherwise stated herein) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-through entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., broker-dealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be subject to or personal holding company provisions of the Code) that are subject to special treatment under U.S. federal income tax laws, taxpayers qualifying for the health insurance premium assistance credit, or persons that hold Series 2024 Bonds as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the "U.S. dollar." This summary is further limited to investors who will hold the Series 2024 Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

As used herein, the term "U.S. Holder" means a beneficial owner of a Series 2024 Bond who or which is: (i) an individual citizen or resident of the U.S., (ii) a corporation or partnership created or organized under the laws of the U.S. or any political subdivision thereof or therein, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Series 2024 Bond that is not a U.S. Holder.

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF SERIES 2024 BONDS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION.

PROSPECTIVE HOLDERS OF THE SERIES 2024 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2024 BONDS BEFORE DETERMINING WHETHER TO PURCHASE SERIES 2024 BONDS.

THE FOLLOWING DISCUSSION IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED THEREIN. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE SERIES 2024 BONDS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.

Information Reporting and Backup Withholding. Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Series 2024 Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Series 2024-A Bonds

Opinion. On the date of initial delivery of the Series 2024-A Bonds, Waldrep, Stewart & Kendrick, LLP, as Bond Counsel ("Bond Counsel") to the Authority, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) for federal income tax purposes, interest on the Series 2024-A Bonds will be excludable from the "gross income" of the Holders thereof, (2) the Series 2024-A Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code, and (3) interest on the Series 2024-A Bonds will be exempt from State of Alabama income taxation. Except as stated above, Bond Counsel to the Authority will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Series 2024-A Bonds. See Appendix B, "FORM OF OPINION OF BOND COUNSEL."

In rendering its opinion, Bond Counsel to the Authority will rely upon (a) the opinion of Burr & Forman, LLP, counsel to the Foundation, relating to the status of the Foundation as an organization described in section 501(c)(3) of the Code, (b) information furnished by the parties to the Lease Agreement, the Sublease Agreement and the Tax Regulatory Agreement, and particularly written representations of officers and agents of such parties with respect to certain material facts that are solely within their knowledge relating to the use of proceeds of the Series 2024-A Bonds, and (c) the Authority's federal tax certificate. Failure of the Authority, the Foundation or the Foundation to comply with these representations or covenants could cause the interest on the Series 2024-A Bonds to become includable in gross income retroactively to the date of issuance of the Series 2024-A Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Series 2024-A Bonds in order for interest on the Series 2024-A Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Series 2024-A Bonds to be included in gross income retroactively to the date of issuance of the Series 2024-A Bonds. The opinion of Bond Counsel to the Authority is conditioned on compliance by the Authority with such requirements, and Bond Counsel to the Authority has not been retained to monitor compliance with these requirements subsequent to the issuance of the Series 2024-A Bonds.

Bond Counsel's opinion regarding the Series 2024-A Bonds represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion related to the Series 2024-A Bonds is not a guarantee of a result. Existing Law is subject to change by the U.S. Congress and to subsequent judicial and administrative interpretation by the courts and the U.S. Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Series 2024-A Bonds.

A ruling was not sought from the IRS by the Authority with respect to the Series 2024-A Bonds or property financed with the proceeds of the Series 2024-A Bonds. No assurances can be given as to whether or not the IRS will commence an audit of the Series 2024-A Bonds, or as to whether the IRS would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the IRS is likely to treat the Authority as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Original Issue Discount. In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of a Series 2024-A Bond, to the extent properly allocable to each owner of such Series 2024-A Bond, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2024-A Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Series 2024-A Bonds of such maturity were sold.

Under Section 1288 of the Internal Revenue Code of 1986, as amended, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2024-A Bond during any accrual period generally equals (i) the issue price of such Series 2024-A Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Series 2024-A Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Series 2024-A Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Series 2024-A Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of a Series 2024-A Bond will be treated as gain from the sale or exchange of such Series 2024-A Bond.

Premium. An amount equal to the excess of the purchase price of a Series 2024-A Bond over its stated redemption price at maturity constitutes premium on such Series 2024-A Bond. A purchaser of a Series 2024-A Bond must amortize any premium over such Series 2024-A Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Series 2024-A Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2024-A Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Series 2024-A Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2024-A Bonds.

Series 2024-B Bonds

The Series 2024-B Bonds are not obligations described in Section 103(a) of the Code. Accordingly, the stated interest paid on the Series 2024-B Bonds or original issue discount, if any, accruing on the Series 2024-B Bonds will be includable in "gross income" within the meaning of Section 61 of the Code of each owner thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to such owner.

PROSPECTIVE PURCHASERS OF THE SERIES 2024 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS.

NO BANK QUALIFICATION

The Authority will not designate the Series 2024 Bonds as "qualified tax-exempt obligations" under Section 265(b) of the Internal Revenue Code. As a result, the Series 2024 Bonds may not be treated by financial institutions as though they were acquired on August 7, 1986, and there may not be allowed to such financial institutions that purchase the Series 2024 Bonds a deduction of up to 80% of the interest paid to depositors that is allocable to the Series 2024 Bonds by such financial institutions.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), will enter into a Bond Purchase Agreement with the Authority and the Foundation to purchase the Series 2024-A Bonds at a purchase price of $92,166,944.50, representing the par amount of the Series 2024-A Bonds, less an underwriter's discount of $708,080.00, plus net original issue premium of $4,365,024.50) and the Series 2024-B Bonds at a purchase price of $7,783,621.80 (representing the par amount of the Series 2024-B Bonds less an underwriter's discount of $62,920.00, less original issue discount of $18,458.20). The total compensation to the Underwriter in connection with the Series 2024 Bonds is expected to be in the form of the underwriter's discount. The obligation of the Underwriter to purchase the Series 2024 Bonds will be subject to various conditions contained in the Bond Purchase Agreement, including the issuance and receipt of the ratings and judicial validation of the Series 2024 Bonds described herein.

The Underwriter and/or its affiliates may receive additional fees for providing services as an investment broker or bidding agent with respect to the investment of Series 2024 Bond proceeds.

The Underwriter is purchasing the Series 2024 Bonds and intends to offer the Series 2024 Bonds to the purchasers thereof at the offering prices set forth on the cover page of this Preliminary Official Statement, which offering price may subsequently be changed without any requirement of prior notice. The Underwriter has reserved the right to permit other securities dealers who are members of the National Association of Securities Dealers, Inc. to assist in selling the Series 2024 Bonds. The Underwriter may offer and sell Series 2024 Bonds to certain dealers at prices lower than the public offering price or otherwise allow concessions to such dealers who may re-allow concessions to other dealers. Any discounts and/or commissions that may be received by such dealers in connection with the sale of the Series 2024 Bonds will be deducted from the Underwriter's discount.

The Underwriter and its affiliates together comprise a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Authority, the University and/or the Foundation for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the Authority.

The Foundation has agreed to indemnify the Underwriter against certain civil liabilities, including certain liabilities under federal securities laws. Under existing statutes, regulations, and court decisions, the enforceability of such an agreement to indemnify is uncertain.

RATINGS

The Series 2024 Bonds have received a rating of "Baa2" (stable outlook) by Moody's Investors Service, Inc. Additionally, S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, has assigned the Series 2024 Bonds an insured rating of "AA" (stable outlook) with the understanding that BAM will issue the Bond Insurance Policy at the time of issuance and delivery of the Series 2024 Bonds. An explanation of the significance of any such rating may be obtained from the rating agencies. The ratings reflect only the view of the rating agencies, and none of the Authority, the Foundation, the University or the Underwriter makes any representation as to the appropriateness of the ratings.

It should be noted that there is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if in the judgment of such rating agencies, circumstances warrant such action. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2024 Bonds.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series 2024 Bonds are subject to the approving legal opinion of Bond Counsel. Certain legal matters will be passed on by Disclosure Counsel, Waldrep, Stewart & Kendrick, LLP, Birmingham, Alabama.

Certain legal matters will also be passed on for the Authority by its counsel, Rhea Boyd & Rhea, Gadsden, Alabama, for the Foundation by its counsel, Burr & Forman LLP, Montgomery, Alabama, for the University by its counsel, Waldrep, Stewart & Kendrick, LLP, Birmingham, Alabama, and for the Underwriter by its counsel, Bradley Arant Boult Cummings LLP, Birmingham, Alabama.

RELATIONSHIPS OF PARTIES

The Foundation, Jacksonville State University Foundation, Inc., is a non-profit corporation formed for the special purpose of providing support to the University, and the Foundation's organizational documents limit its activities to those that will serves its corporate purpose. The Foundation and the University have separate boards of directors and observe certain formalities in order to preserve separate corporate existence and to comply with applicable law.

In the ordinary course of business, the Underwriter and certain of its affiliates may from time to time provide other investment banking services, commercial banking services or financial products to the Authority, the Foundation and the University.

CONTINUING DISCLOSURE

It has been determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2024 Bonds, and the Authority will not provide any such information. The University has undertaken all responsibilities for any continuing disclosure to Bondholders as described below, and the Authority shall have no liability to Bondholders or any other person with respect to such disclosures.

The University will enter into a continuing disclosure agreement (the "Disclosure Agreement"), a form of which is attached as Appendix C, for the benefit of the Holders and Beneficial Holders of the Series 2024 Bonds. Under the Disclosure Agreement, the University will be obligated, while any Series 2024 Bonds remain outstanding, to provide certain annual financial information and timely notice of specified material events to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board. Information filed with EMMA may be obtained at www.emma.msrb.org.

In the event of any failure of the University to provide the required continuing disclosure, any Bondholder may bring an action seeking specific performance of the University's obligations to provide continuing disclosure. No assurance can be given as to the outcome of any such proceeding.

Failure by the University to comply with the continuing disclosure obligations in the Disclosure Agreement will not be an "Event of Default" under the Indenture, the Sublease Agreement or under any other Bond Document, and the sole and exclusive remedy for such failure shall be an action brought by or on behalf of the holders of the Series 2024 Bonds to compel specific performance of the University's continuing disclosure obligations, as described above.

MISCELLANEOUS

Any statements herein involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The foregoing references to and summaries or descriptions of provisions of the Series 2024 Bonds, the Indenture, the Lease Agreement, the Sublease, the Ground Lease, the other Bond Documents, and all references to other materials not stated to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof.

The information set forth in this Official Statement and in the Appendices hereto should not be construed as representing all of the conditions affecting the Authority, the Foundation, the University, the Underwriter or the Series 2024 Bonds.

At closing of the issuance and sale of the Series 2024 Bonds, the Authority and the Foundation will each deliver to the Underwriter a certificate that no litigation is pending or threatened against it which would have a material effect on the issuance of the Series 2024 Bonds or performance under the Bond Documents. In addition, the Foundation will represent to the Underwriter and the Authority in the Bond Purchase Agreement that the information contained in this Official Statement relating to itself and the Project does not contain any misrepresentation of a material fact and does not omit to state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

The Foundation has furnished the information contained in this Official Statement relating to itself and the Project. The Authority has furnished only the information contained in this Official Statement relating to itself under the headings "THE AUTHORITY" and "LITIGATION – The Authority." The University has furnished the information contained in this Official Statement relating to itself. The Underwriter has furnished the information contained in this Official Statement under the heading "UNDERWRITING" and has furnished the information with respect to the public offering prices of the Series 2024 Bonds contained on the cover page of this Official Statement.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2024 Bonds.

The distribution of this Official Statement has been duly authorized by the Authority and the Foundation. The Authority has not assisted in the preparation of this Official Statement, except for the statements pertaining to the Authority under the captions "THE AUTHORITY" and "LITIGATION – The Authority" herein and, except as aforesaid, the Authority is not responsible for any statements made in this Official Statement. Except for the execution and delivery of documents required to effect the issuance of the Series 2024 Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the Series 2024 Bonds. Accordingly, except as aforesaid, the Authority assumes no responsibility for the disclosures set forth in this Official Statement.

THE PUBLIC EDUCATIONAL BUILDING AUTHORITY OF JACKSONVILLE (JACKSONVILLE STATE UNIVERSITY FOUNDATION)

By: *<u>/s/ Amy Angel</u>*
Chairman

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APPENDIX A

SUMMARIES OF CERTAIN PROVISIONS OF PRIMARY BOND DOCUMENTS

This appendix contains summaries of certain provisions of the Indenture, the Lease Agreement, the Sublease Agreement and the Leasehold Mortgage described in this Official Statement. These summaries do not purport to be a complete description and contain only brief outlines of the terms and provisions of such instruments. Certain provisions of such instruments are summarized elsewhere in this Official Statement or are not summarized or otherwise identified. The summaries are qualified in their entirety by reference to such instruments, which will be available at the office of the Trustee after delivery of the Series 2024 Bonds.

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SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture referenced in this Official Statement. This summary is not a complete recital of the terms of the Indenture and reference is made to the Indenture in its entirety. During the initial offering period, potential purchasers of the Series 2024 Bonds can obtain a copy of the Indenture from the Underwriter at no cost and are encouraged to review the same before investing in the Series 2024 Bonds. Following the initial offering period, potential purchasers can examine such documents at the office of the Trustee.

Capitalized Terms

Capitalized terms used in this summary of the Indenture and not otherwise defined in this Official Statement are assigned the following meanings, unless context otherwise requires:

"Acquisition Costs" when used with respect to the Series 2024 Bonds, shall mean costs of acquiring, constructing and installing the Bond-Financed Facilities. When used with respect to Additional Bonds, "Acquisition Costs" shall mean the costs of capital improvements financed with the proceeds thereof, as described more particularly in the Supplemental Indenture executed in connection therewith.

"Additional Bonds" shall mean a series of Bonds issued pursuant to Article 7 of the Indenture and the related Supplemental Indenture.

"Affiliate" of any specified person shall mean any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control" when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authority" shall mean The Public Educational Building Authority of Jacksonville (Jacksonville State University Foundation), an Alabama public corporation, until a successor corporation shall have become such pursuant to the applicable provisions of the Indenture, and thereafter "Authority" shall mean such successor corporation.

"Authorized Authority Representative" shall mean any officer or agent of the Authority designated in writing by the governing body of the Authority to act as "Authorized Authority Representative" for purposes of the Bond Documents.

"Authorized JSUF Representative" shall mean any officer or agent of JSUF designated in writing by the governing body of JSUF to act as "Authorized JSUF Representative" for purposes of the Bond Documents.

"Authorized Denominations" shall mean, for the Series 2024 Bonds, $5,000 or any multiple thereof, and for any series of Additional Bonds, the meaning assigned in the Supplemental Indenture for such Additional Bonds.

"Basic Rental Payments" shall mean all payments of JSUF pursuant to Section 4.2 of the Lease Agreement.

"Bond" shall mean any Bond issued pursuant to the Indenture, including the Series 2024 Bonds and any Additional Bonds.

"Bond Documents" shall mean the Bonds, the Indenture, the Lease Agreement, the Sublease Agreement and any guaranty agreement or similar agreement entered into by JSUF in connection with the issuance of Bonds.

"Bond-Financed Facilities" shall mean the facilities being financed by the Series 2024 Bonds, more particularly described in the Lease Agreement and the Sublease Agreement.

"Bond Payment Date" shall mean each date (including any date fixed for redemption of Bonds) on which Debt Service is payable on the Bonds.

"Completion Bonds" shall mean any Additional Bonds issued by the Authority for the purpose of financing the completion of facilities for which Bonds, Long-Term Indebtedness, or Indebtedness in anticipation thereof, has already been issued.

"Completion Certificate" shall mean a written certificate delivered by an Authorized JSUF Representative to the Trustee declaring that remaining proceeds of the Series 2024 Bonds are not needed to pay Acquisition Costs with respect to the Bond-Financed Facilities.

"Construction Documents" shall mean the Housing Development Agreement and all construction contracts, agreements for architectural or engineering services, disbursement agreements and plans and specifications made or entered into in connection with the design, development or construction of the Bond-Financed Facilities.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement entered into by the University in connection with the issuance of the Series 2024 Bonds.

"Debt Service" shall mean the principal, premium (if any) and interest payable on the Bonds.

"Favorable Tax Opinion" shall mean an Opinion of Counsel stating in effect that a proposed action, together with any other changes with respect to the Series 2024-A Bonds made or to be made in connection with such action, will not cause interest on the Series 2024-A Bonds to become includible in gross income of the holders for purposes of federal income taxation.

"Federal Securities" shall mean noncallable, nonprepayable, direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America, excluding unit investment trusts and mutual funds.

"Financing Participants" shall mean the Authority, JSUF, the University and the Trustee.

"GAAP" means those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board and its predecessors or pronouncements of the American Institute of Certified Public Accountants or those principles of accounting that have other substantial authoritative support and are applicable in the circumstances as of the date of application, as such principles are from time to time supplemented and amended.

"Ground Lease" shall mean the Ground Lease dated as of December 1, 2024, from the University, granting JSUF a leasehold interest in the real property comprising the Bond-Financed Facilities.

"Ground Sublease" shall mean the Ground Lease dated as of December 1, 2024, from JSUF, granting the Authority a leasehold interest in the real property comprising the Bond-Financed Facilities.

"Indebtedness" means, but only to the extent incurred in connection with the Bond-Financed Facilities or secured by a lien on all or any portion of the Trust Estate; (a) all indebtedness, whether or not represented by bonds, debentures, notes or other securities, for the repayment of money borrowed; (b) all deferred indebtedness for the payment of the purchase price of properties or assets purchased; (c) all guaranties, endorsements (other than endorsements in the ordinary course of business), assumptions and other contingent obligations in respect of, or to purchase or to otherwise acquire, indebtedness of others; (d) all indebtedness secured by mortgage, pledge, security interest or lien existing on property owned that is subject to such mortgage, pledge, security interest or lien, whether or not the indebtedness secured thereby has been assumed; (e) swap or hedging obligations or other similar derivative or investment agreements that, under certain circumstances, require a payment upon termination; and (f) all capitalized lease obligations; *provided however* that for the purpose of computing Indebtedness, there is required to be excluded any particular Indebtedness if, upon or prior to the maturity thereof, there has been irrevocably deposited with the proper depository in trust the necessary funds (or direct obligations of the United States of America not redeemable by the issuer thereof) for the payment, redemption or satisfaction of such Indebtedness, and thereafter such funds and such direct obligations of the United States of America so deposited will not be included in any computation of the assets of JSUF and the income derived from such funds and such direct obligations of the United States of America so deposited will not be included in any computation of the income of JSUF.

"Indenture Default" shall have the meaning assigned under the heading "Events of Default" in this summary. An Indenture Default shall "exist" if an Indenture Default shall have occurred and be continuing.

"Indenture Funds" shall mean the Costs of Issuance Fund, the Acquisition Fund and the Debt Service Fund, each established pursuant to the Indenture. "Indenture Funds" shall not include the Operating and Capital Reserve Fund established pursuant to the Indenture.

"Indenture Indebtedness" shall mean all indebtedness of the Authority at the time secured by the Indenture, including without limitation (a) all Debt Service on the Bonds and (b) all reasonable fees, charges and disbursements of the Trustee for services performed and disbursements made under the Indenture.

"JSUF" shall mean Jacksonville State University Foundation, Inc., an Alabama nonprofit corporation.

"Lease Agreement" shall mean that certain Lease Agreement dated as of December 1, 2024, between the Authority and JSUF.

"Lease Default" shall have the meaning stated in the Lease Agreement. See "SUMMARY OF LEASE AGREEMENT — Events of Default" in Appendix A. A Lease Default shall "exist" if a Lease Default shall have occurred and be continuing.

"Long-Term Indebtedness" means any Indebtedness maturing more than 365 days after it is incurred and is not payable on demand, including any such Indebtedness that is renewable or extendable at the sole option of the debtor to a date more than 365 days after it is incurred.

"Moody's" shall mean Moody's Investors Service, Inc.

"Operating and Capital Reserve Fund" shall mean the fund by such name established in Section 8.3 of the Indenture.

"Opinion of Counsel" shall mean an opinion from an attorney or firm of attorneys with experience in the matters to be covered in the opinion. Except as otherwise expressly provided in the Indenture, the attorney or attorneys rendering such opinion may be counsel for one or more of the Financing Participants.

"Outstanding" when used with respect to Bonds shall mean, as of the date of determination, all Bonds authenticated and delivered under the Indenture, except:

(a) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds for whose payment or redemption money in the necessary amount has been deposited with the Trustee in trust for the holders of such Bonds, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture.

"Post-Default Rate" shall mean (a) when used with respect to any payment of Debt Service on any Bond, the rate specified in such Bond for overdue installments of Debt Service on such Bond, computed as provided in such Bond, and (b) when used with respect to all other payments due under the Indenture, a variable rate equal to the Trustee's prime rate plus 1% (100 basis points), computed on the basis of a 365 or 366-day year, as the case may be, for actual days elapsed.

"Qualified Investments" shall mean:

(a) Federal Securities.

(b) An interest in any trust or fund, including those managed by the Trustee or any of its subsidiaries, that invests solely in Federal Securities or repurchase agreements with respect to Federal Securities.

(c) A certificate of deposit issued by, or other interest-bearing deposit with, any bank organized under the laws of the United States of America or any state thereof (including without limitation the Trustee), provided that (1) long-term deposits with such bank are rated by Moody's or S & P in one of the three highest rating categories, or (2) such deposit is collaterally secured by the issuing bank by pledging Federal Securities having a market value (exclusive of accrued interest) not less than the face amount of such certificate less the amount of such deposit insured by the Federal Deposit Insurance Corporation.

(d) A repurchase agreement with respect to Federal Securities, provided that the Federal Securities subject to such repurchase agreement are held by or under the control of the Trustee or an independent third party (tri-party custody agreement) pursuant to a perfected security interest free and clear of third-party liens.

"Rating Agency" shall mean Moody's, S & P and any other nationally recognized securities rating agency.

"S & P" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies.

"Special Reserve Fund" shall mean a special fund created in a Supplemental Indenture or other amendatory document to serve as a reserve fund for payment of the Series 2024 Bonds in the event funds for such purpose are not available or otherwise on deposit in the Debt Service Fund.

"Sublease Agreement" shall mean that certain Sublease Agreement dated as of December 1, 2024, between JSUF and the University.

"Supplemental Indenture" shall mean an instrument supplementing, modifying or amending the Indenture.

"Trustee" shall mean Regions Bank, an Alabama banking corporation, until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter "Trustee" shall mean such successor.

"University" shall mean Jacksonville State University, a body corporate organized under the laws of the State of Alabama.

Source of Payment of Bonds and Other Obligations

The Bonds and all other payment obligations under the Indenture are limited obligations of the Authority payable solely out of the Trust Estate, including Basic Rental Payments by JSUF pursuant to the Lease Agreement.

The Indenture shall not constitute or effect a pledge or assignment of, or any other type of security interest in, the property, taxes or revenues of the Authority other than the property specifically identified by the Indenture as part of the Trust Estate. The Authority has no legal authority to assess or impose taxes.

Sponsoring Entity Exempt From Liability

The Bonds and any other payment obligations of the Authority under the Indenture do not constitute or give rise to an indebtedness or a pecuniary liability of, and do not constitute a charge against the general credit or taxing powers of the City of Jacksonville, Alabama.

Pledge and Assignment of Trust Estate

In the Indenture, the Authority assigns and pledges to the Trustee, and grants to the Trustee a security in, and to (a) all money and investments from time to time on deposit in, or forming a part of, the Indenture Funds (subject to the provisions of the Indenture regarding the use of money in the Indenture Funds), (b) a non-foreclosable leasehold mortgage in the real property, improvements, fixtures and personal property comprising the Bond-Financed Facilities, (c) all rights of the Authority under the Lease Agreement, subject to certain reserved rights on the part of the Authority but including the right to collect and receive Basic Rental Payments from JSUF, (d) during construction, all rights of the Authority under the Construction Documents, and (e) other property that may be subject from time to time to the liens of the Indenture.

Separate Security for Bonds

The Authority may deliver to the Trustee a separate credit facility (a letter of credit, insurance policy, standby purchase agreement, guaranty agreement or other credit enhancement) solely for the benefit of specified Bonds issued under the Indenture, which may be all or any portion of one or more series of Bonds. Such credit facility will not be considered part of the Trust Estate. The terms of the Supplemental Indenture authorizing the issuance of the secured Bonds (a) may grant to the obligor under such credit facility the right to exercise certain rights or powers, or to grant or withhold any consent, on behalf of the holders of Bonds secured by such credit facility and (b) may provide that such obligor shall be subrogated to the rights of the holders of Bonds secured by such credit facility if, and to the extent that, such obligor is not paid or reimbursed for amounts paid to holders of Bonds secured by such credit facility.

Additional Bonds

In General. The Authority may at any time and from time to time, if no Indenture Default exists, issue Additional Bonds within the limitations of and upon compliance with the provisions of the Indenture for any lawful purpose.

Conditions Precedent to Issuance of Additional Bonds. Prior to the issuance of any Additional Bonds, the Authority shall deliver to the Trustee the Additional Bonds proposed to be issued, duly executed and accompanied by the following:

(1) **Proceedings.** A certified copy of the proceedings taken by the Authority authorizing such Additional Bonds and the Supplemental Indenture providing therefor, which shall include the following: (A) a representation that no Indenture Default exists, (B) the purpose or purposes for which such Additional Bonds are being issued, and (C) the person or persons to whom such Additional Bonds have been sold and the purchase price to be paid therefor.

(2) **Supplemental Indenture.** A Supplemental Indenture duly executed on behalf of the Authority and containing (to the extent applicable) (A) a description of the Additional Bonds proposed to be issued, including the aggregate principal amount, the series designation, the maturity or maturities of principal of such Additional Bonds, the interest rate or rates (or provisions for the determination thereof), the due dates of interest on such Additional Bonds, the redemption provisions with respect to such Additional Bonds, and the form of such Additional Bonds, (B) a statement of the purpose or purposes for which such Additional Bonds are to be issued, (C) provisions subjecting to the lien of the Indenture all property acquired and to be acquired in connection with any additions, improvements and modifications to the Bond-Financed Facilities, (D) a confirmation of the lien of the Indenture on all property then constituting a part of the Trust Estate, and (E) any other matters deemed appropriate by the Authority and not inconsistent with the terms of the Indenture.

(3) **Supplement to Lease Agreement.** A supplement to the Lease Agreement duly executed on behalf of the Authority and JSUF and containing (to the extent applicable) (A) a description of the facilities to be financed by the issuance of such Additional Bonds, (B) provisions subjecting to the demise of the Lease Agreement all property acquired and to be acquired in connection with any additions, improvements and modifications to the Bond-Financed Facilities, (C) a confirmation of the demise pursuant to the Lease Agreement of all property then constituting a part of the Bond-Financed Facilities, (D) an agreement by JSUF to make Basic Rental Payments at times and in amounts sufficient to pay Debt Service on the Additional Bonds, and (E) any other matters deemed appropriate by the Authority and JSUF and not inconsistent with the terms of the Lease Agreement or the Indenture.

(4) **Opinion of Bond Counsel.** An Opinion of Counsel stating in effect (with such qualifications and assumptions as the Trustee may deem appropriate) that (A) such Additional Bonds are valid and binding obligations of the Authority in accordance with their terms and are entitled to the benefit and security of the Indenture equally and proportionately with all other Bonds outstanding under the Indenture, (B) the Indenture (as so supplemented) and the Lease Agreement (as so supplemented) constitute valid and binding obligations of the Authority in accordance with their terms, and (C) if interest on the Additional bonds is to be excluded from the gross income for federal tax purposes, such interest shall be excluded.

(5) **Opinion of Counsel for JSUF.** An Opinion of Counsel for JSUF stating in effect (with such qualifications and assumptions as the Trustee may deem appropriate) that the Lease Agreement (as so supplemented) constitutes a valid and binding obligation of JSUF in accordance with its terms.

(6) **Completion Bonds.** A certificate by an Authorized JSUF Representative that the Additional Bonds constitute Completion Bonds or that the proceeds of such Additional Bonds will be used to pay the costs of acquiring and constructing housing facilities to be located on the University campus.

(7) **Favorable Tax Opinion.** A Favorable Tax Opinion, if applicable.

Any Additional Bonds issued pursuant to and in compliance with the terms of the Indenture shall be entitled to the benefit and protection of the Indenture equally and proportionately with all other Bonds issued under the Indenture.

Operating and Capital Reserve Fund

The Indenture establishes a special fund designated the "Operating and Capital Reserve Fund" (the "Operating and Capital Reserve Fund"). The Trustee shall be the depository, custodian and disbursing agent for the Operating and Capital Reserve Fund. <u>The Operating and Capital Reserve Fund is not subject to the lien of the Indenture, is not pledged as security for the Series 2024 Bonds, and does not constitute part of the Trust Estate</u>.

No funds will be on deposit in the Operating Capital Reserve Fund at the time of issuance of the Series 2024 Bonds, and the Indenture does not require any deposits to be made into the Operating and Capital Reserve Fund, whether by the University, JSUF, the Authority, or any other entity.

The University shall have the right, but not the obligation, to make deposits from time to time into the Operating and Cash Reserve Fund. Money, if any, on deposit in the Operating and Capital Reserve Fund shall be paid out by the Trustee from time to time, upon the written direction of the University, for the purpose of paying operating and capital expenses of the Project, including, but not limited to, repair, maintenance and capital improvements to the Project, and for the purpose of paying debt service on the Series 2024 Bonds. Also, upon the occurrence and continuance of an Event of Default arising from the failure to timely pay debt service on the Series 2024 Bonds, the Trustee shall withdraw amounts, if any, then on deposit in the Operating and Capital Reserve Fund necessary to pay the then-unpaid debt service on the Series 2024 Bonds. During the continuance of an Event of Default arising from the failure to timely pay debt service on the Series 2024 Bonds, the only permitted withdrawal from the Operating and Capital Reserve Fund shall be to pay debt service on the Series 2024 Bonds as aforesaid, and no other withdrawal from the Operating and Capital Reserve Fund, whether at the direction of the University or otherwise, may be permitted during such time.

For the avoidance of doubt, the University shall never be required to deposit any amounts into the Operating and Cash Reserve Fund.

Investment of Indenture Funds

Except as otherwise expressly provided in the Indenture, any money held as part of an Indenture Fund shall be invested or reinvested in Qualified Investments by the Trustee in accordance with the written instructions of the Authority. Any investment made with money on deposit in an Indenture Fund shall be held by or under control of the fund custodian and shall be deemed at all times a part of the Indenture Fund where such money was on deposit, and the interest and profits realized from such investment shall be credited to such fund and any loss resulting from such investment shall be charged to such fund.

Application of Funds After Indenture Indebtedness Fully Paid

After all Indenture Indebtedness has been fully paid, any money or investments remaining in the Indenture Funds or otherwise constituting part of the Trust Estate shall be paid to JSUF.

Representations and Covenants

General Representations. The Authority represents and warrants under the Indenture that it has the power to consummate the transactions contemplated by the Bond Documents to which it is a party and that the Bond Documents to which it is a party constitute legal, valid and binding obligations and are enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (1) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

No Encumbrance on Trust Estate. The Authority covenants in the Indenture that it will not create or permit the creation of any pledge, lien, charge or encumbrance of any kind on the Trust Estate or any part thereof prior to or on a parity of lien with the Indenture.

Inspection of Records. The Authority covenants in the Indenture that it will at any and all times, upon the request of the Trustee, afford and procure a reasonable opportunity for the Trustee by its representatives to inspect any books, records, reports and other papers of the Authority relating to the performance by the Authority of its covenants in the Indenture, and the Authority will furnish to the Trustee any and all information as the Trustee may reasonably request with respect to the performance by the Authority of its covenants in the Indenture.

Advances by Trustee. If the Authority shall fail to perform any of its covenants in the Indenture, the Trustee may, but shall not be required, at any time and from time to time, to make advances to effect performance of any such covenant on behalf of the Authority. Any money so advanced by the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand (subject to Article 2 the Indenture), and such advances shall be secured under the Indenture prior to the Bonds.

Corporate Existence; Merger, Consolidation, Etc. The Indenture permits the Authority to consolidate with or merge into any other corporation or transfer its property substantially as an entirety to another person if (1) the corporation formed by such consolidation or into which the Authority is merged or the person which acquires by conveyance or transfer the Authority's property substantially as an entirety (the "Successor") shall execute and deliver to the Trustee an instrument in form recordable and acceptable to the Trustee containing an assumption by such Successor of the due and punctual payment of the debt service on the Bonds and the performance and observance of every covenant and condition of the Bond Documents to be performed or observed by the Authority; and (2) the Authority shall deliver to the Trustee a Favorable Tax Opinion.

Other Covenants with Respect to the Bond-Financed Facilities

Completion of the Bond-Financed Facilities. JSUF will undertake the acquisition and construction of the Bond-Financed Facilities in accordance with the terms of the Lease Agreement.

Possession and Use of the Bond-Financed Facilities. While no Lease Default exists, JSUF shall be entitled to possession of the Bond-Financed Facilities and all other rights and privileges granted to JSUF in the Lease

Agreement, and while no Sublease Default exists under the Sublease Agreement, the University shall be entitled to possession of the Bond-Financed Facilities and all other rights and privileges granted to the University in the Sublease Agreement. The Authority shall be permitted such possession of the Bond-Financed Facilities as shall be necessary and convenient for it to acquire and construct the Bond-Financed Facilities in accordance with the terms of the Lease Agreement and for it to undertake its other obligations under the Lease Agreement.

Condemnation. Subject to certain provisions of the Indenture, the Lease Agreement shall control in the event the Bond-Financed Facilities or any part thereof shall be taken by the exercise of the power of eminent domain.

Damage or Destruction. Subject to certain provisions of the Indenture, the Lease Agreement shall control in the event the Bond-Financed Facilities are damaged or destroyed, in whole or in part, by fire or other casualty.

Releases, Easements, Additions, Etc.

(1) The Authority shall have the right, from time to time, without any release from or consent by the Trustee (but so long as no Indenture default or Lease Default exists, only with the prior written consent of JSUF), (A) to grant rights-of-way and easements over or in respect of the Bond-Financed Facilities; provided that such easements shall not materially impair the use of the Bond-Financed Facilities for the purposes for which they are intended to be used; and (B) to alter, repair, replace, improve or make additions to the Bond-Financed Facilities.

(2) The Trustee shall, from time to time, execute a written instrument to confirm any action taken by the Authority under this Section, upon receipt by the Trustee of (A) a certificate or certificates signed by an Authorized Authority Representative requesting the same and expressing any required opinions and stating that such action was duly taken in conformity with the Indenture and (B) an Opinion of Counsel that such action was duly taken by the Authority in conformity with such provisions and that execution of such written instrument is appropriate to confirm such action under this Section.

(3) Except as permitted by the Indenture, the Authority shall not sell or otherwise dispose of the Bond-Financed Facilities or any portion thereof.

Events of Default

Any one or more of the following shall constitute an event of default (an "Indenture Default") under the Indenture:

(a) failure to pay (1) the interest on any Bond when such interest becomes due and payable, or (2) the principal of (or premium, if any, on) any Bond when such principal (or premium, if any) becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for redemption or otherwise; or

(b) default in the performance, or breach, of any covenant or warranty of the Authority in the Indenture (other than a covenant or warranty a default in the performance or breach of which is elsewhere in the Indenture Default provisions of the Indenture specifically dealt with), and continuance of such default or breach for a period of 30 days after notice of such default or breach, stating that such notice is a "notice of default" under the Indenture, has been given to the Authority by the Trustee, or to the Authority and the Trustee by the holders of at least 10% in principal amount of the Outstanding Bonds, unless, in the case of a default or breach that cannot be cured by the payment of money, the Authority initiates efforts to correct such default or breach within 30 days from the receipt of such notice and diligently pursues such action until the default or breach is corrected; or

(d) a Lease Default shall occur and be continuing.

Remedies

Acceleration of Maturity. If an Indenture Default exists, then and in every such case, the Trustee or the holders of not less than 25% in principal amount of the Bonds outstanding may declare the principal of all the Bonds and the interest accrued thereon to be due and payable immediately, by notice to the Authority (and to the Trustee, if given by bondholders), and upon any such declaration such Debt Service shall become immediately due and payable. At any time after such a declaration of acceleration has been made pursuant to this Section, the holders of a majority in principal amount of the Bonds outstanding may, by notice to the Authority and the Trustee, rescind and annul such declaration and its consequences if

(1) the Authority has deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on all Bonds,

(B) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Bonds,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Bonds, and

(D) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Indenture Defaults, other than the non-payment of the principal of Bonds which has become due solely by such declaration of acceleration, have been cured or have been waived.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon nor shall any holder be required to repay, refund or return any payment already received with respect to the Bonds prior to such rescission or annulment.

Application of Money Collected. Subject to certain provisions of the Indenture, any money collected by the Trustee during an Indenture Default and any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **First:** To the payment of all undeducted amounts due the Trustee;

(b) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal (and premium, if any) and interest, without any preference or priority, ratably according to the aggregate amount so due; provided; and

(c) **Third:** To the payment of the remainder, if any, to the Authority or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Limitation on Suits

No holder of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless

(a) such holder has previously given notice to the Trustee of a continuing Indenture Default;

(b) the holders of not less than 25% in principal amount of the Outstanding Bonds shall have made request to the Trustee to institute proceedings in respect of such Indenture Default in its own name as Trustee under the Indenture;

(c) such holder or holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the holders of a majority in principal amount of the Outstanding Bonds;

No holders of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other holders of Bonds, or to obtain or to seek to obtain priority or preference over any other holders or to enforce any right under the Indenture, except in the manner in the Indenture provided and for the equal and ratable benefit of all Outstanding Bonds.

Control by Bondholders

The holders of a majority in principal amount of the Outstanding Bonds shall have the right, during the continuance of an Indenture Default, (a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds or otherwise, and, (b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture, provided that (1) such direction shall not be in conflict with any rule of law or the Indenture, (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the holders not taking part in such direction.

Waiver of Defaults

Before any judgment or decree for payment of money due has been obtained by the Trustee, the holders of not less than a majority in principal amount of the Outstanding Bonds may, by notice to the Trustee and the Authority, on behalf of the holders of all the Bonds waive any actual or anticipated default under the Indenture, whether prospective or retroactive, or under any other Bond Document and its consequences, except a default in the payment of Debt Service on any Bond, or in respect of a covenant or provision hereof which under Article 13 of the Indenture cannot be modified or amended without the consent of the holder of each Outstanding Bond affected.

Duties and Responsibilities of Trustee

Except during the continuance of an Indenture Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed in the Indenture, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture.

If an Indenture Default exists, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The liability of the Trustee shall be limited as follows:

(1) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts;

(2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture;

(3) no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it;

(4) the Trustee shall have no obligation to file financing statements or continuation statements; and

(5) the Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under the Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees and all such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of the Indenture, and final payment of the Bonds.

Notice of Defaults

If an Indenture Default other than a Lease Default or a default in payment of principal or interest exists, the Trustee shall notify bondholders of such event within 30 days after the Trustee becomes aware of its existence; provided, however, that the Trustee shall be protected in withholding such notice if (1) the notice event has been cured or waived or otherwise ceases to exist before such notice is given; or (2) the Trustee determines in good faith that the withholding of such notice is in the interest of bondholders.

Certain Rights of Trustee

Except as otherwise provided in the Indenture:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, Bond, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Authority mentioned in the Indenture shall be sufficiently evidenced by a certificate or order executed by an Authorized Authority Representative which includes the written consent of an Authorized JSUF Representative;

(c) whenever in the administration of the Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action under the Indenture, the Trustee (unless other evidence be in the Indenture specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate executed by an Authorized Authority Representative;

(d) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee under the Indenture in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the bondholders pursuant to the Indenture, unless such bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, Bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Authority, personally or by agent or attorney;

(g) the Trustee may execute any of the trusts or powers under the Indenture or perform any duties under the Indenture either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or gross negligence on the part of any agent or attorney appointed with due care by it under the Indenture;

(h) the Trustee shall not be accountable for the use or application by the Authority of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of the Indenture;

(i) the permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty;

(j) the Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds;

(k) the Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under the Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances;

(l) the Trustee need not recognize a bondholder as such without the satisfactory establishment of his title to such Bond; and

(m) the Trustee shall have no duty to review or any financial statements or reports delivered to it or to verify the accuracy thereof and shall hold such financial statements and reports solely as a repository for the benefit of the bondholders and, further, the Trustee shall not be deemed to have notice of any information contained therein or a default or event of default which may be disclosed therein in any manner.

Money Held in Trust

Money held by the Trustee in trust under the Indenture need not be segregated from other funds except to the extent expressly provided in the Indenture or required by law. The Trustee shall be under no liability for interest on any money received by it under the Indenture except as otherwise provided in the Indenture with respect to investment of Indenture Funds.

Corporate Trustee Required; Eligibility

There shall at all times be a Trustee under the Indenture which shall (1) be a commercial bank or trust company organized and doing business under the laws of the United States of America or of any state, (2) be authorized under such laws to exercise corporate trust powers, and (3) be subject to supervision or examination by federal or state authority.

Resignation and Removal; Appointment of Successor Trustee

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee.

The Trustee may resign at any time by giving notice thereof to the Authority and JSUF. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Trustee may be removed at any time by the holders of a majority in principal amount of the Outstanding Bonds by notice delivered to the Trustee and the Authority and JSUF. If no Indenture Default exists, the Trustee may be removed at any time by the Authority (but only at the direction of JSUF) by notice delivered to the Trustee.

If at any time:

(1) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after request therefor by the Authority, JSUF or by any bondholder who has been a bona fide holder of a Bond for at least 6 months, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, (A) JSUF by a resolution of its governing body may remove the Trustee, or (B) any bondholder who has been a bona fide holder of a Bond for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, a successor Trustee shall be appointed by JSUF. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the bondholders. If, within 1 year after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed by the holders of a majority in principal amount of the Outstanding Bonds, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by JSUF or by such receiver or trustee. If no successor Trustee shall have been so appointed by JSUF or the bondholders and accepted appointment in the manner in the Indenture after provided, any bondholder who has been a bona fide holder of a Bond for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

Acceptance of Appointment by Successor Trustee

Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the Authority, JSUF and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Authority, JSUF or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts in the Indenture expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee under the Indenture, subject nevertheless to its lien, if any, provided for in Section 12.7 of the Indenture. Upon request of any such successor Trustee, JSUF shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible, to the extent operative.

Merger, Conversion, Consolidation or Succession to Business of Trustee

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture, provided such corporation shall be otherwise qualified and eligible under the Indenture, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Amendment of Bond Documents

Amendments Without Consent of Bondholders. An amendment of the Bond Documents for any of the following purposes may be made, or consented to, by the Trustee without the consent of the holders of any Bonds: (a) to correct or amplify the description of any property at any time subject to the lien of any Bond Document, or better to assure, convey and confirm unto any secured party any property subject or required to be subjected to the lien of any Bond Document, or to subject to the lien of any Bond Document, additional property; or (b) to evidence the succession of another person to any Financing Participant and the assumption by any such successor of the covenants of such Financing Participant (provided that the requirements of the related Bond Document for such succession and assumption are otherwise satisfied); or (c) to add to the covenants of any Financing Participant for the benefit of bondholders and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants an event of default under the specified Bond Documents permitting the enforcement of all or any of the several remedies provided tin the Indenture; provided, however, that with respect to any such covenant, such amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available upon such default; (d) to surrender any right or power conferred upon any Financing Participant other than rights or powers for the benefit of bondholders; or (e) to cure any ambiguity or to correct any inconsistency, provided such action shall not adversely affect the interests of the holders of the Bonds; (f) to appoint a separate agent of the Authority or the Trustee to perform any one or more of the following functions: (1) registration of transfers and exchanges of Bonds, or (2) payment of Debt Service on the Bonds; provided, however, that any such agent must be a bank or trust company with long-term obligations, at the time such appointment is made, in one of the three highest rating categories of at least one Rating Agency; or (g) to create a Special Reserve Fund.

Amendments Requiring Consent of All Affected Bondholders. An amendment of the Bond Documents for any of the following purposes may be entered into, or consented to, by the Trustee only with the consent of the holder of each Bond affected: (a) to change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or (b) to reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose holders is required for any amendment of the Bond Documents, or the consent of whose holders is required for any waiver provided for in the Bond Documents; or (c) to modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or (d) to modify any of the provisions of this Section or Section 11.10 of the Indenture, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Bond affected thereby; or (e) to permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject hereto or deprive the holder of any Bond of the security afforded by the lien of the Indenture; or (f) to eliminate, reduce or delay the obligation of JSUF to make Basic Rental Payments at times and in amounts sufficient to pay Debt Service on the Bonds.

Amendments Requiring Majority Consent of Bondholders. An amendment of the Bond Documents for any purpose not listed above may be entered into, or consented to, by the Trustee or the holders of a majority in principal amount of Bonds outstanding.

Discretion of Trustee. The Trustee may in its discretion determine whether or not any Bonds would be affected by any amendment of the Bond Documents and any such determination shall be conclusive upon the holders of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith.

Trustee Protected by Opinion of Counsel. In executing or consenting to any amendment permitted by the Indenture, the Trustee shall be entitled to receive, and, subject to Section 12.1 of the Indenture, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by the Indenture.

Amendments Not to Affect Tax Exemption. No amendment may be made to the Bond Documents unless the Trustee receives a Favorable Tax Opinion.

Satisfaction and Discharge of Indenture; Defeasance

Whenever all Indenture Indebtedness has been fully paid, then (1) the Indenture and the lien, rights and interests created hereby shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of Bonds in the Indenture or tin the Indenture provided for), and (2) the Trustee shall, upon the request of the Authority, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the Authority or upon the order of the Authority, all cash and securities then held by it under the Indenture as a part of the Trust Estate.

A Bond shall be deemed "fully paid" if (1) such Bond has been cancelled by the Trustee or delivered to the Trustee for cancellation, or (2) such Bond shall have matured or been called for redemption and, on such maturity date or redemption date, money for the payment of Debt Service on such Bond is held by the Trustee in trust for the benefit of the person entitled thereto, or (3) such Bond is alleged to have been destroyed, lost or stolen and has been replaced as provided in Section 4.2 of the Indenture, or (4) a trust for the payment of such Bond has been established in accordance with Section 14.2 of the Indenture.

Indenture Indebtedness other than Debt Service on the Bonds shall be deemed "fully paid" whenever the Authority has paid, or made provisions satisfactory to the Trustee for payment of, all such Indenture Indebtedness.

Trust for Payment of Debt Service

The Authority may provide for the payment of any Bond by establishing a trust for such purpose with the Trustee and depositing therein cash and/or Federal Securities which (assuming the due and punctual payment of the principal of and interest on such Federal Securities, but without reinvestment) will provide funds sufficient to pay the Debt Service on such Bond as the same becomes due and payable until the maturity or redemption of such Bond; provided, however, that:

(1) Such Federal Securities must not be subject to redemption prior to their respective maturities at the option of the issuer of such Securities.

(2) If such Bond is to be redeemed prior to its maturity, either (A) the Trustee shall receive evidence that notice of such redemption has been given in accordance with the provisions of the Indenture and such Bond or (B) the Authority shall confer on the Trustee irrevocable authority for the giving of such notice on behalf of the Authority.

(3) If the interest rate on such Bond is not fixed until the maturity or redemption date of such Bond, such trust must provide for the payment of interest on such Bond at the maximum rate permitted by the Indenture for any period when interest is not fixed.

(4) Prior to the establishment of such trust the Trustee must receive a Favorable Tax Opinion.

(5) Prior to the establishment of such trust the Trustee must receive verification satisfactory to the Trustee demonstrating that the principal and interest payments on the Federal Securities in such trust, without reinvestment, together with the cash balance in such trust remaining after purchase of such Securities, will be sufficient to make the required payments from such trust.

Any trust established pursuant to the foregoing may provide for payment of less than all Bonds outstanding or less than all Bonds of any remaining series or maturity.

If any trust provides for payment of less than all Bonds of a series and maturity, the Bonds of such series and maturity to be paid from the trust shall be selected by the Trustee by lot by such method as shall provide for the selection of portions (in Authorized Denominations) of the principal of Bonds of such series and maturity of a denomination larger than the smallest Authorized Denomination. Such selection shall be made within 7 days after such trust is established. This selection process shall be in lieu of the selection process otherwise provided with respect to redemption of Bonds. After such selection is made, Bonds that are to be paid from such trust (including Bonds issued in exchange for such Bonds pursuant to the transfer or exchange provisions of the Indenture) shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify holders whose Bonds (or portions thereof) have been selected for payment from such trust and shall direct such bondholders to surrender their Bonds to the Trustee in exchange for Bonds with the appropriate designation. The selection of Bonds for payment from such trust pursuant to the Indenture shall be conclusive and binding on the Financing Participants.

Cash and/or Federal Securities deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust fund for the benefit of the holders of the Bonds to be paid from such fund.

JSUF and the Lease Agreement

Right of JSUF to Exercise Rights and Options With Respect to Terms of the Bonds. If no Lease Default exists, JSUF may, on behalf of the Authority, exercise all rights and options of the Authority with respect to the terms of the Bonds, including without limitation: (a) the exercise of any optional redemption rights, (b) the selection of Bonds for redemption, and (c) the establishment or termination of a book-entry only system of registration and transfer of the Bonds or either Series thereof.

If a Lease Default exists but the Lease Agreement has not been terminated, the Authority will exercise such rights and options with respect to the Bonds only with the consent of JSUF.

If the Lease Agreement has been terminated, the Authority may exercise all such rights and options with respect to the Bonds without notice to or consent of JSUF.

Performance by the Authority Under Lease Agreement. The Authority will perform and observe all covenants required to be performed and observed by it under the Lease Agreement.

Rights of JSUF With Respect to Defaults by the Authority. Without relieving the Authority from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it under the Indenture, JSUF, on behalf of the Authority, may perform any such covenant or agreement.

Remedies Under Lease Agreement. The Trustee shall have the right, in its own name or on behalf of the Authority, to declare any default and exercise any remedies under the Lease Agreement. Any money collected by the Trustee pursuant to the exercise of any remedies under the Lease Agreement shall be applied as provided in the Indenture.

JSUF May Direct Authority Regarding Investment of Indenture Funds. If no Lease Default exists, JSUF may direct the Authority regarding investment of Indenture Funds.

Amendment of Bond Documents. If no Lease Default exists, no amendment may be made to the Bond Documents without the consent of JSUF.

Removal of Trustee. If no Lease Default exists, JSUF may, on behalf of the Authority, remove the Trustee. If no Lease Default exists, the Trustee may not be removed and no successor Trustee may be appointed without the consent of JSUF.

Disposition of Indenture Funds and Trust Estate. If no Lease Default exists, any remaining Indenture Funds or Trust Estate assets otherwise payable to the Authority shall be paid to JSUF.

Notice to Rating Agencies. The Trustee shall give prior notice, where applicable, of the following events to each Rating Agency that maintains a rating with respect to any Series 2024 Bonds: (a) any change of the Trustee; (b) any change or amendment of the Bond Documents; (c) acceleration of the payment date for Series 2024 Bonds; (d) the redemption of all Series 2024 Bonds prior to maturity (other than scheduled mandatory redemption); and (e) the establishment of a trust for the payment of Series 2024 Bonds in accordance with certain provisions of the Indenture.

Concerning BAM and Bond Insurance

The Indenture provides that BAM shall be deemed to be the sole holder of the Series 2024 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2024 Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. The maturities of the Series 2024 Bonds may not be accelerated without the consent of BAM. Further, in the Indenture the Trustee and each holder of the Series 2024 Bonds have delegated and assigned to BAM, to the fullest extent permitted by law, the rights of the Trustee and each holder of the Series 2024 Bonds in the conduct of any proceeding by or against the Authority, the Foundation or the University under the United States Bankruptcy Code or other similar law, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such insolvency proceeding.

SUMMARY OF THE LEASE AGREEMENT

The following is a summary of certain provisions of the Lease Agreement referenced in this Official Statement. This summary is not a complete recital of the terms of the Lease Agreement and reference is made to the Lease Agreement in its entirety. During the initial offering period, potential purchasers of the Series 2024 Bonds can obtain a copy of the Lease Agreement from the Underwriter at no cost and are encouraged to review the same before investing in the Series 2024 Bonds. Following the initial offering period, potential purchasers can examine such documents at the office of the Trustee.

Capitalized Terms

Capitalized terms used in this summary of the Lease Agreement and not otherwise defined in this Official Statement are assigned the meanings set forth in the summary of the Indenture, unless context otherwise requires.

Demising Clause

Pursuant to the Lease Agreement, the Authority leases and demises to JSUF, and JSUF leases, takes and hires from the Authority the real property on which the Bond-Financed Facilities are located, all buildings now or hereafter located thereon, and all personal property and fixtures acquired and installed on such real property as part of the Bond-Financed Facilities.

Agreement to Acquire

JSUF will apply the proceeds of the Series 2024 Bonds to acquire, construct and equip the Bond-Financed Facilities on the land described in the Lease Agreement in accordance with the Housing Development Agreement. Pursuant to the Lease Agreement, the Authority will hold fee title to the buildings, improvements, personal property and fixtures comprising the Bond-Financed Facilities and will grant a leasehold interest therein to JSUF. Both the Authority and JSUF will hold a leasehold interest in the real property on which the Bond-Financed Facilities are located under the terms of the Ground Lease, the Ground Sublease and the Lease Agreement, as applicable.

In consideration of the Authority's agreement to issue the Series 2024 Bonds and its other undertakings pursuant to the Lease Agreement, JSUF shall, in accordance with the Housing Development Agreement, plan and design the Bond-Financed Facilities, shall prepare contracts and purchase orders for the Bond-Financed Facilities, shall supervise the work on the Bond-Financed Facilities, and shall obtain all necessary governmental permits, licenses, certificates, authorizations and approvals necessary therefor and for the operation of the Bond-Financed Facilities.

JSUF may cause changes or amendments to be made in the plans and specifications for the Bond-Financed Facilities, provided (1) such changes or amendments will not change the nature of the Bond-Financed Facilities to the extent that they would not qualify for financing under the Enabling Law, and (2) JSUF delivers to the Authority and the Trustee a Favorable Tax Opinion.

Withdrawals From Acquisition Fund

Pursuant to the Lease Agreement, JSUF may cause withdrawals to be made from the Acquisition Fund for the payment of Acquisition Costs (including reimbursement to the Authority or JSUF for any such costs paid directly by the Authority or JSUF, as the case may be), but only if (1) no Lease Default exists and no event has occurred and is continuing which, with notice or lapse of time or both, would constitute a Lease Default, and (2) JSUF delivers to the Trustee a duly completed and executed requisition for each such withdrawal in the form attached to the Lease Agreement.

Completion Costs of the Bond-Financed Facilities

If the proceeds derived from the sale of the Series 2024 Bonds are insufficient to pay in full all Acquisition Costs and Costs of Issuance, JSUF may complete the acquisition and construction of the Bond-Financed Facilities and pay any remaining Costs of Issuance at its own expense.

Remedies Against Contractors, etc.

If any vendor, contractor or subcontractor shall default under any contract or purchase order in connection with the acquisition, construction or equipping of the Bond-Financed Facilities, the Authority shall follow the written instructions of, and shall cooperate in good faith with, JSUF in the pursuit of any remedies that may be available under the circumstances. Upon the written request of JSUF, the Authority shall assign to JSUF all rights of the Authority under any such contract or purchase order and JSUF may, in its own name or in the name of the Authority, pursue any such remedies.

Completion Certificate Relating to the Bond-Financed Facilities

The completion of the Bond-Financed Facilities shall be evidenced by a certificate signed by an Authorized JSUF Representative stating that construction has been completed and all costs thereof have been paid. Upon delivery of the aforesaid certificate to the Trustee, any money then remaining in the Acquisition Fund shall be applied as provided in the Indenture.

Lease Term

The term of the Lease Agreement shall begin on the date of the delivery of the Series 2024 Bonds and shall continue until midnight on the date that is forty (40) years after its effective date.

Basic Rental Payments

JSUF shall make the following payments (collectively, the "Basic Rental Payments") to the Trustee, for the account of the Authority, at times and in amounts as follows:

(1) On or before the third business day prior to each Bond Payment Date, in immediately available funds, an amount equal to the Debt Service on the Series 2024 Bonds due on such Bond Payment Date; and

(2) On or before the last business day prior to each date fixed for the redemption of Series 2024 Bonds (other than a scheduled mandatory redemption date, for which Basic Rental Payments are required pursuant to paragraph (1) above), an amount equal to the redemption price of Series 2024 Bonds to be redeemed on such date.

Under the Lease Agreement, JSUF shall receive a credit against the Basic Rental Payments as follows:

(1) The amount of accrued interest received from the sale of the Series 2024 Bonds to the original purchaser or purchasers thereof and deposited in the Debt Service Fund shall be deducted from the amount of interest due on the first Interest Payment Date for purposes of calculating the required Basic Rental Payments prior to such Interest Payment Date.

(2) The amount of proceeds of the Series 2024 Bonds deposited in the Capitalized Interest Account of the Debt Service Fund shall be applied to pay Debt Service on the Series 2024 Bonds in accordance with the terms of the Indenture, and such amounts shall be credited against the Basic Rental Payments until exhausted.

(3) Investment income and profits deposited or retained in the Debt Service Fund shall be credited against Basic Rental Payments due after receipt of such income and profits as directed in writing by JSUF.

(4) Any other money held by the Trustee, and available, under the terms of the Indenture and the Lease Agreement, for the payment of Debt Service on the Series 2024 Bonds shall be credited against Basic Rental Payments as directed in writing by JSUF. Such directions must be consistent with any mandatory provision of the Indenture and the Lease Agreement with respect to the required use of such money.

JSUF acknowledges and agrees in the Lease Agreement that notwithstanding its timely delivery of the Basic Rental Payments, if on any Bond Payment Date the amount on deposit in the Debt Service Fund is not sufficient to pay Debt Service on the Series 2024 Bonds then due and payable, JSUF shall cause the University, under the Sublease Agreement, to immediately deposit the amount of such deficiency in the Debt Service Fund.

Additional Rental Payments

As additional rental payments (collectively, the "Additional Rental Payments"), within 10 days after receipt by JSUF of an invoice therefor, JSUF shall pay to the Trustee, but solely from Rental Payments (as defined in the Sublease Agreement) received by JSUF pursuant to the Sublease Agreement, any amount to which the Trustee or Authority may be entitled under the Indenture.

Unconditional Obligation of JSUF

JSUF's obligation to make the payments required by the Lease Agreement and to perform and observe its other agreements and covenants contained therein shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority or any other Financing Participant; provided, however, that all obligations of JSUF under the Lease Agreement shall constitute limited obligations of JSUF, payable solely from Rental Payments (as defined in the Sublease Agreement) received by JSUF pursuant to the Sublease Agreement.

Assignment of Lease Agreement and Rental Payments by the Authority

Simultaneously with the delivery of the Lease Agreement, the Authority shall, pursuant to the Indenture, assign and pledge to the Trustee all right, title and interest of the Authority in and to the Basic Rental Payments made by JSUF under the Lease Agreement and the Lease Agreement, and JSUF consents to such assignment and pledge.

Until all Indenture Indebtedness has been fully paid, the Trustee may exercise all rights and remedies of the Authority under the Lease Agreement, and any references in the Lease Agreement to the Authority shall be deemed, with the necessary changes in detail, to include the Trustee; provided, however, that the Authority shall retain the rights to indemnification and reimbursement of expenses granted to it by the Lease Agreement.

Redemption of Series 2024 Bonds

The Authority will cause the Trustee to redeem any or all of the Series 2024 Bonds in accordance with the mandatory redemption provisions of the Series 2024 Bonds without any direction from or consent by JSUF.

If no Lease Default exists, (1) any right of optional redemption with respect to the Series 2024 Bonds may be exercised only upon the written direction of JSUF and (2) JSUF may, on behalf of the Authority, direct the Trustee to effect an optional redemption of all or any portion of the Series 2024 Bonds; provided, however, during the term of the Sublease Agreement, any right of optional redemption with respect to the Series 2024 Bonds may be exercised only upon the written direction of the University. JSUF shall deliver to the Authority a copy of any such direction.

The Authority will cooperate with JSUF and the University in good faith to effect any such optional redemption so directed.

Additional Bonds

If no Lease Default exists and JSUF directs the Authority to issue Additional Bonds under the Indenture, the Authority will cooperate with JSUF in good faith in the preparation of documents in the adoption of proceedings required for the issuance of Additional Bonds and, upon compliance with the applicable provisions of the Indenture, the Authority shall issue such Additional Bonds for the purpose or purposes provided for in the Indenture.

Amendment of Bond Documents

Except to the extent expressly permitted by the Indenture, the Authority will not cause or permit the amendment of the Bond Documents without the prior written consent of JSUF.

The Indenture Funds

If no Lease Default exists, the Authority shall cause any money held as part of an Indenture Fund to be invested or reinvested by the Trustee in accordance with the terms of the Indenture and the written instructions of JSUF, but JSUF shall be solely responsible for (1) causing the determination that any such investment of Indenture Funds under the Indenture complies with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code, and (2) causing the calculation of the amount of, and causing the payment of, any rebate due to the United States under Section 148(f) of the Internal Revenue Code.

As security for the performance by JSUF of the covenants under the Lease Agreement, JSUF under the Lease Agreement assigns and pledges to the Authority, and grants to the Authority a security interest in, all right, title and interest of JSUF in and to all money and investments from time to time on deposit in, or forming a part of, the Indenture Funds, subject to the provisions of the Lease Agreement and the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Lease Agreement and in the Indenture. JSUF acknowledges that the rights of the Authority created by this assignment and pledge shall be assigned by the Authority to the Trustee pursuant to the Indenture.

Effect of Full Payment of Indebtedness

If all Indenture Indebtedness is fully paid prior to the expiration of the term of the Lease Agreement, JSUF shall be entitled to the use and occupancy of the Bond-Financed Facilities until the expiration of the term of the Lease Agreement without the payment of any further Basic Rental Payments, but otherwise subject to all the terms and conditions of the Lease Agreement, except that JSUF shall no longer be required to perform and observe the agreements and covenants of the Lease Agreement that are for the sole benefit of the Trustee or the holders of the Series 2024 Bonds.

Maintenance and Other Operating Expenses

JSUF will, at its own expense, (a) maintain the Bond-Financed Facilities in good condition, repair and working order, (b) make all necessary repairs, replacements and improvements to the Bond-Financed Facilities and (c) pay all gas, electric, water, sewer and other charges for the operation, use and upkeep of the Bond-Financed Facilities.

Improvements, Alterations, Etc.

JSUF may, at its own expense, make additions, improvements or alterations to the buildings and structures constituting a part of the Bond-Financed Facilities. At the written request of JSUF, the Authority will enter into a contract for such additions, improvements, or alterations, subject, however, to the requirements of Section 10.1 of the Lease Agreement.

Utility Easements

The Authority will, upon request of JSUF, grant utility and other similar easements over, across or under the real property constituting part of the Bond-Financed Facilities.

Transfer or Encumbrance Created by the Authority

Without the prior written consent of JSUF, the Authority (a) will not sell, transfer or convey the Bond-Financed Facilities or any part thereof, except as provided in the Lease Agreement, and (b) will not create or permit any mortgage, lien, charge or encumbrance on the Bond-Financed Facilities or any part thereof other than Permitted Encumbrances.

Assignment, etc. of Leasehold Interest

Without the prior written consent of the Authority, JSUF shall not assign its rights under the Lease Agreement or mortgage its leasehold interest in the Bond-Financed Facilities, or sublease the Bond-Financed Facilities or any part thereof, except as provided in the Sublease Agreement.

Disposition and Substitution of Personal Property and Fixtures

If no Lease Default exists, JSUF shall have the right, from time to time, in the name and on behalf of the Authority, without any release from or consent by the Authority or the Trustee, to sell or otherwise dispose of any item of the personal property or fixtures constituting part of the Bond-Financed Facilities that may have become obsolete or unfit for use or no longer useful, necessary or profitable in the conduct of the business carried on by JSUF at the Bond-Financed Facilities. The Authority shall not be required to replace such personal property and fixtures. JSUF may, if it so chooses, replace such personal property and fixtures at its own expense. At the request of JSUF, the Authority will enter into contracts and purchase orders for the acquisition of replacement items, provided that (1) JSUF shall pay all costs of such acquisition with its own funds, and (2) the Authority's liability under any such contract or purchase order is limited as provided in Section 10.1 of the Lease Agreement. Any replacement items so acquired by the Authority shall become a part of the personal property and fixtures subject to the Lease Agreement.

No disposition effected pursuant to the above provisions of the Lease Agreement shall result in any reduction or abatement of Basic Rental Payments; provided, however, that if any such disposition will effectively result in the disposition of all remaining portions of the Bond-Financed Facilities, then (1) prior to or simultaneously with such disposition provisions must be made for the payment of all outstanding Series 2024 Bonds in accordance with the redemption or defeasance provisions of the Indenture, and (2) JSUF shall take all action necessary for the termination of the Lease Agreement as of the date of such disposition.

JSUF's Personal Property and Fixtures

JSUF may, at its own expense, install at the Bond-Financed Facilities any personal property or fixtures which, in JSUF's judgment, are necessary or desirable for the conduct of the business carried on by JSUF at the Bond-Financed Facilities. Any such personal property or fixtures which are installed at JSUF's expense and which do not constitute a part of the personal property and fixtures subject to the Lease Agreement shall be and remain the property of JSUF and may be removed by JSUF at any time while no Lease Default exists; provided, that any damage to the Bond-Financed Facilities occasioned by such removal shall be repaired by JSUF at its own expense.

Insurance

JSUF shall maintain insurance covering risks (including, without limitation, property and casualty, general liability and professional liability) and in amounts as customarily maintained by organizations of similar size and conducting similar operations of JSUF.

Damage and Destruction

If the Bond-Financed Facilities are damaged or destroyed by fire or other casualty, the Authority shall not be required to repair or replace the Bond-Financed Facilities damaged or destroyed, and JSUF may, if it so chooses, repair or replace such Bond-Financed Facilities at its own expense; provided, however, that so long as the Series 2024

Bonds are outstanding, JSUF will not enter into any alternative lease for office space or acquire or construct any substitute educational or ancillary facilities on real property not included within the Bond-Financed Facilities before repairing or replacing the damaged Bond-Facilities, except as may be necessary for temporary operations during such repair or replacement. At the request of JSUF, the Authority will enter into contracts or purchase orders for the repair or replacement of the Bond-Financed Facilities, provided that (a) JSUF shall pay all costs of such repair or replacement with its own funds and (b) the Authority's liability under any such contract or purchase order shall be limited as provided in the Indenture and Lease Agreement. Any property acquired by the Authority in connection with such repair or replacement shall become a part of the Bond-Financed Facilities subject to the Lease Agreement.

General Representations

In the Lease Agreement, JSUF represents and warrants, among other things, that it has the power to consummate the transactions contemplated by the Bond Documents to which it is a party, that it has duly authorized the execution and delivery of the Bond Documents to which it is a party and the consummation of the transactions contemplated therein, that it has obtained all consents, approvals, authorizations and orders of governmental authorities that are required to be obtained by it as a condition to the execution and delivery of the Bond Documents to which it is a party, and that the execution and delivery by it of the Bond Documents to which it is a party and the consummation by it of the transactions contemplated therein will not conflict with, be in violation of, or constitute (upon notice or lapse of time or both) a default under any agreement, instrument, order or judgment to which it is a party or is subject, or result in or require the creation or imposition of any lien of any nature upon or with respect to any of its properties now owned or hereafter acquired, except as contemplated by the Bond Documents.

JSUF further represents and warrants that the Bond Documents to which it is a party constitute legal, valid and binding obligations and are enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (1) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

Eligibility of Bond-Financed Facilities for Financing

JSUF represents and warrants in the Lease Agreement that the Bond-Financed Facilities are eligible for financing under the Enabling Law.

Inspection of Records

JSUF will at any and all times, upon the written request of the Authority or the Trustee, permit the Authority or the Trustee by their representatives to inspect the Bond-Financed Facilities and any books, records, reports and other papers of JSUF relating to the Bond-Financed Facilities.

Advances by the Authority or Trustee

If JSUF shall fail to perform any of its covenants in the Lease Agreement, the Authority or the Trustee may, at any time and from time to time, after written notice to JSUF if no Lease Default exists, make advances to effect performance of any such covenant on behalf of JSUF. Any money so advanced by the Authority or the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand.

Compliance with Tax Certificate and Agreement

Under the Lease Agreement, the Authority and JSUF agree to cause compliance by the University with the covenants and agreements contained in the Tax Certificate and Agreement.

Events of Default

Any one or more of the following shall constitute an event of default (a "Lease Default") under the Lease Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any Basic Rental Payment when such Basic Rental Payment becomes due and payable; or

(b) default in the payment of any Additional Rental Payment when such Additional Rental Payment becomes due and payable if not cured within ten (10) business days after written notice to JSUF of such default; or

(c) default in the performance, or breach, of any covenant or warranty of JSUF in the Lease Agreement (other than a covenant or warranty, a default in the performance or breach of which is elsewhere specifically dealt with), and the continuance of such default or breach for a period of 30 days after there has been given, by registered or certified mail, to JSUF by the Authority or by the Trustee a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default" hereunder; provided, however, that if such default is not reasonably capable of being cured within 30 days and JSUF has commenced curative efforts in good faith within 30 days after receipt of such written notice and pursue such efforts with due diligence, then no default shall occur unless the default or breach continues for a period of 180 days after JSUF's receipt of written notice thereof; or

(d) the occurrence of an event of default, as therein defined, under the Indenture, and the expiration of the applicable grace period, if any, specified therein.

Remedies

If a Lease Default occurs and is continuing, the Authority may exercise any of the following remedies:

(a) declare all installments of Basic Rental Payments for the remainder of the term of the Lease Agreement to be immediately due and payable in an amount not to exceed the principal amount of all outstanding Series 2024 Bonds, plus the redemption premium (if any) payable with respect thereto, plus the interest accrued thereon to the date of such declaration;

(b) terminate the Lease Agreement and re-let the Bond-Financed Facilities to any third party at the Authority's sole discretion;

(c) exclude JSUF from the Bond-Financed Facilities without terminating the Lease Agreement; and

(d) take whatever legal proceedings may appear necessary or desirable to collect the Basic Rental Payments then due, whether by declaration or otherwise, or to enforce any obligation or covenant or agreement of JSUF under the Lease Agreement or by law.

Options

Option to Terminate. JSUF shall have the option to cancel or terminate the Lease Agreement at any time after the Indenture Indebtedness has been fully paid, by giving the Authority notice in writing of such termination. Such termination shall become effective 10 days after such notice is given.

Option to Purchase Bond-Financed Facilities. JSUF shall have the option to purchase the Bond-Financed Facilities (excluding the Land) for a Purchase Price of $100.00 after the Indenture Indebtedness has been fully paid. Such option may be exercised by JSUF prior to the termination of the Lease Agreement upon written notice to the Authority. Such option shall be deemed automatically exercised on the date of termination of the Lease Agreement unless JSUF notifies the Authority in writing that it does not intend to exercise such option.

Authority's Liabilities Limited

The covenants and agreements contained in the Lease Agreement and in any contract, purchase order or other agreement entered into pursuant to the Lease Agreement shall never constitute or give rise to a personal or pecuniary liability or charge against the general credit of the Authority, and in the event of a breach of any such covenant or agreement, no personal or pecuniary liability or charge payable directly or indirectly from the general assets or revenues of the Authority shall arise therefrom. Nothing contained in this paragraph of the Lease Agreement, however, shall relieve the Authority from the observance and performance of the covenants and agreements on its part contained therein.

No recourse under or upon any covenant or agreement of the Lease Agreement or of any contract or other agreement entered into pursuant to the Lease Agreement shall be had against any past, present or future incorporator, officer or member of the governing body of the Authority, or of any successor corporation, either directly or through the Authority, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Lease Agreement is solely a corporate obligation, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or member of the governing body of the Authority or any successor corporation, or any of them, under or by reason of the covenants or agreements contained in the Lease Agreement.

The liability of the Authority for the payment of any money due under any contract or purchase order entered into by it, or for any other costs incurred in connection with the acquisition, construction or improvement of, or other work on, the Bond-Financed Facilities shall be limited solely to (1) the available proceeds of the Series 2024 Bonds, if and when issued for the Bond-Financed Facilities, (2) any money made available to the Authority for such purpose by JSUF, and (3) any revenues or other receipts derived by the Authority from the Bond-Financed Facilities, subject to prior encumbrances.

Corporate Existence of Authority

The Authority shall not consolidate with or merge into any other corporation or transfer its property substantially as an entirety, except to the extent permitted by the Indenture.

Benefits of Lease Agreement

Nothing in the Lease Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, the Trustee and the Holders of the Series 2024 Bonds any benefit or any legal or equitable right, remedy or claim under the Lease Agreement.

SUMMARY OF THE SUBLEASE AGREEMENT

The following is a summary of certain provisions of the Sublease Agreement referenced in this Official Statement. This summary is not a complete recital of the terms of the Sublease Agreement and reference is made to the Sublease Agreement in its entirety. During the initial offering period, potential purchasers of the Series 2024 Bonds can obtain a copy of the Sublease Agreement from the Underwriter at no cost and are encouraged to review the same before investing in the Series 2024 Bonds. Following the initial offering period, potential purchasers can examine such documents at the office of the Trustee.

Capitalized Terms

Capitalized terms used in this summary of the Sublease Agreement and not otherwise defined in this Official Statement are assigned the meanings set forth in the summary of the Indenture, unless context otherwise requires.

Demising Clause

Pursuant to the Sublease Agreement, JSUF subleases and demises to the University, and the University subleases, takes and hires from JSUF the real property on which the Bond-Financed Facilities are located, all buildings now or hereafter located thereon, and all personal property and fixtures acquired and installed on such real property as part of the Bond-Financed Facilities.

Remedies Against Contractors, etc.

If any vendor, contractor or subcontractor shall default under any contract or purchase order in connection with the acquisition, construction or equipping of the Bond-Financed Facilities, JSUF shall instruct the Authority as provided in the Lease Agreement and shall cooperate in good faith with the Authority in the pursuit of any remedies that may be available under the circumstances, and upon request of the University, JSUF shall, in its own name or in the name of the Authority, pursue any such remedies.

Lease Term

The term of the Sublease Agreement shall begin on the date of the delivery of the Series 2024 Bonds and shall continue until midnight on the date that is forty (40) years after its effective date.

Basic Sublease Rental Payments

The University shall make the following payments (collectively, the "Basic Sublease Rental Payments") to JSUF, at times and in amounts as follows:

(1) On or before the third business day prior to each Bond Payment Date, in immediately available funds, an amount equal to the Debt Service on the Series 2024 Bonds due on such Bond Payment Date; and

(2) On or before the last business day prior to each date fixed for the redemption of Series 2024 Bonds (other than a scheduled mandatory redemption date, for which Basic Sublease Rental Payments are required pursuant to paragraph (1) above), an amount equal to the redemption price of Series 2024 Bonds to be redeemed on such date.

Under the Sublease Agreement, the University shall receive a credit against the Basic Sublease Rental Payments as follows:

(1) The amount of accrued interest received from the sale of the Series 2024 Bonds to the original purchaser or purchasers thereof and deposited in the Debt Service Fund shall be deducted from the amount of interest due on the first Interest Payment Date for purposes of calculating the required Basic Sublease Rental Payments prior to such Interest Payment Date.

(2) The amount of proceeds of the Series 2024 Bonds deposited in the Capitalized Interest Account of the Debt Service Fund shall be applied to pay Debt Service on the Series 2024 Bonds in accordance with the terms of the Indenture, and such amounts shall be credited against the Basic Sublease Rental Payments until exhausted.

(3) Investment income and profits deposited or retained in the Debt Service Fund shall be credited against Basic Sublease Rental Payments due after receipt of such income and profits as directed in writing by the University.

(4) Any other money held by the Trustee, and available, under the terms of the Indenture and the Sublease Agreement, for the payment of Debt Service on the Series 2024 Bonds shall be credited against Basic Sublease Rental Payments as directed in writing by the University. Such directions must be consistent with any mandatory provision of the Indenture and the Lease Agreement with respect to the required use of such money.

The University acknowledges and agrees in the Sublease Agreement that notwithstanding its timely delivery of the Basic Sublease Rental Payments, if on any Bond Payment Date the amount on deposit in the Debt Service Fund is not sufficient to pay Debt Service on the Series 2024 Bonds then due and payable, the University shall immediately deposit the amount of such deficiency in the Debt Service Fund.

Additional Sublease Rental Payments

As additional rental payments (collectively, the "Additional Sublease Rental Payments"), within 10 days after receipt by the University of an invoice therefor, the University shall pay to the Trustee any amount to which the Trustee or Authority may be entitled under the Indenture.

Limited Obligation of the University

The rental and other obligations of the University under the Sublease Agreement shall constitute limited obligations of the University, payable from all legally available funds of the University, excluding any funds appropriated to the University by the State of Alabama.

The University's obligation to make the payments required by the Sublease Agreement and to perform and observe its other agreements and covenants contained therein shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against JSUF or any other Financing Participant.

Assignment of Sublease Agreement and Rental Payments by JSUF

Simultaneously with the delivery of the Sublease Agreement, JSUF shall assign and pledge to the Trustee all right, title and interest of JSUF in and to the Basic Sublease Rental Payments made by the University under the Sublease Agreement and the Sublease Agreement, and the University consents to such assignment and pledge.

Until all Indenture Indebtedness has been fully paid, the Trustee may exercise all rights and remedies of JSUF under the Sublease Agreement, and any references in the Sublease Agreement to JSUF shall be deemed, with the necessary changes in detail, to include the Trustee.

Redemption of Series 2024 Bonds

As provided in the Lease Agreement, the Authority will cause the Trustee to redeem any or all of the Series 2024 Bonds in accordance with the mandatory redemption provisions of the Series 2024 Bonds without any direction from or consent by JSUF or the University.

If no Sublease Default exists, (1) any right of optional redemption with respect to the Series 2024 Bonds may be exercised only upon the written direction of the University and (2) the University may, on behalf of JSUF, direct the Trustee to effect an optional redemption of all or any portion of the Series 2024 Bonds. The University shall deliver to JSUF and the Authority a copy of any such direction. JSUF will cooperate with the University and the Authority in good faith to effect any such optional redemption so directed.

Additional Bonds

If no Sublease Default exists and the University requests JSUF to cause Additional Bonds to be issued under the Indenture, JSUF will cooperate with the University and the Authority in good faith in the preparation of documents in the adoption of proceedings required for the issuance of Additional Bonds and will comply with the applicable provisions of the Lease Agreement to direct the Authority to issue such Additional Bonds for the purpose or purposes provided for in the Indenture.

Amendment of Bond Documents

Except to the extent expressly permitted by the Indenture, JSUF will not cause or permit the amendment of the Bond Documents without the prior written consent of the University.

The Indenture Funds

If no Sublease Default exists, JSUF shall instruct the Authority to cause any money held as part of an Indenture Fund to be invested or reinvested by the Trustee in accordance with the terms of the Indenture and the written instructions of the University. The University shall be solely responsible for (1) determining that any such investment of Indenture Funds under the Indenture complies with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code, and (2) calculating of the amount of, and making payment of, any rebate due to the United States under Section 148(f) of the Internal Revenue Code.

As security for the performance by the University of the covenants under the Sublease Agreement, the University under the Sublease Agreement assigns and pledges to JSUF, and grants to JSUF a security interest in, all right, title and interest of the University in and to all money and investments from time to time on deposit in, or forming a part of, the Indenture Funds, subject to the provisions of the Sublease Agreement, the Lease Agreement and the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Sublease Agreement, the Lease Agreement and in the Indenture. The University acknowledges that the rights of JSUF created by this assignment and pledge shall be assigned by JSUF to the Trustee.

Effect of Full Payment of Indebtedness

If all Indenture Indebtedness is fully paid prior to the expiration of the term of the Sublease Agreement, the University shall be entitled to the use and occupancy of the Bond-Financed Facilities until the expiration of the term of the Sublease Agreement without the payment of any further Basic Sublease Rental Payments, but otherwise subject to all the terms and conditions of the Sublease Agreement, except that the University shall no longer be required to perform and observe the agreements and covenants of the Sublease Agreement that are for the sole benefit of the Trustee or the holders of the Series 2024 Bonds.

Maintenance and Other Operating Expenses

The University will, at its own expense, (a) maintain the Bond-Financed Facilities in good condition, repair and working order, (b) make all necessary repairs, replacements and improvements to the Bond-Financed Facilities and (c) pay all gas, electric, water, sewer and other charges for the operation, use and upkeep of the Bond-Financed Facilities.

Improvements, Alterations, Etc.

The University may, at its own expense, make additions, improvements or alterations to the buildings and structures constituting a part of the Bond-Financed Facilities.

Utility Easements

Upon request of the University, JSUF will instruct the Authority to grant utility and other similar easements over, across or under the real property constituting part of the Bond-Financed Facilities.

Transfer or Encumbrance Created by JSUF

Without the prior written consent of the University, JSUF (a) will not sell, transfer or convey its leasehold interest in the Bond-Financed Facilities or any part thereof, except as provided in the Sublease Agreement, and (b) will not create or permit any mortgage, lien, charge or encumbrance on the Bond-Financed Facilities or any part thereof other than Permitted Encumbrances.

Assignment, etc. of Leasehold Interest

The University shall not assign its rights under the Sublease Agreement or mortgage its leasehold interest in the Bond-Financed Facilities, or sublease the Bond-Financed Facilities or any part thereof, without the prior written consent of JSUF.

Disposition and Substitution of Personal Property and Fixtures

If no Sublease Default exists, the University shall have the right, from time to time, in the name and on behalf of JSUF, without any release from or consent by JSUF, the Authority or the Trustee, to sell or otherwise dispose of any item of the personal property or fixtures constituting part of the Bond-Financed Facilities that may have become obsolete or unfit for use or no longer useful, necessary or profitable in the conduct of the business carried on by the University at the Bond-Financed Facilities. Neither the Authority nor JSUF shall not be required to replace such personal property and fixtures. The University may, if it so chooses, replace such personal property and fixtures at its own expense. At the request of the University, JSUF will enter into contracts and purchase orders for the acquisition of replacement items, provided that (1) the University shall pay all costs of such acquisition with its own funds, and (2) JSUF's liability under any such contract or purchase order is limited as provided in Section 10.1 of the Sublease Agreement. Any replacement items so acquired by JSUF shall become a part of the personal property and fixtures subject to the Sublease Agreement.

No disposition effected pursuant to the above provisions of the Sublease Agreement shall result in any reduction or abatement of Basic Sublease Rental Payments; provided, however, that if any such disposition will effectively result in the disposition of all remaining portions of the Bond-Financed Facilities, then (1) prior to or simultaneously with such disposition provisions must be made for the payment of all outstanding Series 2024 Bonds in accordance with the redemption or defeasance provisions of the Indenture, and (2) the University shall take all action necessary for the termination of the Sublease Agreement as of the date of such disposition.

The University's Personal Property and Fixtures

The University may, at its own expense, install at the Bond-Financed Facilities any personal property or fixtures which, in the University's judgment, are necessary or desirable for the conduct of the business carried on by the University at the Bond-Financed Facilities. Any such personal property or fixtures which are installed at the University's expense and which do not constitute a part of the personal property and fixtures subject to the Sublease Agreement shall be and remain the property of the University and may be removed by the University at any time while no Sublease Default exists; provided, that any damage to the Bond-Financed Facilities occasioned by such removal shall be repaired by the University at its own expense.

Insurance

The University shall maintain insurance covering risks (including, without limitation, property and casualty, general liability and professional liability) and in amounts as customarily maintained by organizations of similar size and conducting similar operations of the University.

Damage and Destruction

If the Bond-Financed Facilities are damaged or destroyed by fire or other casualty, JSUF shall not be required to repair or replace the Bond-Financed Facilities damaged or destroyed, and the University may, if it so chooses, repair or replace such Bond-Financed Facilities at its own expense; provided, however, that so long as the Series 2024 Bonds are outstanding, the University will not enter into any alternative lease or acquire or construct any substitute facilities for the activities conducted within or on the Bond-Financed Facilities ("Bond-Financed Facilities Activities") on real property not included within the Bond-Financed Facilities before repairing or replacing the damaged Bond-Financed Facilities, except as may be necessary for temporary operations during such repair or replacement. At the request of the University, JSUF will enter into contracts or purchase orders for the repair or replacement of the Bond-Financed Facilities, provided that (a) the University shall pay all costs of such repair or replacement with its own funds and (b) JSUF's liability under any such contract or purchase order shall be limited as provided in the Indenture and sublease Agreement. Any property acquired by the JSUF in connection with the repair or replacement of Bond-Financed Facilities shall become a part of the Bond-Financed Facilities subject to the Sublease Agreement.

General Representations

In the Sublease Agreement, the University represents and warrants, among other things, that it has the power to consummate the transactions contemplated by the Bond Documents to which it is a party, that it has duly authorized the execution and delivery of the Bond Documents to which it is a party and the consummation of the transactions contemplated therein, that it has obtained all consents, approvals, authorizations and orders of governmental authorities that are required to be obtained by it as a condition to the execution and delivery of the Bond Documents to which it is a party, and that the execution and delivery by it of the Bond Documents to which it is a party and the consummation by it of the transactions contemplated therein will not conflict with, be in violation of, or constitute (upon notice or lapse of time or both) a default under any agreement, instrument, order or judgment to which it is a party or is subject, or result in or require the creation or imposition of any lien of any nature upon or with respect to any of its properties now owned or hereafter acquired, except as contemplated by the Bond Documents.

The University further represents and warrants that the Bond Documents to which it is a party constitute legal, valid and binding obligations and are enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (1) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

Eligibility of Bond-Financed Facilities for Financing

The University represents and warrants in the Sublease Agreement that the Bond-Financed Facilities are eligible for financing under the Enabling Law.

Inspection of Records

The University will at any and all times, upon the written request of the Authority, JSUF or the Trustee, permit the Authority, JSUF or the Trustee by their representatives to inspect the Bond-Financed Facilities and any books, records, reports and other papers of the University relating to the Bond-Financed Facilities.

Advances by the Authority, JSUF or Trustee

If the University shall fail to perform any of its covenants in the Sublease Agreement, the Authority, JSUF or the Trustee may, at any time and from time to time, after written notice to the University if no Sublease Default exists, make advances to effect performance of any such covenant on behalf of the University. Any money so advanced by the Authority, JSUF or the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand.

Compliance with Tax Certificate and Agreement

Under the Sublease Agreement, the University agrees to comply with the covenants and agreements contained in the Tax Certificate and Agreement.

Covenants Regarding Occupancy – Pre-Construction

If the Bond-Financed Facilities shall not get constructed then, so long as any Series 2024 Bonds are outstanding, neither the University nor any officer, department or agency of the University shall acquire or construct any facilities for housing purposes (collectively, the "Pre-Construction Intended Purposes") or enter into any lease or rental agreement for Pre-Construction Intended Purposes, or renew any existing lease or rental agreement for Pre-Construction Intended Purposes, unless any of the foregoing is necessary for temporary operations during construction of the Bond-Financed Facilities, until the Bond-Financed Facilities shall have been constructed or otherwise become Bond-Financed Facilities pursuant to the other provisions of the Sublease Agreement.

Covenant Regarding Additional Obligations of the University

Under the Sublease Agreement, the University agrees that, so long as any of the Series 2024 Bonds are outstanding and the scheduled payment of or interest on any of the Series 2024 Bonds when due is insured by BAM, the University may issue bonds, notes or other obligations, including lease obligations (other than Rental Payments pursuant to the Sublease Agreement), that are payable from all or a portion of "Legally Available Funds" only if Legally Available Funds for each of the two (2) fiscal years immediately preceding the issuance of any such additional bonds, notes or other obligations was not less than 150% of the "Maximum Annual Debt Service" on all obligations payable from Legally Available Funds (including the proposed additional obligations payable from Legally Available Funds). For purposes of this covenant, (i) "Maximum Annual Debt Service" on obligations payable from Legally Available Funds shall not include any debt service on bonds, notes or other obligations that are payable from a dedicated revenue stream which would otherwise be a component part of Legally Available Funds (including any then-outstanding University Revenue Bonds), and (ii) "Legally Available Funds" means all legally available funds of the University, excluding those revenues dedicated to the payment of debt service on bonds, notes or other obligations which are excluded from "Maximum Annual Debt Service", in an amount equal to the applicable fiscal year debt service on such obligations, and also excluding any funds appropriated to the University by the State of Alabama.

Events of Default

Any one or more of the following shall constitute an event of default (a "Sublease Default") under the Sublease Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any Basic Sublease Rental Payment when such Basic Sublease Rental Payment becomes due and payable; or

(b) default in the payment of any Additional Sublease Rental Payment when such Additional Sublease Rental Payment becomes due and payable if not cured within ten (10) business days after written notice to the University of such default; or

(c) default in the performance, or breach, of any covenant or warranty of the University in the Sublease Agreement (other than a covenant or warranty, a default in the performance or breach of which is elsewhere specifically dealt with), and the continuance of such default or breach for a period of 30 days after there has been given, by registered or certified mail, to the University by JSUF or by the Trustee a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default" hereunder; provided, however, that if such default is not reasonably capable of being cured within 30 days and the University has commenced curative efforts in good faith within 30 days after receipt of such written notice and pursue such efforts with due diligence, then no default shall occur unless the default or breach continues for a period of 180 days after the University's receipt of written notice thereof; or

(d) the occurrence of an event of default, as therein defined, under the Indenture, and the expiration of the applicable grace period, if any, specified therein.

Remedies

If a Sublease Default occurs and is continuing, JSUF may exercise any of the following remedies:

(a) declare all installments of Basic Sublease Rental Payments for the remainder of the term of the Sublease Agreement to be immediately due and payable in an amount not to exceed the principal amount of all outstanding Series 2024 Bonds, plus the redemption premium (if any) payable with respect thereto, plus the interest accrued thereon to the date of such declaration;

(b) terminate the Sublease Agreement and re-let the Bond-Financed Facilities to any third party at JSUF's sole discretion;

(c) exclude the University from the Bond-Financed Facilities without terminating the Sublease Agreement; and

(d) take whatever legal proceedings may appear necessary or desirable to collect the Basic Sublease Rental Payments then due, whether by declaration or otherwise, or to enforce any obligation or covenant or agreement of the University under the Sublease Agreement or by law.

Option to Terminate

The University shall have the option to cancel or terminate the Sublease Agreement at any time after the Indenture Indebtedness has been fully paid, by giving JSUF notice in writing of such termination. Such termination shall become effective 10 days after such notice is given.

JSUF's Liabilities Limited

The liability of JSUF for the payment of any money due under any contract or purchase order entered into by it, or for any other costs incurred in connection with the acquisition, construction or improvement of, or other work on, the Bond-Financed Facilities shall be limited solely to (1) the available proceeds of the Series 2024 Bonds, if and when issued for the Bond-Financed Facilities, (2) any money made available to JSUF for such purpose by the University, and (3) any revenues or other receipts derived by JSUF from the Bond-Financed Facilities, subject to prior encumbrances. Nothing contained in the Sublease Agreement, however, shall relieve JSUF from the observance and performance of the covenants and agreements on its part contained therein.

No recourse under or upon any covenant or agreement of the Sublease Agreement or of any contract or other agreement entered into pursuant to the Sublease Agreement shall be had against any past, present or future incorporator, officer or member of the governing body of JSUF, or of any successor corporation, either directly or through JSUF, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Sublease Agreement is solely a corporate obligation, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or member of the governing body of JSUF or any successor corporation, or any of them, under or by reason of the covenants or agreements contained in the Sublease Agreement.

Corporate Existence of JSUF

During the term of the Sublease Agreement, JSUF shall not consolidate with or merge into any other corporation or transfer its property substantially as an entirety, without the prior written consent of the University.

Benefits of Lease Agreement

Nothing in the Lease Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, the Trustee and the Holders of the Series 2024 Bonds any benefit or any legal or equitable right, remedy or claim under the Lease Agreement.

SUMMARY OF THE LEASEHOLD MORTGAGE

The following is a summary of certain provisions of the Leasehold Mortgage referenced in this Official Statement. This summary is not a complete recital of the terms of the Leasehold Mortgage and reference is made to the Leasehold Mortgage in its entirety. During the initial offering period, potential purchasers of the Series 2024 Bonds can obtain a copy of the Leasehold Mortgage from the Underwriter at no cost and are encouraged to review the same before investing in the Series 2024 Bonds. Following the initial offering period, potential purchasers can examine such documents at the office of the Trustee.

Capitalized Terms

Capitalized terms used in this summary of the Leasehold Mortgage and not otherwise defined in this Official Statement are assigned the following meanings, unless context otherwise requires:

"Buildings" means all buildings, structures and other improvements (including the Improvements) now or hereafter located on the Real Property in accordance with the Indenture, Lease Agreement and the Sublease Agreement.

"JSUF Lease Obligations" means all obligations of JSUF under the Lease Agreement.

"Collateral" means, collectively, (a) JSUF's leasehold estate and all other right, title and interest of JSUF in the Project Site, (b) the Authority's leasehold estate and all other right, title and interest of the Authority in the Project Site arising under and pursuant to the Ground Sublease, including all the rights, privileges and options set forth therein, (c) all rights and estates of JSUF and the Authority in and to the Buildings, (d) all rights and estates of JSUF and the Authority in and to the Equipment, (e) all payments by JSUF pursuant to the Lease Agreement, all payments by the University pursuant to the Sublease Agreement, and all other revenues, rentals and receipts derived by the Authority or JSUF from the leasing or sale of the Project (herein referred to as "Project Revenues"), excluding reimbursement, indemnity or other payments to be made directly to the Authority under the Lease Agreement or to JSUF under the Sublease Agreement, (f) all money and investments from time to time on deposit in, or forming a part of, the Indenture Funds, (g) all Condemnation Awards, (h) all Insurance Awards, (i) all Rents and Leases, (j) any award, dividend or other payment made hereafter to JSUF in any court procedure involving any of the lessees or sublessees under the foregoing Leases or Rents or in any Bankruptcy, insolvency or reorganization proceeding, (k) all general intangibles relating to the development or use of the Collateral or the management and operation of any business of JSUF thereon, (1) any and all other real or personal property of every kind and nature from time to time hereafter made subject to the Leasehold Mortgage, and (m) all proceeds of any of the foregoing.

"Condemnation Awards" means all judgments, damages, settlements, awards, payments and compensation, including all interest thereon, together with the right to receive the same, that may be made to the Authority or JSUF with respect to the Collateral, as a result of the exercise of the right of eminent domain or condemnation.

"Equipment" means all personal property and fixtures or to be acquired by JSUF and the Authority with proceeds of the Series 2024 Bonds or pursuant to any provision of the Indenture, the Lease Agreement or the Sublease Agreement, including all substitutions and replacements therefor.

"Mortgage Default" has the meaning stated in "SUMMARY OF THE LEASEHOLD MORTGAGE — "Events of Default". A Mortgage Default shall "exist" if a Mortgage Default shall have occurred and be continuing.

"Improvements" means the buildings, structures and improvements to be constructed on the Project Site in accordance with the Indenture, Lease Agreement and the Sublease Agreement.

"Insurance Awards" means all right, title and interest of the Authority or JSUF in and to any policies of insurance (and the proceeds thereof) with respect to any damage to or destruction of the Collateral.

"Leases" means all written or oral leases or subleases or other agreements for the use or occupancy of all or any portion of the Collateral, and any and all extensions and renewals thereof, now or hereafter existing, and any and all guaranties thereof.

"Mortgage" means that certain Leasehold Mortgage and Security Agreement dated as of December 1, 2024, executed by the Authority and JSUF in favor of the Secured Party.

"Mortgagors" means the Authority and JSUF in their respective capacities as mortgagors under the Leasehold Mortgage.

"Obligations" means, collectively, (1) all JSUF Lease Obligations; (2) all amounts becoming due and payable under the Indenture, including without limitation the principal of, interest on, and premium due, if any, on the Series 2024 Bonds; (3) all amounts becoming due and payable under the Indenture, the Lease Agreement, the Sublease Agreement or the Bonds in accordance with the terms thereof upon the occurrence and continuance of an Event of Default, as therein defined; (4) all amounts payable by JSUF under the terms of the Leasehold Mortgage (including reimbursement for advancements made by the Secured Party under the Leasehold Mortgage) and any other security agreements, pledge agreements or other documents now or hereafter evidencing or securing the Series 2024 Bonds; (5) all obligations of the Mortgagors to the Secured Party under any other Bond Document; and (6) all renewals and extensions of any or all of the obligations of the foregoing, whether or not any renewal or extension agreement is executed in connection therewith.

"Permitted Encumbrances" means (a) the Ground Lease, (b) the Ground Sublease, (c) the Indenture, (d) the Lease Agreement, (d) the Sublease Agreement and (e) and other matters shown on in the owner's policy of title insurance issued concurrently with the recordation of the Leasehold Mortgage.

"Permitted Encumbrances" shall mean:

(a) the Indenture;

(b) the Lease Agreement and any easements, licenses or other rights of use or access granted tin the Indenture;

(c) the Sublease Agreement and any easements, licenses or other rights of use or access granted tin the Indenture;

(d) the Ground Lease and any easements, licenses or other rights of use or access granted tin the Indenture;

(e) the Ground Sublease and any easements, licenses or other rights of use or access granted tin the Indenture;

(f) the Housing Development Agreement and any easements, licenses or other rights of use or access granted tin the Indenture;

(g) liens for taxes, assessments and other governmental charges that are not delinquent or that are being contested in good faith by appropriate proceedings;

(h) mechanics', materialmen's or other similar liens arising in the ordinary course of business, securing obligations that are not delinquent or that are being contested in good faith by appropriate proceedings;

(i) liens in respect of judgments or awards with respect to which an appeal or other proceedings for review are being prosecuted in good faith and with respect to which a stay of execution pending such appeal or proceedings for review has been secured;

(j) restrictions, exceptions, reservations, conditions, limitations, interests and other matters that were identified in the title insurance policy in connection with the issuance of the Series 2024 Bonds; and

(k) restrictions, exceptions, reservations, conditions, limitations, interests and other matters which, individually or in the aggregate, do not materially detract from the value of the property affected thereby and do not materially impair the use of such property for the purposes for which it is held by the Authority and used and occupied by JSUF and the University.

"Real Property" means all real property and interests therein (including the Project Site) mortgaged pursuant to, or otherwise subject to the lien of, the Leasehold Mortgage.

"Rents" means the immediate and continuing right to collect and receive all the rents, income, receipts, revenues, issues and profits now due or that may hereafter become due to JSUF under Leases and all proceeds payable under any policy of insurance covering loss of rents resulting from untenantability caused by destruction or damage to such property.

"Project Revenues" has the meaning assigned within the definition of "Collateral".

"Project Site" means the real property within the existing campus of the University on which the Project will be constructed.

"Secured Party" means the Trustee serving from time to time under the Indenture in its capacity as secured party and mortgagee under the Leasehold Mortgage.

Nature of Leasehold and Security Interest

To secure the Obligations and the performance and observance of all covenants and agreements contained in the Leasehold Mortgage, the Mortgagors in the Leasehold Mortgage do grant, bargain, sell and convey to the Secured Party, its successors and assigns forever, a lien and security interest in the Collateral.

Payment of Taxes and Other Assessments

JSUF will pay or cause to be paid all taxes, assessments and other governmental charges imposed or levied upon the Collateral or on the interests created by the Leasehold Mortgage or with respect to the filing of the Leasehold Mortgage. JSUF may, at its own expense, in good faith contest any such taxes, assessments and other governmental charges and, in the event of any such contest, may permit the taxes, assessments or other governmental charges so contested to remain unpaid during the period of such contest and any appeal therefrom, provided that during such period enforcement of such contested items shall be effectively stayed.

Insurance

The Leasehold Mortgage requires JSUF to obtain and maintain insurance with respect to the Collateral in accordance with the terms and conditions of the Lease Agreement. Under the Leasehold Mortgage, the Secured Party is authorized, but not required, on behalf of the Mortgagors, to collect for, adjust or compromise any losses under any such insurance policies and to apply, at its option, the loss proceeds (less expenses of collection) on the Obligations, in any order and whether or not then due, or hold such proceeds as a reserve against the Obligations, or apply such proceeds to the restoration of the property affected, or release the same to the Authority and JSUF.

Condemnation Awards

The Mortgagors shall, at the Mortgagors' expense, diligently prosecute any condemnation proceeds with respect to the Project, deliver to the Secured Party copies of all papers served in connection therewith and consult and cooperate with the Secured Party, its attorneys and agents, in carrying on and defending any such proceedings. No settlement of any such proceedings shall be made by the Mortgagors without the Secured Party's consent, not to be unreasonably withheld. The entire proceeds of any Condemnation Award shall be paid to the Secured Party and, after first applying such award to the payment of all costs and expenses (including attorneys' fees) reasonably incurred by the Secured Party in the collection thereof, the Secured Party may, at its option, apply the balance to the payment of the Obligations in any order and whether or not then due, or hold such balance as a reserve against the Obligations, or apply such balance to the restoration or replacement of the property affected, or release such balance to the Mortgagors.

Advances by Trustee

If the Authority shall fail or refuse to comply, fully and faithfully, with its obligations under the Lease Agreement and Indenture, the Leasehold Mortgage authorizes, but does not require, the Secured Party to perform any or all of such obligations of the Authority under the Lease Agreement and Indenture, including the payment of any or all sums due from the Authority thereunder. Any sums so paid by the Secured Party shall constitute part of the Obligations and shall be secured hereby.

Maintenance of Lien Priority

The Leasehold Mortgage requires the Mortgagors to take all steps necessary to preserve and protect the validity and priority of the lien on and security interest in the Collateral created by the Leasehold Mortgage.

Waste

Under the Leasehold Mortgage, JSUF will cause the Real Property, Buildings and Equipment and every part thereof to be maintained, preserved and kept in safe and good repair, working order and condition; will pay or cause to be paid all bills for utilities and other materials and services used on or in connection with the Collateral; and will not commit or permit waste thereon.

Compliance by JSUF with Terms of Lease and Sublease

JSUF shall comply, fully and faithfully, with all of its obligations under the Lease Agreement and the Sublease Agreement, so as to keep the Lease Agreement and the Sublease Agreement in full force and effect. If JSUF fails or refuses to do so, the Secured Party may, but shall not be required to, perform any and all of such obligations of JSUF under the Lease Agreement and the Sublease Agreement, including the payment of any or all rent and other sums due from JSUF thereunder. Any rent or other sums so paid by the Secured Party shall constitute part of the Obligations and shall be secured hereby.

Prohibition Against Transfers and Liens

Except as expressly permitted pursuant to the Lease Agreement or other Bond Documents, the Mortgagors each covenant and agree that each will not, without the express prior written consent of the Secured Party, sell, transfer, convey or otherwise dispose of, or create, or permit or suffer to exist, any lien, security interest or other encumbrance (other than Permitted Encumbrances) on, all or any part of the Collateral (including any Leases and Rents) or any interests therein.

Events of Default

Any one or more of the following shall constitute an event of default (a "Mortgage Default") under the Leasehold Mortgage:

(1) default shall be made in the payment when due of any of the Obligations, and such default shall continue unremedied for ten (10) days; or

(2) default in the performance, or breach, of any warranty, representation, covenant, condition or agreement on the part of the Mortgagors with respect to title to the Collateral, payment of taxes and other assessments, maintenance of required insurance coverages, preservation of the first-priority lien of Leasehold Mortgage, the occurrence of waste or demolition, a prohibited sale of Equipment, violation of certain zoning or title covenants, hazardous substance compliance or indemnity, or prohibited transfers of the Collateral; or

(3) default in the performance, or breach, of any warranty, representation, covenant, condition or agreement of the Mortgagors in the Leasehold Mortgage (other than a warranty, representation, covenant, condition or agreement, a default in the performance or breach of which is elsewhere specifically dealt with), and the continuance of such default or breach for a period of 30 days after there has been given, by registered or certified mail, to the Mortgagors by the Secured Party a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default" under the Leasehold Mortgage; or

(4) the occurrence of an event of default, as therein defined, under any other Bond Document and the expiration of the applicable grace period, if any, specified therein; or

(5) any report, certificate, financial statement or other instrument furnished in connection with the Leasehold Mortgage or any of the other Bond Documents, shall prove to be false or misleading in any material respect as of the time furnished; or

(6) the interest of the Secured Party in the Collateral shall become endangered by reason of the enforcement of any prior lien or encumbrance thereon (other than the lien of the Indenture with respect to the Project Revenues, the Lease Agreement and the Indenture Funds); or

(7) the lien or security interest created by the Leasehold Mortgage is invalid or unenforceable as to any part of the Obligations or is invalid or unenforceable as to any part of the Collateral.

Rights of Secured Party Upon Default

Acceleration of Indebtedness, etc. If a Mortgage Default exists, the Secured Party may declare all of the Obligations, including the obligation of JSUF to reimburse the Secured Party under the Indenture, to be forthwith due and payable, whereupon all the Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, and the Secured Party may immediately enforce payment of all such amounts and exercise any or all of its rights and remedies under the Leasehold Mortgage.

Operation of Property by Secured Party. In addition to all other rights in this Mortgage conferred on the Secured Party, if a Mortgage Default exists, the Secured Party may, but shall not be obligated to, enter upon and take possession of any or all of the Collateral, exclude the Mortgagors therefrom, and hold, use, administer, manage and operate the same to the extent that the Mortgagors could do so, without any liability to the Mortgagors resulting therefrom; and the Secured Party may collect, receive and receipt for all proceeds accruing from such operation and management, make repairs and purchase needed additional property, and exercise every power, right and privilege of the Mortgagors with respect to such property.

Judicial Proceedings; Right to Receiver. If a Mortgage Default exists, the Secured Party may proceed by suit for a foreclosure of its lien on and security interest in the Collateral, to sue JSUF for damages on account of or arising out of said default or breach, or to sue the Mortgagors or any of them for specific performance of any provision contained in the Leasehold Mortgage, or to enforce any other appropriate legal or equitable right or remedy.

No Foreclosure Sale. The Leasehold Mortgage is not subject to foreclosure and may not be foreclosed.

Rights Under Uniform Commercial Code. The Secured Party shall have and may exercise with respect to any or all of the Collateral all rights, remedies and powers of a secured party under the Alabama Uniform Commercial Code with reference to the Collateral.

Rents and Leases. If a Mortgage Default exists, the Secured Party, at its option, shall have the right, power and authority to collect the Rents, and, without taking possession, in the Secured Party's own name to demand, collect, receive, sue for, attach and levy the Rents, and after deducting all necessary and reasonable costs and expenses of collection, including reasonable attorney's fees, to apply the net proceeds thereof to the Obligations in such order and amounts as the Secured Party may choose (or hold the same in a reserve as security for the Obligations), and the Secured Party shall further have the right to take whatever legal proceedings may appear necessary or desirable to enforce any obligation or covenant or agreement of the Mortgagors under the Leasehold Mortgage with respect to the Rents and Leases.

Application of Proceeds. All payments then held or thereafter received by the Secured Party as proceeds of the Collateral, as well as any and all amounts realized by the Secured Party in connection with the enforcement of any right or remedy under or with respect to the Leasehold Mortgage, shall be applied by the Secured Party, as follows:

(1) to reimburse the Secured Party for all costs and expenses of any kind then or thereafter at any time reasonably incurred by the Secured Party in exercising its rights under the Leasehold Mortgage, the Indenture or any of the Bond Documents or otherwise reasonably incurred by the Secured Party in collecting or enforcing payment of the Obligations, as well as to the payment of any other amount then or thereafter at any time owing by the Mortgagors to the Secured Party under the Indenture, any of the Bond Documents or under the Leasehold Mortgage, all in such priority as among such principal, interest, costs, fees, expenses and other amounts as the Secured Party shall elect;

(2) any balance remaining after payment in full of all amounts referred to in paragraph (1) above shall be applied by the Secured Party to any other Obligations then owing by JSUF to the Secured Party;

(3) any balance remaining after payment in full of all amounts referred to in paragraphs (1) and (2) above shall be paid by the Secured Party to the Mortgagors or to whomever else may then be legally entitled thereto.

Waiver of Appraisement Laws. The Mortgagors waive, to the fullest extent permitted by law, the benefit of all laws now existing or hereafter enacted providing for (1) any appraisement before sale of any portion of the Collateral (commonly known as appraisement laws), or (2) any extension of time for the enforcement of the collection of the Obligations or any creation or extension of a period of redemption from any sale made in collecting the Obligations (commonly known as stay laws and redemption laws). The Mortgagors also waives any and all rights the Mortgagors may have to a hearing before any governmental authority prior to the exercise by the Secured Party of any of its rights or remedies under the Bond Documents and applicable law.

Advances by Secured Party

If the Mortgagors shall fail to comply with the provisions hereof with respect to the securing of insurance, the payment of taxes, assessments and other charges, the keeping of the Collateral in repair, or any other term or covenant contained in the Leasehold Mortgage, the Secured Party may (but shall not be required to) make advances to perform the same, and where necessary enter or take possession of the Collateral for the purpose of performing any such term or covenant. JSUF agrees to repay all sums advanced upon demand, with interest from the date such advances are made, at the rate provided in the Lease Agreement (to the fullest extent permitted by applicable law), and all sums so advanced, with interest, shall be secured hereby.

Release or Extension by Secured Party

The Secured Party, without notice, may release any part of the Collateral or any person liable for the Obligations without in any way affecting the rights of the Secured Party under the Leasehold Mortgage as to any part of the Collateral not expressly released and may agree with any party with an interest in the Collateral to extend the time for payment of all or any part of the Obligations or to waive the prompt and full performance of any term, condition or covenant of the Leasehold Mortgage or the Bond Documents.

Limitation of Liability

Notwithstanding anything in the Leasehold Mortgage to the contrary, the covenants and agreements contained in the Leasehold Mortgage do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the general credit of the Authority, and in the event of a breach of any such covenant or agreement, no personal or pecuniary liability or charge payable directly or indirectly from the general assets or revenues of the Authority (other than the Authority's interest in the Collateral) shall arise therefrom. Nothing contained in the Leasehold Mortgage, however, shall relieve the Authority from the observance and performance of the covenants and agreements on its part contained in the Leasehold Mortgage.

Fixture Filing

The Leasehold Mortgage shall be effective as a financing statement filed as a fixture filing for purposes of Article 9 of the Uniform Commercial Code.

Termination

The Leasehold Mortgage and the Secured Party's liens under the Leasehold Mortgage in the Collateral will not be terminated until a written mortgage satisfaction instrument executed by one of the Secured Party's officers is filed for record in the county in which the Real Property is located. Even if all of the Obligations owing to the Secured Party at any one time should be paid in full, the Leasehold Mortgage will continue to secure any Obligations that might later be owed to the Secured Party until such mortgage satisfaction instrument has been executed and recorded. In no event shall the Secured Party be obligated to satisfy its liens under the Leasehold Mortgage or return or release any of the Collateral to JSUF (a) until the payment in full of all Obligations then outstanding, (b) if the Secured Party is obligated to extend credit to JSUF, (c) if any contingent obligation of JSUF to the Secured Party remains outstanding or (d) until the expiration of any period for avoiding or setting aside any payment to Secured Party under Bankruptcy or insolvency laws.

Rights of Secured Party

Regions Bank serves as mortgagee and "Secured Party" under the Leasehold Mortgage solely in its capacity as Trustee under the Indenture, and as such the Secured Party's rights and obligations under the Leasehold Mortgage shall be governed by the rights, indemnities, reimbursements, protections and other benefits provided to the Trustee under the terms of the Indenture. Without limiting the foregoing, the Secured Party's exercise of remedies under the Leasehold Mortgage shall be governed by the terms and conditions of the Indenture relating to the rights of holders of Bonds to direct and control the exercise of remedies thereunder.

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APPENDIX B

FORM OF BOND COUNSEL OPINION

December 11, 2024

The Public Educational Building Authority
of Jacksonville (Jacksonville State University Foundation)
Jacksonville, Alabama

Re: **$88,510,000 Higher Educational Facilities Revenue Bonds (JSU Foundation Project), Series 2024-A (the "Series 2024-A Bonds") and $7,865,000 Taxable Higher Educational Facilities Revenue Bonds (JSU Foundation Project), Series 2024-B (the "Series 2024-B Bonds" and, together with the Series 2024-A Bonds, the "Series 2024 Bonds") of The Public Educational Building Authority of Jacksonville (Jacksonville State University Foundation)**

Ladies and Gentlemen:

We have acted as bond counsel to The Public Educational Building Authority of Jacksonville (Jacksonville State University Foundation) (the "Authority") for the purpose of rendering the within opinions in connection with the issuance of the above-referenced bonds by the Authority pursuant to Chapter 18 of Title 16 of the Code of Alabama 1975, as amended (the "Enabling Law"), and a Trust Indenture dated as of December 1, 2024 (the "Indenture"), by the Authority and Regions Bank, as trustee (the "Trustee"), to finance certain facilities (the "Project") for lease to Jacksonville State University Foundation, Inc., an Alabama nonprofit corporation (the "Foundation"), pursuant to a Lease Agreement dated as of December 1, 2024 (the "Lease Agreement"), by the Authority, as lessor, and the Foundation, as lessee, and for sublease by the Foundation to and for use by Jacksonville State University, a body corporate of the State of Alabama (the "University"), on an operating-lease basis, pursuant to a Sublease Agreement dated as of December 1, 2024 (the "Sublease Agreement") between the Foundation and the University.

Capitalized terms used herein without definition shall have the respective meanings assigned thereto in the Indenture and the Lease Agreement.

For purposes of rendering this opinion we have (a) examined the executed Series 2024 Bonds, executed counterparts of the Indenture, the Lease Agreement, the Sublease Agreement, the Tax Certificate and Agreement of even date by the Authority and the Foundation (the "Tax Agreement"), and such other certificates, proceedings, proofs and documents, and made such studies of matters of law, as we have deemed necessary, (b) relied, without independent investigation or inquiry, upon (i) the representations made in the Indenture, the Lease Agreement, the Sublease Agreement, and the Tax Agreement, (ii) certificates of certain public officials and of the Authority, the Foundation and the Trustee, and (c) assumed the Foundation is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and exempt from tax under Section 501(a) of said Code.

The proceedings certified to us show that the Bonds are limited obligations of the Authority payable solely from and secured by a pledge of the revenues derived from the leasing of the Project, including (without limitation) the revenues payable by the Foundation under the Lease Agreement (collectively, the "Lease Payments") on a parity of lien with any Additional Bonds hereafter issued by the Authority in compliance with law and the applicable provisions of the Indenture with respect thereto.

The opinions expressed herein are limited to the laws of the State of Alabama and the federal laws of the United States of America.

Based on the foregoing and subject to the qualifications set forth below, we are of the opinion, as of the date hereof and under existing law, that:

(1) The Authority is now validly existing as a public corporation under the laws of the State of Alabama and has corporate power and authority under the Enabling Law to execute, deliver and perform the Indenture and the Lease Agreement and to issue and deliver the Series 2024 Bonds.

(2) The Indenture and the Lease Agreement have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding obligations of the Authority and are enforceable against the Authority in accordance with the respective terms thereof.

(3) The Series 2024 Bonds have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding limited obligations of the Authority in accordance with the terms thereof, payable solely from and secured by a pledge of the Lease Payments and Trust Estate on an equal and proportionate basis and parity of lien with any Additional Bonds hereafter issued by the Authority in compliance with law and the applicable provisions of the Indenture with respect thereto.

(4) Interest on the Series 2024-A Bonds is presently excludable from the gross income of the registered owners thereof for federal income taxation under Section 103 of the Code, regulations and rulings of the Commissioner of Internal Revenue issued or pertinent thereunder, and court decisions heretofore rendered, and is not an item of tax preference for purposes of the federal alternative minimum tax (as defined for federal income tax purposes) imposed on individuals and corporations; provided, however, interest on the Series 2024-A Bonds is taken into account in determining adjusted current earnings for purposes of computing the said alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Authority and the Foundation comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024-A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the Foundation have each covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2024-A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024-A Bonds.

(5) Interest on the Series 2024-B Bonds is not excludable from the gross income of the registered owners thereof for federal income taxation under Section 103 of the Code.

(6) Interest on the Series 2024 Bonds is exempt from present income taxation in the State of Alabama.

(7) Registration with the Securities and Exchange Commission under the Securities Act of 1933, as amended, is not required in connection with the offering and sale of the Series 2024 Bonds and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended.

The rights of the registered owners of the Series 2024 Bonds and the enforceability of the Series 2024 Bonds, the Indenture and the Lease Agreement are subject to and may be limited by (a) the exercise of judicial discretion (whether in a proceeding in equity or at law), (b) the valid exercise of the constitutional powers of the United States of America and the sovereign and police powers of the State of Alabama, and (c) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable.

We have not been engaged, and therefore have not undertaken, to review or determine, and consequently express no opinion as to (a) the tax treatment of the owner of any of the Series 2024-A Bonds as a result of the receipt of the interest on the Series 2024 Bonds (i) under any provision or section of the Code other than Section 103 thereof or (ii) the laws of any State other than the State of Alabama, or (b) the tax or other consequences of any transaction or event for which the Indenture requires as a condition precedent thereto an opinion of counsel with respect thereto, or (c) the title of the Authority or the Foundation to the Project or any other property, or (d) the adequacy of the security for, or the sources of payment of, the Series 2024 Bonds, or (e) the accuracy, adequacy or completeness of any offering document, official statement or other information pertaining to the offering of or sale of the Series 2024 Bonds.

The opinions within are (a) limited to matters stated herein and no opinion may be inferred beyond the matters expressly stated, (b) given as of the date hereof and with the express understanding that we have no obligation to advise you or any of your successors or assigns of any changes in law or fact subsequent to the date hereof, even though such changes may affect the opinions expressed herein, (c) rendered to you solely in connection with the subject transactions and may not be relied upon by you or by any other person for any other purpose, and (d) rendered as an expression of our professional judgment as to the legal issues explicitly addressed herein, by the rendering of which we do not become an insurer or guarantor of that expression of professional judgment or of the outcome of any legal dispute that may arise with respect to any of the matters herein contained.

Very truly yours,

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APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") dated March 15, 2023, is entered into by **JACKSONVILLE STATE UNIVERSITY**, a body corporate of the State of Alabama (the "University"), for the benefit of the beneficial owners of the Series 2024 Bonds described herein.

R E C I T A L S:

Contemporaneously with the execution and delivery of this Agreement by the University, The Public Educational Building Authority of Jacksonville (Jacksonville State University Foundation), an Alabama public corporation (the "Authority"), will issue its $88,510,000 Higher Educational Facilities Revenue Bonds (JSU Foundation Project), Series 2024-A, dated the date hereof (the "Series 2024-A Bonds"), and its $7,865,000 Taxable Higher Educational Facilities Revenue Bonds (JSU Foundation Project), Series 2024-B, dated the date hereof (the "Series 2024-B Bonds" and, together with the Series 2024-A Bonds, the "Series 2024 Bonds"), pursuant to the provisions of a Trust Indenture dated as of December 1, 2024, between the Authority and Regions Bank, as trustee (the "Indenture"). The Series 2024 Bonds are being issued for the purpose of financing the development, construction, equipping and furnishing of housing facilities and related ancillary improvements and infrastructure upgrades for the benefit of students of the University (collectively, the "Project"), (ii) capitalized interest with respect to the Series 2024 Bonds, and (ii) paying the costs of issuing the Series 2024 Bonds. The Series 2024 Bonds are payable from and secured by (i) certain rental payments to be made by Jacksonville State University Foundation, Inc., an Alabama nonprofit corporation (the "Foundation"), under that certain Lease Agreement dated the date of the Series 2024 Bonds, between the Authority and the Foundation (the "Lease Agreement"), and (ii) certain rental payments to be made by the University under that certain Sublease Agreement dated the date of the Series 2024 Bonds, between the Foundation and the University (the "Sublease Agreement").

The Series 2024 Bonds are subject to the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission of the United States of America (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended. The Series 2024 Bonds have been purchased by Stifel, Nicolaus & Associates, Incorporated (the "Underwriter"), and the Authority has delivered to the Underwriter its Official Statement with respect to the Series 2024 Bonds dated November 13, 2024 (the "Official Statement"). There are no "obligated persons," as defined in the Rule, with respect to the Series 2024 Bonds, other than the University.

The parties hereto have entered into the Agreement in order to assist the Underwriter in complying with the Rule.

NOW, THEREFORE, the University does hereby undertake and agree with the beneficial owners of the Series 2024 Bonds as follows:

1. Definitions. Capitalized terms not otherwise defined in this Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with definitions in the Rule, in the Official Statement.

The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires:

"**EMMA**" means the MSRB's Electronic Municipal Market Access system, as provided by the Rule.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Repository**" means the MSRB and its EMMA system.

2. Financial Information. The University will provide to the Repository financial information and operating data (collectively referred to as "Annual Financial Information") with respect to the University of the type that is presented in the Official Statement consisting of a report (the "Annual Report") containing the audited financial statements of the University (the "Audited Financial Statements"). The Annual Report will also include, if not included within the Audited Financial Statements, for the fiscal year reported, the following financial and operating data shown in the Official Statement: (a) the enrollment for the University, in format substantially similar to the tables shown under the heading "THE UNIVERSITY – Enrollment" in the Official Statement; (b) the applications and admissions for the University, in format substantially similar to the tables shown under the heading "THE UNIVERSITY – Applications and Admissions" in the Official Statement; (c) the degrees awarded for the University, in format substantially similar to the tables shown under the heading "THE UNIVERSITY – Accreditation and Degrees Awarded" in the Official Statement; (d) the tuition and fees, per semester, of the University, in format substantially similar to the table shown under the heading "THE UNIVERSITY – Tuition and Fees" in the Official Statement; (e) the student housing occupancy of the University, in format substantially similar to the tables shown under the heading "THE UNIVERSITY – University Housing" in the Official Statement; and (f) state appropriations, in format substantially similar to the table shown under the heading "UNIVERSITY FINANCIAL INFORMATION – Major Sources of Revenue – *State Appropriations*" in the Official Statement.

The University may omit or modify any part of the annual information required by this section if the operations to which it relates have been discontinued or materially changed. The University will include an explanation to that effect as part of the annual information for the year in which such event first occurs.

Such Annual Financial Information will be provided to the Repository no later than each nine months after the end of each fiscal year of the University, commencing with the fiscal year ending September 30, 2025.

The University will provide to the Repository or cause to be provided not later than each June 30 after the close of each fiscal year its audited financial statements, if any, commencing with the fiscal year ending September 30, 2025. If its audited financial statements are not complete by each June 30, the University will submit available unaudited financial statements on time, followed by the audited financial statements as soon as possible. The audited financial statements of the University so provided will be prepared pursuant to generally accepted accounting principles as applicable to it.

3. Event Notices. In a timely manner not in excess of 10 business days after the occurrence of the event, the University shall file with the MSRB notice of the occurrence of any of the following events affecting the Series 2024 Bonds:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults, if material;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers, or their failure to perform;

(f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(g) Modifications to rights of holders of the Series 2022 Bonds, if material;

(h) Bond calls, if material, and tender offers;

(i) Defeasances;

(j) Release, substitution, or sale of property securing repayment of the Series 2024 Bonds, if material;

(k) Rating changes;

(l) Bankruptcy, insolvency, receivership or similar event of the University;

(m) The consummation of a merger, consolidation, or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an or the termination of a definitive agreement relating to any such actions, other than action pursuant to its terms, if material;

(n) Appointment of a successor or additional trustee or the change of name of a trustee, of material;

(o) Incurrence of a financial obligation (as defined by the Rule) of the University, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the University, any of which affect the holders of the Series 2024 Bonds, if material; and

(p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the University, any of which reflect financial difficulties.

The University may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of such Obligated Entity, such other event is material with respect to the Series 2024 Bonds, but the University does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

If the University fails to post any of the required information by the due date, a failure to file notice conforming to MSRB standards will be timely filed.

4. Limitation of Remedies Hereunder. The University shall never be subject to money damages in any sum or amount, whether compensatory, punitive or otherwise, for its failure to comply with its obligations contained herein. The only remedy available to the holders of the Series 2024 Bonds for breach by the University of its obligations hereunder shall be the remedy of specific performance or mandamus against the appropriate officials of the University to obtain performance of the University's obligations hereunder. Any action for such specific performance or mandamus may be filed only in Calhoun County, State of Alabama. Any failure by the University to comply with the provisions of this Agreement shall not be an event of default with respect to the Series 2024 Bonds under the Indenture.

5. Responsibility for Compliance. No person other than the University shall have any liability or responsibility for compliance by the University with its obligations under this Agreement. The Trustee has undertaken no responsibility with respect to any reports, notices or disclosures required by this Agreement or the Rule.

The University will pay all costs incurred in connection with the performance of its obligations under this Agreement, including without limitation the fees and expenses of any consultants, advisers, accountants, legal counsel or other persons that may be retained by the University to assist in the performance of the University's obligations.

6. Modification and Termination. The provisions of this Agreement may be modified at any time by the University as long as such modification is done in a manner consistent with the Rule. Any such modification shall be in writing and shall be accompanied by an Opinion of Counsel stating in effect that such modification is permitted by the Rule. A copy of any such modification shall be delivered to the Trustee.

The University reserves the right to terminate its obligation hereunder if and when (i) the Series 2024 Bonds are retired, or an escrow for the retirement of all Series 2024 Bonds is established pursuant to the defeasance provisions of the Indenture, or (ii) the University ceases to be obligated with respect to the Series 2024 Bonds within the meaning of the Rule.

7. Dissemination Agent. The University may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. Any such dissemination agent shall be designated as such in writing by the University, and any such dissemination agent shall file with the University a written acceptance of such designation.

8. Beneficiaries. This Agreement is being entered into pursuant to the continuing disclosure requirements of the Rule in order to assist participating underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the University, the dissemination agent, if any, and the beneficial owners of the Series 2024 Bonds, and shall create no rights in any other person or entity.

9. Recordkeeping. The University shall maintain records of all disclosure filings made pursuant to this Agreement, including the content of such disclosure, the names of the entities with whom such disclosure was filed, and the date of filing such disclosure.

10. MSRB; EMMA. Documents submitted to the MSRB, including EMMA, pursuant to this Agreement shall be in electronic format and accompanied by identifying information as prescribed by the MSRB, in accordance with the Rule.

11. Governing Law. This Agreement shall be governed by the laws of the State of Alabama.

[Signature page follows.]

IN WITNESS WHEREOF, this Agreement has been duly authorized and executed by the University dated this 11th day of December, 2024.

JACKSONVILLE STATE UNIVERSITY

By:____

Its:____

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APPENDIX D

SUMMARIES OF CERTAIN PROVISIONS OF GROUND LEASE AND GROUND SUBLEASE

This appendix contains summaries of certain provisions of the Ground Lease and Ground Sublease described in this Official Statement. These summaries do not purport to be a complete description and contain only brief outlines of the terms and provisions of such instruments. Certain provisions of such instruments are summarized elsewhere in this Official Statement or are not summarized or otherwise identified. The summaries are qualified in their entirety by reference to such instruments, which will be available at the office of the Trustee after delivery of the Bonds.

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SUMMARY OF THE GROUND LEASE

The following is a summary of certain provisions of the Ground Lease referenced in this Official Statement. This summary is not a complete recital of the terms of the Ground Lease and reference is made to the Ground Lease in its entirety. During the initial offering period, potential purchasers of the Series 2024 Bonds can obtain a copy of the Ground Lease from the Underwriter at no cost and are encouraged to review the same before investing in the Series 2024 Bonds. Following the initial offering period, potential purchasers can examine such documents at the office of the Trustee.

Term

The term of the Ground Lease shall be for a period of forty (40) years, commencing on the date of initial delivery of the Series 2024 Bonds (the "Ground Lease Commencement Date").

Rent

The Ground Lease requires the Foundation to make rental payments to the University for the use and occupancy of the Project as follows:

(a) An initial rent payment in the amount of $100.00 due and payable in full on the Ground Lease Commencement Date;

(b) Annual rent thereafter in the amount of $100.00 per year (the "Base Rent"); and

(c) Additional rent due and payable for the purposes and in the amounts specified in the Ground Lease.

All rent payable under the Ground Lease shall be paid without deduction or offset, and all rent payable to the University shall be net to the University.

Limitations on Use of Project

The Ground Lease requires that the Project site be used exclusively for the construction, operation and ownership of housing facilities and related ancillary facilities for the benefit of the University. Without the prior approval of the University, neither the Foundation nor any sublessee is permitted to use the Project for anything other than housing facilities and related ancillary facilities. Notwithstanding these limitations, the Ground Lease permits the Foundation, without the University's consent (but subject to the terms, conditions and legal requirements of the Series 2024 Bonds or other financing with respect to the Project) to lease and use space in the Project to perform services or to provide products reasonably related to the goals, purposes and functions of housing facilities and related ancillary facilities, as they evolve throughout the term of the Ground Lease.

Construction and Equipping of Project

The Ground Lease requires the Foundation to apply the proceeds of the Series 2024 Bonds to acquire, construct and equip the Project in accordance with the parameters established by the Ground Lease and the plans and specifications prepared therefor (the "Project Requirements"). Subject to satisfaction of the Project Requirements, the Foundation is responsible for planning and design of the Project, preparation of contracts and purchase orders for the Project, supervision of the work on the Project, compliance with applicable zoning, planning and building restrictions, and acquisition of all necessary governmental permits, licenses, certificates, authorizations and approvals. Once construction of the Project has commenced, Foundation shall diligently prosecute the construction and equipping of the Project. The Foundation may cause changes or amendments to be made in the plans and specifications for the Project, provided that such changes or amendments are not inconsistent with the Project Requirements and comply with the terms, conditions and legal requirements of the Series 2024 Bonds or other financing with respect to the Project. If the proceeds derived from the Series 2024 Bonds are insufficient to pay in full all Project costs and costs of issuing the Series 2024 Bonds, the Foundation shall complete the acquisition and construction of the Project and pay any remaining issuance costs at its own expense.

No Warranty by the University

The University makes no warranty, either express or implied, with respect to the Project and does not offer any assurances that the Project will be suitable for the Foundation's purposes or needs or that the proceeds derived from the Series 2024 Bond will be sufficient to pay in full all Project costs and costs of issuing the Series 2024 Bonds.

Utilities

The Ground Lease requires the University to deliver the Project site as unimproved real property with adequate access (but no existing connections) to utilities of sufficient capacity to serve the Project. Foundation shall pay or cause to be paid all charges for water, heat, gas electricity, cable, trash disposal, sewers and any and all other utilities used on the Project throughout the term of the Ground Lease, including without limitation, any connection and servicing fees, permit fees, inspection fees, and fees to reserve utilities capacity.

Leasehold Mortgage Permitted

The Ground Lease expressly permits the Foundation to encumber all or any portion of its interest in the Ground Lease and the leasehold estate of the Foundation in the Project (but not the University's fee title to the Project site) by a leasehold mortgage as security for any financing used to improve the Project (a "Leasehold Mortgage"). Subject to the requirements outlined below, the holder of a Leasehold Mortgage on the Project, including without limitation the Trustee (a "Leasehold Mortgagee"), may enforce its rights under its Leasehold Mortgage but may not foreclose the lien thereof subject to (a) the applicable provisions of the Ground Lease, (b) any lease between the Foundation, as landlord, and any tenant in the Project. For the benefit of Leasehold Mortgage, the Ground Lease contains the following provisions:

> (1) The University shall deliver to each Leasehold Mortgagee a copy of each notice of default given by the University to the Foundation simultaneous with any notice of default given to the Foundation, addressed to each Leasehold Mortgagee at its address given to the University. No notice of the Foundation's default under the Ground Lease shall be deemed to have been given unless and until a copy thereof has been sent to any Leasehold Mortgagee.
>
> (2) The University will not (i) accept the surrender of the Project by the Foundation prior to the expiration or termination of the Ground Lease, or (ii) consent to the modification of any term of the Ground Lease or the termination of the Ground Lease, without the prior written consent of the Leasehold Mortgagee, in each instance. The University further agrees that it will not terminate the Ground Lease by reason of any default of the Foundation under the Ground Lease until the University has sent to the Leasehold Mortgagee a copy of the notice with respect to the Foundation's default on which the proposed termination is based and otherwise complied with the requirements summarized in this heading "Leasehold Mortgage Permitted".

(3) After the expiration of all applicable notice and grace periods under the Ground Lease with respect to any default by the Foundation thereunder (in the Ground Lease called a "Default"), the University shall give written notice to the Leasehold Mortgagee (in the Ground Lease called the "Mortgagee Notice") of the failure of the Foundation to cure a Default. The Mortgagee Notice shall be sent by certified mail, return receipt requested or by a nationally recognized commercial overnight delivery service to the address set forth in the Leasehold Mortgage (or such other address as may in the Ground Lease be designated in writing to the University by the Leasehold Mortgagee). The University shall not terminate the Ground Lease by reason of any Default until a reasonable period of time shall have elapsed following the receipt by the Leasehold Mortgagee of the Mortgagee Notice, during which period the Leasehold Mortgagee shall have the right, but shall not be obligated, to remedy the Default. The University agrees to accept performance by any Leasehold Mortgagee of any covenant, condition or agreement on the Foundation's part to be performed under the Ground Lease with the same force and effect as though performed by the Foundation.

(4) For purposes of paragraph 3 above, a reasonable period of time for a Leasehold Mortgagee to cure shall be (i) a period after Leasehold Mortgagee's receipt of a Mortgagee Notice equal to the cure period provided to Foundation for the same Default under the Ground Lease; and (ii) in the event there is not a cure within such time frame then (A) as to monetary defaults, fifteen (15) days after second notice to the Leasehold Mortgagee that cure has not been effected and (B) as to nonmonetary defaults thirty (30) days after a second notice to the Leasehold Mortgagee that cure has not been effected, but if the Leasehold Mortgagee properly commences cure within said thirty (30) days and diligently pursues cure thereafter, then a reasonable period thereafter.

(5) The time for the Leasehold Mortgagee to cure a Default that reasonably requires the Leasehold Mortgagee be in possession of the Project, or the time for a Leasehold Mortgagee to obtain the Foundation's interest under the Ground Lease in order to elect to enter into a new lease with the University through the process summarized in paragraph 6 below, shall be deemed extended to include the period of time reasonably required by a Leasehold Mortgagee to obtain possession of the Project or obtain the Foundation's interest under the Ground Lease by foreclosure or otherwise with due diligence; provided, however, that (i) a Leasehold Mortgagee shall have delivered to the University its written covenant to cure all outstanding Defaults which the Leasehold Mortgagee (in its reasonable discretion) requires possession of the Project to cure other than those defaults which cannot be cured by the payment of money or taking of possession (such as the Foundation's bankruptcy); (ii) during such period, all other obligations of the Foundation under the Ground Lease are being duly performed to the extent that the Leasehold Mortgagee can do so; (iii) Leasehold Mortgagee shall have cured any other Default, not requiring possession to cure; and (iv) the Leasehold Mortgagee is diligently attempting to obtain possession by non-judicial foreclosure.

(6) Nothing in the foregoing paragraph 5 shall preclude the University from terminating the Ground Lease with respect to any additional Default which may occur during the aforesaid period of forbearance which is not remedied within the period of grace, if any, applicable to any such additional Default, except that the Leasehold Mortgagee shall have the same rights specified in this section with respect to any such additional Defaults. If the Ground Lease is terminated for any reason, including, but not limited to, a termination following a Leasehold Mortgagee's failure to cure a Default or the rejection or disaffirmance of the Ground Lease pursuant to bankruptcy laws or other laws affecting creditors' rights, the University agrees to enter into a new lease of the Project with the Leasehold Mortgagee, or any party designated by the Leasehold Mortgagee, within thirty (30) days after the request of the Leasehold Mortgagee. The new lease shall be effective as of the date of termination, rejection or disaffirmance of the Ground Lease, shall have as the date for expiration thereof the same date stated in the Ground Lease as the date for the expiration hereof, and shall be on the same terms and provisions contained in the Ground Lease, including the amount of rent and other sums required to be paid by Foundation under the Ground Lease, except that construction related deadlines will be extended for a reasonable period to permit the Leasehold Mortgagee to complete construction of the Project. As an express condition to the University's obligations to enter into a new lease, a Leasehold Mortgagee shall (i) request in writing from the University for the new lease within thirty (30) days after the Leasehold Mortgagee is notified of the effective date of termination, rejection or disaffirmance of the Lease, as the case may be and (ii) cure all Defaults under the Lease and pay to the University all rent and other sums that would have been due and payable by Foundation under the Ground Lease but for the rejection, disaffirmance or termination. If the Leasehold Mortgagee or the party so designated by the

Leasehold Mortgage shall have entered into a new lease with the University pursuant thereto, any Default under the Ground Lease that cannot be cured by the payment of money shall be deemed cured. To the extent practicable, the University shall assure that any new lease made pursuant hereto shall be senior and superior to any other monetary lien or mortgage on the Project site except for encumbrances suffered or created by Foundation. A Leasehold Mortgagee's rights under the Ground Lease are in addition to and not limited to, its right to cure. Under the terms of the Ground Leases the provisions of this paragraph 6 are a separate and independent contract made by the University and each Leasehold Mortgagee. From the effective date of termination, rejection or disaffirmance of the Ground Lease to the date of execution and delivery of a new lease or the expiration of the period during which a Leasehold Mortgagee may make a request, the Leasehold Mortgagee may, on payment of any rent and any other sums as may be due from Foundation and the performance of the covenants and conditions to be performed by Foundation under the Lease, use and enjoy the leasehold estate created by the Ground Lease without hindrance by the University.

(7) The provisions of the Ground Lease summarized under the heading "Leasehold Mortgage Permitted" are for the benefit of each Leasehold Mortgagee and may be relied upon and shall be enforceable by each Leasehold Mortgagee. Neither a Leasehold Mortgagee nor any other holder or owner of the indebtedness secured by a Leasehold Mortgage or otherwise shall be liable under the covenants, agreements or obligations of Foundation contained in the Ground Lease, unless and until such Leasehold Mortgagee acquires the interest of Foundation under the Ground Lease. In the event that there is more than one Leasehold Mortgage affecting the leasehold estate, the most senior Leasehold Mortgagee shall have priority in terms of exercising the rights of a Leasehold Mortgagee pursuant to such provisions. All monetary liens or other mortgages on the title to the Project site created by the University shall contain express provisions to the effect that (i) such lien or encumbrance shall be subordinate to any such new lease and (ii) the mortgagee or other beneficiary thereof shall, upon request, confirm to Foundation or any Leasehold Mortgagee such subordination.

(8) There shall be no merger of the Foundation's leasehold estate with the University's fee estate in the Project site by reason of the fact that the Foundation's leasehold estate may be held directly or indirectly by or for the account of any person who shall also hold directly or indirectly the fee estate or any interest in such fee estate, nor shall there be any such merger by reason of the fact that all of any part of the Foundation's leasehold estate may be conveyed or mortgaged to a Leasehold Mortgagee who shall also hold directly or indirectly the fee estate, or any part thereof, in the Project site or in the interest of the University under the Ground Lease.

(9) No surrender (except a surrender upon the expiration of the term of the Ground Lease or upon termination, by the University pursuant and subject to the provisions of the Ground Lease) by the Foundation to the University of the Ground Lease, or of the Project, or any part thereof, or of the Project or any other improvements thereon shall be valid or effective without the prior written consent of the Leasehold Mortgagee. No termination or rejection of the Ground Lease by the Foundation shall be valid or effective without the prior written consent of the Leasehold Mortgagee, and neither the Ground Lease nor any term hereof may be amended, modified or changed without the prior written consent of the Leasehold Mortgagee.

(10) The University and the Foundation hereby agree to cooperate in including in the Ground Lease by suitable amendment from time to time, any provision which may reasonably be requested by any proposed Leasehold Mortgagee for the purpose of implementing the Leasehold Mortgagee protection provisions contained in the Ground Lease and allowing such Leasehold Mortgagee reasonable means to protect or preserve the lien of the Leasehold Mortgage upon the occurrence of a Default under the Ground Lease. The University and the Foundation each agree to execute and deliver (and to acknowledge if necessary, for recording purposes) any agreement necessary to effectuate any such amendments.

Notwithstanding any other term or provision of the Ground Lease or any Leasehold Mortgage, in no event shall any Leasehold Mortgagee acquire by virtue of a Leasehold Mortgage any greater rights to the Project than the Foundation has under the Ground Lease, and any lien or encumbrance that a Leasehold Mortgage establishes or attempts or purports to establish on the University's fee title to the Project shall be void ab initio, notwithstanding any contrary agreement, course of dealing, law, regulation, or any other matter or circumstances whatsoever.

Limitation on Foundation's Authority over Project

The Ground Lease prohibits the Foundation, without prior written consent of the University, from (a) executing any deed, note, mortgage or security agreement affecting or encumbering the University's fee title to the Project site, (b) entering into any contracts on behalf of the University that would sell, transfer or otherwise dispose of all or any portion of the Project (other than dispositions of minor property in the ordinary course of business); or (c) committing or permitting waste of the Project.

Expiration or Termination of Ground Lease

Upon expiration or earlier termination of the Ground Lease, the Foundation shall surrender possession of the Project to the University and shall execute such instruments as are necessary to quitclaim to the University any and all interests of the Foundation in the Project, including all personal property and equipment located thereon.

Hazardous Materials and Indemnity

In the Ground Lease, the University represents and warrants to the Foundation that the Project site is free of hazardous materials, and the Foundation covenants and agrees to construct and operate the Project in material compliance with applicable laws governing hazardous materials. The University agrees to indemnify the Foundation for environmental liabilities resulting from violation of its representations, warranties, covenants and agreements. These indemnity obligations survive the expiration or earlier termination of the Ground Lease.

Maintenance of Project

In the Ground Lease, the Foundation agrees that it will, at its own cost and expense, maintain or cause to be maintained the Project and any other improvements thereon and appurtenances thereto and every part thereof, (a) in good order, condition and repair, ordinary wear and tear excepted, (b) in Class A Condition, (c) in compliance with the terms and conditions of the Bond Documents or other financing with respect to the Project, and (d) in accordance with all applicable laws, rules, ordinances, order and regulations of all governmental authorities.

Assignment and Sublease

In the Ground Lease, the University expressly consents to the Foundation's execution and delivery of (a) any Leasehold Mortgage that complies with the requirements summarized above, (b) any sublease of the Project to the Issuer necessary to facilitate issuance of the Series 2024 Bonds, and (c) such collateral assignments, pledges, and other transfers in favor of providers of financing for the Project, or their designees, as are necessary to facilitate such financing. In addition, the Ground Lease permits the Foundation, upon not less than thirty (30) day's advance written notice to the University, to sublease all or any portion of the Project without the University's consent or approval so long as:

(1) The terms of the sublease comply with the Ground Lease, including without limitation the requirement that the Project be used as housing facilities and related ancillary facilities for the University community; and

(2) Unless the assignee or sublessee is a publicly traded company, a life insurance companies with a net worth of more than $100,000,000, or a state or federally regulated or insured financial institutions, the Foundation must furnish the University with satisfactory evidence that the assignee or sublessee has a net worth not less than Foundation at the time of assignment or sublease and, in any event, resources sufficient to satisfy the obligations of Foundation under the Ground Lease.

Upon any assignment and assumption of the obligations of Foundation under the Ground Lease by a qualified assignee of the Ground Lease, the Foundation shall be released and discharged from any and all obligations and liability arising under the Ground Lease from and after the date thereof.

Condemnation and Casualty

The Ground Lease contains provisions governing the application of funds received as the result of a condemnation proceeding or casualty loss with respect to all or any portion of the Project, but all such provisions are subject to the terms and conditions of the Bond Documents with respect to such condemnation and casualty proceeds for so long as the Series 2024 Bonds are outstanding.

Events of Default and Remedies

The following events constitute "Events of Default" under the Ground Lease: (a) failure of Foundation to pay when due and payable any installment of rent, or any other sum required to be paid by Foundation under the Ground Lease, including without limitation taxes, insurance premiums and utility payments, or (b) failure of Foundation to observe and perform any of its other covenants, conditions or agreements under the Ground Lease.

Right to Cure

If the alleged default is monetary in nature such as nonpayment of rent, taxes or any other sums required to be paid by Foundation, Foundation shall have thirty (30) days after receipt of written notice from the University specifying the nature of the default to cure the default.

As to any non-monetary default, Foundation shall have ninety (90) days after receipt of written notice from the University to cure the default specified in such notice; provided, however, that if, after exercise of due diligence and reasonable efforts to cure such non-monetary default, Foundation is unable to do so within ninety (90) days, the cure period shall be extended for a reasonable time, so long as Foundation continues to diligently prosecute to completion the cure of the default.

Remedies

If any Event of Default by the Foundation shall continue uncured after expiration of the applicable cure period, the University may exercise any rights and remedies provided by law or equity, cumulatively or in the alternative, including without limitation suits for unpaid rent or additional rent or any installments thereof, for any sums or damages which the University may lawfully be entitled and for the University's costs and expenses of enforcing the Ground Lease or exercising remedies under the Ground Lease. Without waiver of any other remedies, the University may (but shall not be obligated to) perform any obligations that the Foundation has failed to perform under the Ground Lease at the expense of Foundation.

Holdover

If Foundation remains in possession of the Project or any part thereof after the expiration or sooner termination of the term of the Ground Lease, the Foundation shall (without any waiver of the University's rights or remedies, which may be exercised concurrently) become a tenant at sufferance and shall pay the University a rent computed at one hundred fifty percent (150%) of the annual Base Rent paid by Foundation applicable to the last month prior to the expiration or termination of the Lease, which shall be payable on a per diem basis.

Default by the University

If the University defaults in its obligations under the Ground Lease and fails to cure same after notice from Foundation and a reasonable cure period, the Foundation may terminate the Ground Lease or proceed to cure the default and charge the cost of cure to the University or avail itself of any other remedy under law or at equity.

Ad Valorem Property Taxes

The University and the Foundation expect and intend that the Project will be exempt from ad valorem taxes, and they will cooperate in good faith to ensure that such exemptions are at all times applicable to the Project. In addition, the University and the Foundation will cooperate in good faith to reduce and/or eliminate any governmental assessments or charges regarding any portion of the Project that would not be payable by the University if the Ground Lease were not in effect or which would not be payable relative to other similar projects owned or operated by the University. In the event that ad valorem taxes or assessments with respect to the Project are levied (or levy is attempted) in the future, the Foundation and the University shall cooperate in good faith to defend, at Foundation's cost, such levy of taxes or assessments.

In the event that, despite the Foundation's and the University's cooperation in good faith to defend the levy of ad valorem taxes or assessments, any portion of the Project or any fixtures or improvements thereon becomes subject to ad valorem tax, then Foundation and the University agree to cooperate, upon the request of either party and at the Foundation's cost, to identify the Project as a separate tax parcel, in compliance with applicable state and local laws. The Foundation shall pay or cause to be paid all real and personal property taxes and all other charges and assessments, levied on or assessed against the Project.

If the Project or any fixtures or improvements that are a part of the Project are included in a tax parcel with other property owned by the University, the Foundation shall be responsible for only that portion of taxes and assessments allocated to the Project and the improvements thereon, as determined by the University on a rational basis.

If and to the extent that ad valorem taxes or other taxes or assessments are levied against any portion of the Project that constitutes personal property (e.g., property other than the Project or other fixtures and improvements to real property) and the University and the Foundation are unsuccessful in defending against such levy as described above, the Foundation shall be responsible for the payment of such taxes or other assessments.

The Foundation shall have the right to contest or review in good faith by legal proceedings, as permitted under applicable law, any assessed valuation, real estate tax, or assessment with respect to the Project; provided that, unless the Foundation has paid such tax or assessment under protest, the Foundation shall furnish to the University proof reasonably satisfactory to the University that such protest or contest may be maintained without payment under protest.

SUMMARY OF THE GROUND SUBLEASE

The following is a summary of certain provisions of the Ground Sublease referenced in this Official Statement. This summary is not a complete recital of the terms of the Ground Sublease and reference is made to the Ground Sublease in its entirety. During the initial offering period, potential purchasers of the Series 2024 Bonds can obtain a copy of the Ground Sublease from the Underwriter at no cost and are encouraged to review the same before investing in the Series 2024 Bonds. Following the initial offering period, potential purchasers can examine such documents at the office of the Trustee.

Term

The term of the Ground Sublease shall be coterminous with the term of the Ground Lease, unless earlier terminated.

Use of Premises

The Authority shall cause the construction of improvements to the Subleased Premises which shall consist of a facility for use by the Authority as housing facilities and related ancillary facilities and such other associated amenities and improvements as the parties deem reasonably necessary for the operation of the Project.

Rent

The Authority shall be required to pay rent hereunder at a rent equal to one dollar ($1.00) annually, payable in advance on the first day of each year during which the Ground Sublease is in effect.

Alterations, Additions, Easements

The Authority shall have the right at any time or from time to time during the term of the Ground Sublease to construct and reconstruct improvements on any part of the Subleased Premises and to make alterations, modifications and additions thereto, provided that all such improvements, alterations, modifications and additions (i) shall be coordinated with and at the direction of the Foundation, prior to the start of construction, (ii) shall be constructed in accordance with all requirements of municipal, state and federal authorities applicable thereto at the time of completion thereof, and (iii) shall either preserve or enhance the fair market value of the Subleased Premises. Prior to commencement of any major improvements, the Foundation shall first approve the Authority's preliminary plans and specifications for such improvements.

Upon the termination of the Ground Sublease, all improvements and additions to the Subleased Premises shall remain undisturbed by the Authority, and all title and interests in said improvements and additions shall vest in the Foundation at no cost to the Foundation.

Default

A material default and breach of the Ground Sublease by the Authority shall occur if the Authority fails to observe and perform any provision of the Ground Sublease to be observed or performed by the Authority, where, if curable, such failure continues for thirty (30) days after written notice thereof by the Foundation to the Authority; provided, however, that if the nature of such default, if curable, is such that it cannot be reasonably cured within such thirty (30) day period, the Authority shall not be deemed to be in default if the Authority shall within such period commence such cure and thereafter diligently proceed to completion.

In the event of any such material default or breach by the Authority, the Foundation may at any time thereafter without limiting the Foundation in the exercise of any other right or remedy at law or in equity which the Foundation may have by reason of such default or breach, terminate the Authority's right to possession by any lawful means, in which case the Ground Sublease shall terminate and the Authority shall immediately surrender possession of the Subleased Premises to the Foundation. In such event the Foundation shall be entitled to recover from the Authority all damages incurred by the Foundation by reason of the Foundation's default including, without limitation thereto, the following: (i) any amount necessary to compensate Foundation for all the detriment reasonably caused by the Authority's failure to perform its obligations under the Ground Sublease or which in the ordinary course of events would be likely to result therefrom; plus (ii) at the Foundation's election, such other amount in addition to or in lieu of the foregoing as may be permitted from time to time by applicable state laws.

Sale or Encumbrance by the Foundation

The Lease shall be and be deemed to be prior and superior to any subsequent deed of trust or mortgage of the Foundation's interest in the Subleased Premises. In connection with any sale or encumbrance of the Foundation's interest in the Subleased Premises or any portion thereof, the Authority shall, within ten (10) days after receipt of a request therefor from the Foundation, execute, acknowledge and deliver to the Foundation a statement in writing (i) certifying that the Ground Sublease is unmodified and in full force and effect without modification except as may be represented by the Foundation, (ii) that there are no uncured defaults in the Foundation's performance, and (iii) that no Rent has been paid in advance. The foregoing shall in any way abrogate or limit the rights and obligations of the Foundation or the Authority as a party to the Ground Lease.

Additional Provisions

If the Authority or the Foundation shall ultimately prevail in any action for relief against the other, declaratory or otherwise, arising out of the Ground Sublease, including any suit by the Foundation for recovery of possession of the Subleased Premises, the losing party shall pay the successful party a reasonable sum for attorneys' fees which shall be paid whether or not an action is brought in a court proceeding. Should the Foundation, without fault on the Foundation's part, be made a party to any litigation, instituted by the Authority or by any third party against the Authority, or by or against any person holding under or using the Subleased Premises by license of the Authority, or for the foreclosure of any lien for labor or materials furnished to or for the Authority or any such other person or otherwise arising out of or resulting from any act or transaction of the Authority or of any such other person, the Authority covenants to save and hold the Foundation harmless from any judgment rendered against the Foundation or the Subleased Premises or any part thereof, and all costs and expenses, including reasonable attorney's fees, incurred by the Foundation in or in connection with such litigation. This subparagraph (d) shall not be construed to abrogate or limit any rights or obligations of the parties to the Ground Lease which shall be construed in a manner that if there is a conflict in application the Ground Lease shall be controlling.

The Authority shall not remain in possession of all or any part of the Leased Premised after the expiration of the term of the Ground Sublease except with the express written consent of the Foundation.

Except as limited elsewhere in the Ground Sublease, wherever in the Ground Sublease the Foundation is required to give its consent or approval to any action, such consent or approval shall not be unreasonably withheld or delayed for more than thirty (30) days. If there is a wrongful failure to give any such consent, the Authority shall be entitled to specific performance at law and shall have such other remedies as are reserved to it under the Ground Sublease, but in no event shall the Foundation be responsible to it under the Ground Sublease, but in no event shall the Foundation be responsible in monetary damages for failure to give consent unless said failure is withheld maliciously or in bad faith.

The Ground Sublease shall terminate when all payments due under the related Lease Agreement and said Lease Agreement terminate. The Ground Sublease may be terminated at the option of the Authority if there has been a default or failure to pay rental payments under the terms of the Lease Agreement.

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APPENDIX E

AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR 2023

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JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

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JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
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SEPTEMBER 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Jacksonville State University

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Jacksonville State University (the University), a component unit of the State of Alabama, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. The financial statements of the Jacksonville State University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on Pages 5 through 15 and the accompanying supplementary information on Pages 65 through 70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations,* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information
Management is responsible for the other information in the annual report. The other information comprises a listing of the University's Board of Trustees and Officials but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Warren Averett, LLC

Birmingham, Alabama
February 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Jacksonville State University (University) for the years ended September 30, 2023 and 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements, including the notes thereto, which follow this section.

Using the Financial Statements

The University's financial report includes the basic financial statements of the University and the financial statements of Jacksonville State University Foundation (Foundation), a legally separate, nonprofit component unit. The three basic financial statements of the University are: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. These statements are prepared in accordance with generally accepted accounting principles (Governmental Accounting Standards Board [GASB] pronouncements). The University is presented as a business-type activity. GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, establishes standards for external financial reporting for public colleges and universities and classifies resources into three net position categories – unrestricted, restricted, and net investment in capital assets.

The Foundation is presented as a component unit of the University in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, as amended. The Foundation's financial statements include the Statement of Financial Position and the Statement of Activities, and these statements are presented as originally audited in accordance with U.S. generally accepted accounting principles and Financial Accounting Standards Board (FASB) pronouncements.

The Foundation was established to solicit donations and to hold and manage such assets for the exclusive benefit of the University. Resources managed by the Foundation and distributions made to the University are governed by the Foundation's Board of Directors (operating independently and separately from the University's Board of Trustees). The component unit status of the Foundation indicates that significant resources are held by the Foundation for the sole benefit of the University. However, the University is not accountable for, nor has ownership of, the Foundation's resources.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows, liabilities and deferred inflows of the University. The net position is one indicator of the financial condition of the University, while the change in net position is an indicator of whether the financial condition has improved or declined during the year.

Condensed Statements of Net Position ($ in thousands)

	2023	2022
Assets		
Current assets	$ 104,283	$ 98,516
Capital assets, net	472,751	324,427
Other assets	17,151	7,536
Total assets	594,185	430,479
Deferred outflows of resources		
Deferral on refunding	3,804	4,139
Deferred outflows related to OPEB	20,863	18,925
Deferred outflows related to pensions	42,902	23,305
Total deferred outflows of resources	67,569	46,369
Liabilities		
Current liabilities	70,823	79,585
Noncurrent liabilities	412,239	251,304
Total liabilities	483,062	330,889
Deferred inflows of resources		
Deferred inflows related to pensions	6,133	23,363
Deferred inflows related to OPEB	50,401	33,262
Total deferred inflows of resources	56,534	56,625
Net position		
Net investment in capital assets	207,676	179,773
Restricted – expendable	15,766	16,613
Restricted – nonexpendable	964	963
Unrestricted	(102,248)	(108,015)
Total net position	$ 122,158	$ 89,334

Total assets are categorized as either current assets, noncurrent assets, or capital assets on the Statement of Net Position. Current assets for September 30, 2023, include approximately $22,826,000 in accounts receivable, net, including approximately $1,921,000 due from the state insurance fund. Noncurrent assets include long-term investments of approximately $6,659,000.

Current assets for September 30, 2022, include approximately $28,056,000 in accounts receivable, net, including approximately $1,921,000 due from the state insurance fund. Noncurrent assets include long-term investments of approximately $5,920,000.

For fiscal year 2023, deferral on refunding reflects the difference between the reacquisition price and the net carrying amount of the refunded bonds of approximately $3,805,000, which will be amortized as a component of interest expense in future periods. The remainder of deferred outflow of resources represents the accounting standards on pensions (GASB 68) and OPEB obligations (GASB 75). This resulted in deferred outflows of resources from OPEB obligations of approximately $20,863,000. The balance of approximately $42,902,000 is due to employee pension cost that has not been considered when calculating pension liability by the Retirement System of Alabama (RSA) actuarial consultant.

For fiscal year 2022, deferral on refunding reflects the difference between the reacquisition price and the net carrying amount of the refunded bonds of approximately $4,139,000, which will be amortized as a component of interest expense in future periods. The remainder of deferred outflow of resources represents the accounting standards on pensions (GASB 68) and OPEB obligations (GASB 75). This resulted in deferred outflows of resources from OPEB obligations of approximately $18,925,000. The balance of approximately $23,305,000 is due to employee pension cost that has not been considered when calculating pension liability by the Retirement System of Alabama (RSA) actuarial consultant.

Total liabilities are categorized as either current liabilities or noncurrent liabilities on the Statement of Net Position. Current liabilities are those due or likely to be paid in the next fiscal year. They are primarily comprised of accounts payable, accrued payroll, compensated absences, unearned revenue, and other expenses, and amounts due in the next year on debt. Noncurrent liabilities are comprised mostly of long-term debt and net pension liability. During fiscal year 2023, total liabilities increased approximately $152,173,000 to a total of approximately $483,062,000. The total liability balance at the end of fiscal year 2022 was approximately $330,890,000.

For fiscal year 2023, deferred inflow of resources represents pension obligations in the amount of approximately $6,133,000 and for OPEB of approximately $50,401,000.

For fiscal year 2022, deferred inflow of resources represents pension obligations in the amount of approximately $23,363,000 and for OPEB of approximately $33,262,000.

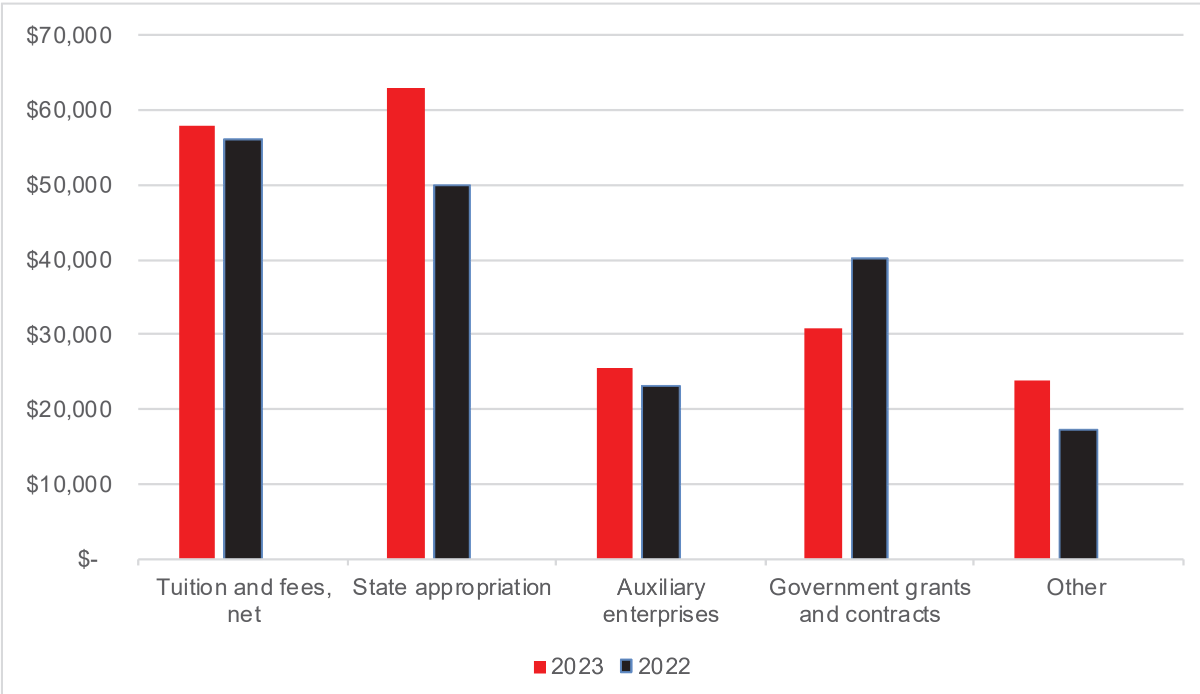
Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the University as a whole. Revenues, expenses and other changes in net position are reported as either operating or nonoperating. Significant recurring sources of University revenue, such as state appropriations and investment earnings, are defined by GASB Statement No. 35 as nonoperating.

Condensed Statements of Revenues, Expenses and Changes in Net Position
($ in thousands)

	2023	2022
Operating revenues	$ 105,423	$ 111,312
Operating expenses	(174,058)	(165,726)
Operating loss	(68,635)	(54,414)
Net nonoperating revenues	89,712	69,805
Capital grants and contracts	11,704	4,916
Change in net position	32,781	20,307
Net position at beginning of year	89,334	68,820
Cumulative effect of change in accounting principle	43	207
Net position at end of year	$ 122,158	$ 89,334

Operating and Nonoperating Revenues by Year ($ in thousands)



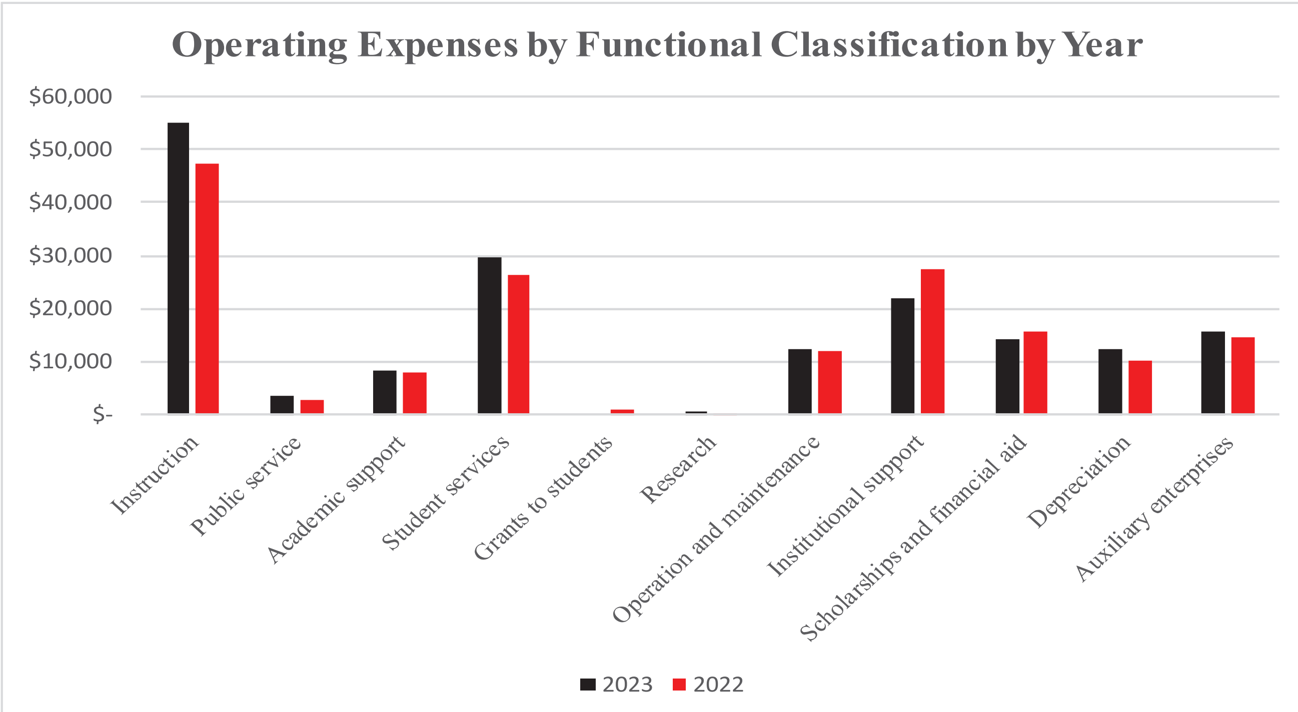
The Statement of Revenues, Expenses and Changes in Net Position for 2023 reflects an overall increase in net position of approximately $32,824,000. Net student tuition and fee revenue totaled approximately $57,775,000 in 2023 as compared to approximately $56,114,000 in 2022, an increase of approximately $1,661,000. Grant and contract revenue from government sponsors totaled approximately $30,852,000 for 2023, as compared to approximately $40,116,000 in 2022. State appropriation increased by approximately $12,945,000 or 25.96% from approximately $49,865,000 in 2022 to approximately $62,810,000 in 2023. Auxiliary revenues increased by approximately $2,437,000 or 10.58% from approximately $23,031,000 in 2022 to approximately $25,468,000 in 2023. This increase is primarily attributable to housing and meal plans.

In 2022, the University adopted the provisions of GASB Statement No. 87, *Leases*, which establishes a single model for lease accounting whereby certain leases that were previously classified as operating leases will now be reported on the statement of net position. GASB Statement No. 87 required the University to record financing lease right-of-use assets and the corresponding current and noncurrent portions of financing lease liabilities for noncancelable, long-term contracts related to use of tangible property under which the University is the lessee. In addition, GASB Statement No. 87 required the University to record the current and noncurrent portions of financing lease receivables and the corresponding financing lease deferred inflow of resources for noncancelable, long-term contracts related to use of tangible property under which the University is the lessor. The adoption of the provisions of GASB Statement No. 87 resulted in a restatement of beginning unrestricted net position at October 1, 2021, by increasing unrestricted net position by $207,415.

In 2023, the University adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which requires subscription-based information technology arrangements (SBITAs) to be recorded as both an intangible asset and a corresponding subscription liability; provides capitalization criteria for outlays related to non-subscription payments; and requires note disclosures for SBITAs. This adoption resulted in increased right-of-use assets and the related lease and subscription obligations at the beginning of the fiscal year, in the amount of $1,026,014, which is represented in capital assets, net on the statement of net position. The adoption of the provisions of GASB Statement No. 96 resulted in a restatement of beginning unrestricted net position at October 1, 2022, by increasing unrestricted net position by $42,765.

A comparison of operating expenses by functional classification for selected fiscal years follows:

	Operating Expenses Functional Classification ($ in thousands)			
	2023	**%**	**2022**	**%**
Instruction	$ 55,170	31.7%	$ 47,171	28.5%
Public service	3,661	2.1%	2,903	1.7%
Academic support	8,315	4.8%	7,909	4.8%
Student services (including athletics)	29,845	17.1%	26,401	15.9%
Research	538	0.3%	179	0.1%
Operation and maintenance	12,530	7.2%	11,942	7.2%
Institutional support	21,902	12.6%	27,632	16.7%
Scholarships and financial aid (net)	14,074	8.1%	16,742	10.1%
Depreciation and amortization	12,222	7.0%	10,328	6.2%
Auxiliary enterprises	15,801	9.1%	14,519	8.8%
Total operating expenses	$ 174,058	100.0%	$ 165,726	100.0%

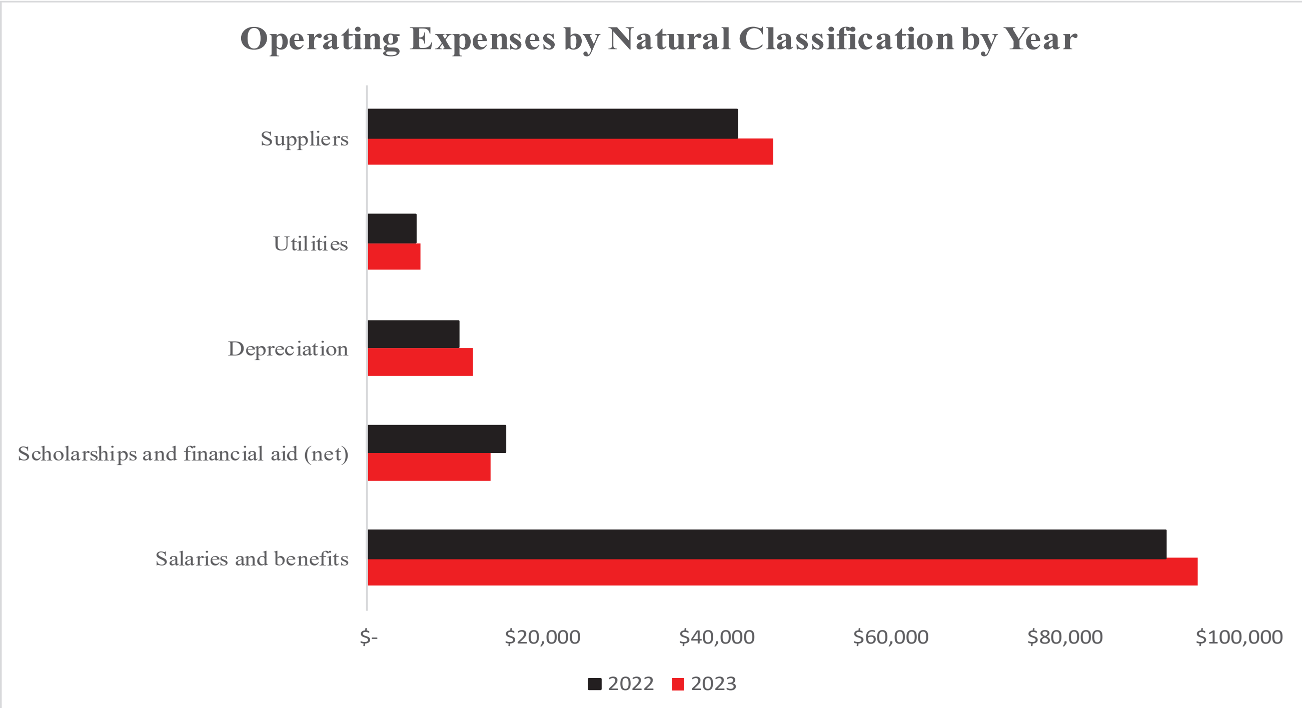


For fiscal year 2023, total operating expenses increased by approximately $8,332,000 or 5.03%, primarily due to an increase in instructional expenses of approximately $7,999,000 and an increase in student services of approximately $3,443,000. For fiscal year 2022, total operating expenses totaled approximately $165,726,000.

A comparison of operating expenses by natural classification for selected fiscal years follows:

Operating Expenses
Natural Classification ($ in thousands)

	2023	%	2022	%
Salaries and benefits	$ 95,235	54.7%	$ 91,614	55.3%
Scholarships and financial aid (net)	14,074	8.1%	16,742	10.1%
Depreciation and amortization	12,222	7.0%	10,328	6.2%
Utilities	5,992	3.5%	5,535	3.3%
Suppliers	46,535	26.7%	41,507	25.1%
	$ 174,058	100.0%	$ 165,726	100.0%



For fiscal year 2023, total operating expenses increased by $8,332,000 or 5.03%, primarily due to increased payments to suppliers of approximately $5,028,000 and increased salaries and benefits of approximately $3,621,000. For fiscal year 2022, total operating expenses totaled approximately $165,726,000.

A portion of University resources applied to student accounts for tuition, fees, or room and board is not reported as student aid expense, but is reported in the financial statements as a scholarship allowance, directly offsetting student tuition and fee revenue or auxiliary revenue. Scholarship allowances totaled approximately $43,062,000 in 2023 and approximately $34,655,000 in 2022. In addition to the allowances, students participate in governmental financial aid/loan programs. The loans are not recorded as revenue or expense in the financial statements, but are recorded in the Statements of Cash Flows as direct lending receipts totaling approximately $44,433,000 and approximately $43,040,000 in 2023 and 2022, respectively.

Condensed Statements of Cash Flows ($ in thousands)

	2023	2022
Cash provided by (used in):		
Operating activities	$ (52,465)	$ (46,409)
Noncapital financing activities	86,275	69,604
Capital and related financing activities	(16,233)	(23,534)
Investing activities	(6,868)	368
Net change in cash	10,709	29
Cash, beginning of year	59,489	59,460
Cash, end of year	$ 70,198	$ 59,489

During fiscal year 2023, the University's total cash balance increased by approximately $10,709,000. During fiscal year 2022, the University's total cash balance increased by approximately $29,000.

Capital and Debt Activities

Construction in progress at September 30, 2023, totaled approximately $29,940,000 and included the following major projects: South Complex, Kitty Stone renovations, and the Randy Owen Performing Arts Center.

Construction in progress at September 30, 2022, totaled approximately $71,664,000 and included the following major projects: Merrill Hall, South Complex, Kitty Stone renovations, and the Randy Owen Performing Arts Center.

Debt and Leases

At September 30, 2023, total debt outstanding, including leases and SBITA obligations, totaled approximately $287,334,000.

At September 30, 2023, the University had a "BBB" stable outlook credit rating from Standard and Poor's, and an "A3" credit rating from Moody's. These downgrades, which occurred in February 2023, were due to the increased debt load with the issuance of the 2023 Series Bonds by the Jacksonville State University Foundation.

The University has traditionally utilized tax-exempt financings to provide for its capital needs or to facilitate systematic renewals. Working capital is available to provide interim cash flow financing for facilities intended to be funded with general revenue bond proceeds or other debt arrangements.

Other Economic and Financial Conditions

The following is a description of currently known facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations of the University.

Capital Projects

Jacksonville State University is operating during a campus transformational period. The campus is experiencing record enrollment growth; completing the athletic transition to Conference USA; remains committed to tornado recovery; and undertaking strategic capital investments. The University, as part of its ongoing continuous improvement process, consistently implements measures to ensure future financial requirements to support this campus transformation.

On March 1, 2023, the Foundation secured the Higher Educational Facilities Revenue Bonds (Series 2023-A), totaling $77,085,000, and the Taxable Higher Educational Facilities Revenue Bonds (Taxable Series 2023-B), totaling $47,280,000. The Foundation will use these proceeds to construct buildings and structures in accordance with the development agreement and the dining and athletic facilities construction contracts. On March 1, 2023, the University signed a sublease agreement, with the Foundation, which will expire on March 15, 2063. The sublease allows the University to operate and maintain the dining facilities, athletic facilities, and student housing at the University. These projects are estimated to be completed in Fall 2024, and combined will have a transformational impact on the University.

Through the ongoing support of the Foundation, the Series 2023 Bonds will allow the University to enhance where students live, eat, study and socialize. The University's sublease of the Foundation's housing, dining, and athletic bond-financed facilities continues to foster the University's mission to provide a thriving, learning and living community that supports the student experience.

Tornado Damage and Recovery Effects

On March 19, 2018, the University was hit by an EF-3 tornado damaging approximately 50 buildings and destroying three additional buildings. The affected buildings included campus housing along with academic buildings. The University has insurance to cover most of the damage. On April 26, 2019, the President of the United States declared the areas affected by the tornadoes on March 19th a disaster area. This declaration included all categories of work (listed below):

Category A: Debris Removal
Category B: Emergency Protective Measures
Category C: Roads and Bridges
Category E: Buildings and Contents
Category G: Parks, Recreational Areas, and other Facilities
Category Z: Direct Administrative Costs

FEMA Reimbursements

The University has requested and received reimbursement for the cost of debris removal, campus safety and a portion of lighting. The cost of eligible expenses not reimbursed by insurance will be reimbursed by the Federal Emergency Management Agency (FEMA) through the Public Assistance program. For this disaster, expenses for cleanup and repairs are reimbursed by FEMA at 75 percent with the State of Alabama providing 12.5 percent of the local match, and the University providing the remaining 12.5 percent of the cost.

The University continues to work with FEMA and with the Alabama EMA to obtain final determinations and to complete outstanding tornado related repairs.

FINANCIAL STATEMENTS

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2023
CURRENT ASSETS	
Cash and cash equivalents	$ 70,198,087
Accounts receivable, net of allowance of $3,173,010	22,825,845
Prepaid expenses and unearned scholarships	11,259,307
Total current assets	104,283,239
ASSETS WHOSE USE IS LIMITED	
Trustee-held funds	9,200,149
NONCURRENT ASSETS	
Notes receivable, net of allowance of $721,961	1,237,195
Investments	6,658,841
Investments in real estate	54,637
Land	7,457,806
Right-of-use buildings	181,259,775
Right-of-use equipment	75,793
Right-of-use IT software	1,107,601
Capital assets, net of accumulated depreciation of $176,397,944	282,850,115
Total noncurrent assets	480,701,763
Total assets	594,185,151
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to refunding of debt	3,804,678
Deferred outflows of resources related to OPEB	20,862,968
Deferred outflows of resources related to pensions	42,902,122
Total deferred outflows of resources	67,569,768
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 661,754,919

See notes to the financial statements.

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2023
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	$ 11,255,696
Wages payable	4,462,314
Unearned revenue	39,907,707
Current portion of compensated absences	1,201,197
Current portion of long-term debt	12,556,570
Current portion of lease and SBITA obligations	1,440,417
Total current liabilities	70,823,901
NONCURRENT LIABILITIES	
Compensated absences, less current portion	1,110,051
Deposits held in custody	1,708,525
Long-term debt, less current portion	273,337,179
Net pension liability	122,711,000
OPEB liability	13,371,923
Total noncurrent liabilities	412,238,678
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB	50,401,640
Deferred inflows of resources related to pensions	6,133,000
Total deferred inflows of resources	56,534,640
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	539,597,219
NET POSITION	
Net investment in capital assets	207,676,537
Restricted:	
Nonexpendable	964,155
Expendable:	
Scholarships and fellowships	13,259,329
Loans	2,506,379
Unrestricted	(102,248,700)
TOTAL NET POSITION	$ 122,157,700

See notes to the financial statements.

JACKSONVILLE STATE UNIVERSITY FOUNDATION, INC.
(Discretely Presented Component Unit of Jacksonville State University)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	2022
ASSETS	
Cash and cash equivalents	$ 8,290,082
Restricted cash	871,051
Investments	38,999,475
Prepaid expenses	93,434
Promises to give, net	4,596,265
Charitable remainder trusts – restricted	1,386,898
Property held for sale	14,000
Property and equipment, net	38,185,183
TOTAL ASSETS	$ 92,436,388
LIABILITIES AND NET ASSETS	
Accounts payable	$ 924,542
Refundable advances	2,145,250
Charitable remainder trusts obligations	437,876
Bonds payable	41,555,587
Accrued interest on bonds payable	871,047
TOTAL LIABILITIES	45,934,302
NET ASSETS (DEFICIT)	
Without donor restrictions	(719,447)
With donor restrictions	47,221,533
Total net assets	46,502,086
TOTAL LIABILITIES AND NET ASSETS	$ 92,436,388

See notes to the financial statements.

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2023
OPERATING REVENUES	
Tuition and fees, net of scholarship allowance of $43,061,865	$ 57,774,706
Federal COVID-19 grants	2,407,443
Other federal grants and contracts	3,791,004
State and local grants and contracts	3,757,465
Nongovernmental grants and contracts	4,518,650
Sales and services of educational departments	1,200,627
Athletic income	3,043,830
Other operating revenues	3,460,816
Auxiliary enterprises:	
Residential life	14,330,973
Sales and service	11,137,268
Total operating revenues	105,422,782
OPERATING EXPENSES	
Instruction	55,170,318
Public service	3,660,655
Academic support	8,315,276
Student services, including athletics	29,844,669
Research	537,846
Operation and maintenance	12,530,049
Institutional support	21,901,627
Scholarships and financial aid	14,074,257
Depreciation and amortization	12,222,373
Auxiliary enterprises	15,800,636
Total operating expenses	174,057,706
Operating loss	(68,634,924)

See notes to the financial statements.

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2023
NONOPERATING REVENUES (EXPENSES)	
State appropriations	$ 62,809,504
Federal grants	20,897,084
Forgiveness of State of Alabama loan	6,643,477
Investment income	3,070,362
Loss on disposal of capital assets	(14,946)
Rental of facilities	364,301
Other income	1,595,458
Interest on debt	(5,652,872)
Net nonoperating revenues	89,712,368
Capital activities	
Capital grants and contracts	
State	11,703,851
Increase in net position	32,781,295
NET POSITION AT BEGINNING OF YEAR, AS PREVIOUSLY STATED	89,333,640
Cumulative effect of change in accounting principle	42,765
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	89,376,405
NET POSITION AT END OF YEAR	$ 122,157,700

See notes to the financial statements.

JACKSONVILLE STATE UNIVERSITY FOUNDATION, INC.
(Discretely Presented Component Unit of Jacksonville State University)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS (LOSSES) AND OTHER SUPPORT			
Contributions	$ -	$ 5,648,998	$ 5,648,998
Net investment return	136,732	(6,030,864)	(5,894,132)
In-kind gifts	4,535	168,813	173,348
Other income	13,672	736,703	750,375
Management fee income	412,317	-	412,317
Service fee income	4,125,000	-	4,125,000
Total revenues, gains (losses) and other support before net assets released from restrictions	4,692,256	523,650	5,215,906
Net assets released from restrictions	6,271,172	(6,271,172)	-
Total revenues, gains (losses) and other support	10,963,428	(5,747,522)	5,215,906
EXPENSES			
Program services	10,998,101	-	10,998,101
Management and general	1,255,550	-	1,255,550
Fundraising	214,199	-	214,199
Total expenses	12,467,850	-	12,467,850
CHANGE IN NET ASSETS	(1,504,422)	(5,747,522)	(7,251,944)
NET ASSETS AT BEGINNING OF YEAR	784,975	52,969,055	53,754,030
NET ASSETS (DEFICIT) AT END OF YEAR	$ (719,447)	$ 47,221,533	$ 46,502,086

See notes to the financial statements.

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2023
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts related to tuition and fees	$ 59,330,878
Receipts related to grants and contracts	17,421,993
Receipts related to sales and services of educational departments	1,200,627
Receipts related to athletic income	3,043,830
Receipts related to auxiliary enterprises	25,468,241
Other operating receipts	1,757,159
Payments to suppliers and vendors	(48,427,421)
Payments to utilities	(4,514,796)
Payments to employees for services	(93,357,017)
Payments for scholarships and grants	(14,388,399)
Net cash used in operating activities	(52,464,905)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	62,809,504
Additional state grant	196,837
Federal grants	20,421,744
Federal direct loan receipts	44,433,258
Federal direct loan disbursements	(43,957,918)
Deposits held for others	411,395
Other nonoperating activities	1,960,037
Net cash provided by noncapital financing activities	86,274,857
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts from capital grants and gifts	11,703,851
Principal paid on revenue bonds	(2,840,000)
Principal paid on capital leases	(57,880)
Purchase of capital assets	(18,153,595)
Proceeds from sale of capital assets	67,670
Repayment of construction loan	(142,945)
Interest paid on construction loan	(406,221)
Interest paid on capital debt and leases	(6,403,656)
Net cash used in capital and related financing activities	(16,232,776)

See notes to the financial statements.

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2023
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	$ 1,687,162
Proceeds from sale and maturity of investments	3,463,775
Purchase of investment securities	(12,019,259)
Net cash used in investing activities	(6,868,322)
INCREASE IN CASH AND CASH EQUIVALENTS	10,708,854
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	59,489,233
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 70,198,087
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	$ (68,634,924)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	12,222,373
Changes in assets, liabilities and deferrals:	
Accounts receivable, net	5,229,768
Prepaid expenses and unearned scholarships	(288,596)
Notes receivable	324,528
Compensated absences	41,638
Payables	799,367
Pension related deferrals and liabilities	8,362,909
OPEB related deferrals and liabilities	(7,767,618)
Change in unearned revenue	(2,754,350)
Net cash used in operating activities	$ (52,464,905)

See notes to the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jacksonville State University (the University or JSU) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The University is affiliated with Jacksonville State University Foundation, Inc. (the Foundation), a legally separate, not-for-profit corporation. The Foundation's primary mission is to maximize private gift support for the University while laying the groundwork for future fundraising success in order to aid the University in fulfilling its mission of excellence in education, research and service. The more significant accounting policies of the University and the Foundation are described below.

Reporting Entity
Jacksonville State University is a component unit of the State of Alabama. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Components Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus,* and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, states that a primary government is financially accountable for a component unit if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. In this case, the primary government is the State of Alabama. The Governor appoints Jacksonville State University's Board of Trustees and the Alabama Senate ratifies the appointments. In addition, the University receives a substantial portion of its funding from the State of Alabama (potential to impose a specific financial burden). Based on these criteria, Jacksonville State University is considered, for financial reporting purposes, to be a component unit of the State of Alabama.

GASB Statement No. 61 amended GASB Statements No. 14 and No. 39 and provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government. The statement also clarifies reporting and disclosure requirements for those organizations. Based on these criteria as of September 30, 2023, the University reports the Foundation as a discretely presented component unit. The Foundation follows the Financial Accounting Standards Board (FASB) rather than GASB. As a result, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial statements for these differences. Significant note disclosures to the Foundation's financial statements have been incorporated into the University's notes to the financial statements.

The fiscal year of the Foundation is different from that of the University. The fiscal year of the Foundation is December 31, 2022; thus, the component unit is presented in the report on its respective fiscal year. Complete financial statements of the Foundation can be obtained directly from the University's administrative office.

Basis of Accounting and Financial Statement Presentation – University

For financial reporting purposes, the University is considered a special purpose governmental agency engaged only in business-type activities, as defined by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis for Public Colleges and Universities*. Accordingly, the University's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues. Operating revenues, such as tuition and fees, result from exchange transactions associated with the principal activities of the University. Exchange transactions are those in which each party to the transaction receives or gives up essentially equal values. Nonoperating revenues arise from exchange transactions not associated with the University's principal activities, such as investment income, and from all nonexchange transactions, such as state appropriations.

Net Position

The University presents net position in the following three categories according to external restrictions or availability of assets for satisfaction of University obligations:

Net investment in capital assets – The first category, net investment in capital assets, represents the University's capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted – The University classifies net position resulting from transactions with purpose restrictions as restricted net position until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact.

- *Nonexpendable* – Net position subject to externally imposed stipulations that require them to be maintained permanently by the University.
- *Expendable* – Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

Unrestricted – Net position that neither is subject to externally imposed stipulations nor invested in capital assets. Unrestricted net position may be designated for specific purposes by action of management.

It is the policy of the University to first apply restricted resources when an expense is incurred and then apply unrestricted resources when both restricted and unrestricted net position are available.

Basis of Accounting and Financial Statement Presentation – Foundation
The financial statements of the Foundation have been prepared on the accrual basis of accounting which conforms to accounting principles generally accepted in the United States of America (GAAP).

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

- *Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates
The preparation of financial statements in conformity with GAAP requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues and expenses as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Revenue Recognition
The University classifies its revenues and expenses as operating or nonoperating in the accompanying statement of revenues, expenses and changes in net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the University's principal ongoing operations.

Operating revenues include activities that have characteristics of exchange transactions, such as (1) student tuition and fees, (2) sales and services of auxiliary enterprises, athletic income and educational departments, and (3) certain federal, state and local grants and contracts that are essentially contracts for services. The University recognizes grant and contract revenue in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, based on the terms of the individual grant or contract.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as certain gifts and contributions, and other revenue sources such as state appropriations, rental of facilities income and investment income. Nonoperating expenses include capital-related interest on debt.

Cash and Cash Equivalents
The University and the Foundation consider cash and cash equivalents as petty cash, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Assets Whose Use is Limited
Assets whose use is limited includes investments designated by the board to provide for future capital purchases.

Accounts Receivable and Notes Receivable
Accounts receivable consists primarily of tuition and fees charged to students and amounts due from the federal government, state and local governments, third-party tuition and auxiliary enterprise sales. Notes receivable reflects amounts due from students for institutional loans collected by the University. Accounts receivable is recorded net of an allowance for uncollectible accounts of $3,173,010 at September 30, 2023. Notes receivable is recorded net of an allowance for uncollectible accounts of $721,961 at September 30, 2023.

Prepaid Expenses and Unearned Scholarships
Prepaid expenses and unearned scholarships consist primarily of prepaid costs resulting from the fall academic term spanning across the fiscal year end. The University prorates scholarship expense to recognize only the amounts incurred in each fiscal year by the academic days.

Investments – University
Statutes authorize the University to invest in the same type of instruments as allowed by Alabama law for domestic life insurance companies. This includes a wide range of investments, such as direct obligations of the United States of America, obligations issued or guaranteed by certain federal agencies and bonds of any state, county, city, town, village, municipality, district or other political subdivision of any state or any instrumentality or board thereof or of the United States of America that meet specified criteria.

Investments are measured at fair value on a recurring basis. The fair value of investments is reported in the statement of net position, with all net realized and unrealized gains and losses reflected in the statement of revenues, expenses and changes in net position. The University employs a custodian to hold, and external investment managers to administer, the majority of its investments, and reflects transactions related to these investments based upon their records.

Investments – Foundation
In accordance with the FASB Accounting Standards Codification (ASC) 958-920, *Not-for-Profit Entities: Investments – Debt and Equity Securities*, investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying statement of financial position. Investments in real estate, limited partnerships and alternative investments are stated at fair value. The year-to-year increase or decrease in the value of investments is reflected in the accompanying statement of activities and changes in net assets. Realized gains and losses on the sale of investments are calculated based on the specific identification method.

The Foundation places certain investments with investment managers who invest the funds in an investment pool. The Foundation is the only participant in the pool. Investment income and realized gains and losses on the pooled assets are allocated to the participating funds. Each fund is assigned a percentage of its prorated value to the market value of all assets at the time of entry into or liquidation from the pool.

Capital Assets

The University capitalizes all expenditures for equipment, furniture, vehicles of $5,000 or more and an estimated useful life in excess of one year; buildings, building improvements with a unit cost over $100,000 and an estimated useful life in excess of one year; land improvements with a unit cost over $75,000 and an estimated useful life in excess of one year; and all library materials. They are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold for intangible assets, such as capitalized software and internally generated computer software, is $1,000,000, and $200,000 for easements and land use rights, and patents, trademarks and copyrights. In addition, works of art, historical treasures and similar assets are recorded at their historical cost. Donated capital assets are recorded at fair market value at the date of donation. Land, construction in progress and intangible assets with indefinite lives are the only capital assets that are not depreciated.

Depreciation is not allocated to a functional expense category. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Depreciation expense is recorded using the straight-line method and composite method for library materials over the estimated useful lives of the assets. Useful lives by major asset class are as follows:

Buildings	24-40 years
Improvements other than buildings	5-10 years
Equipment	4-8 years
Library materials	8 years
Capitalized software	8 years
Internally generated computer software	8 years
Easement and land use rights	20 years
Patents, trademarks and copyrights	20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, that significantly increase values, change capacities or extend useful lives, are capitalized. Upon the sale or retirement of fixed assets being depreciated, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the statement of revenues, expenses and changes in net position.

The University evaluates impairment in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. For the year ended September 30, 2023, no impairments were recorded.

Right-of-Use Assets and Financing Lease Obligations
Financing leases as a lessee are included in financing lease right-of-use assets and financing lease obligations and the current portion thereof on the statement of net position.

Right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Financing lease right-of-use assets and related obligations are recognized at the commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The incremental borrowing rate is based on the information available at the commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Amortization of right-of-use assets is recognized on a straight-line basis over the lease term or useful life of the asset, whichever is shorter. Interest expense is recognized as a component of the lease payment and recorded as such in the statement of revenues, expenses and changes in net position.

The Foundation capitalizes property and equipment at cost at the date of acquisition or fair value at the date of donation, less accumulated depreciation. Depreciation expense is calculated using the straight-line method based on estimated useful lives of buildings and land improvements for 30 years and equipment for 5 – 10 years. Realized gains and losses from the disposal of property and equipment are computed based on proceeds received less the net carrying value of the asset at the time of disposal.

Contributions and Promises to Give – Foundation
Unconditional promises to give are recognized as revenue in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support that increases those net assets.

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable or pledges receivable.

In-Kind Gifts
For the Foundation, in-kind gifts are recognized at fair value if the services received (1) create or enhance long-lived assets, or (2) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses, or capitalized, based on the nature of the donation. In-kind gifts for the year ended December 31, 2022, total $173,348.

A substantial number of volunteers have donated large amounts of time to the Foundation; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement section element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources consist of employer contributions to the Teacher's Retirement System of Alabama and the Public Education Employees Health Insurance Plan subsequent to the plans' measurement dates, changes in proportion and differences between employer contributions and proportionate share of contributions related to the OPEB plan, changes in actuarial and other assumptions related to the pension plan, and the refunding of certain bond amounts.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of the proportionate share of the differences between the expected and actual experience related to the pension plan, net difference between projected and actual earnings on pension and OPEB plan investments, changes of assumptions in OPEB plan, changes in proportion and differences between employer contributions, and proportionate share of contributions in pension and OPEB plans.

Unearned Revenue

Unearned revenue consists primarily of amounts received for Fall student tuition and fees that are not earned until the next year. Unearned revenue also includes amounts received from grant and contract sponsors that have not yet been earned.

Long-Term Debt

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, if any, are deferred and amortized over the life of the bonds.

Loan Costs

On the Foundation, the cost associated with obtaining a loan has been capitalized and amortized over the life of the loan on a straight-line basis.

Compensated Absences

The Board of Trustees determines annual and sick leave policies for the University's employees. The annual and sick leave policies adopted by the University are as follows: staff and department head employees earn eight hours per month of sick leave with no maximum accumulation. Staff and department head employees earn and accumulate annual leave at rates which are shown below:

Years of Employment	Number of Days Each Year	Maximum Days Accumulated
Less than 10 years	12 days	24 days
10 - 20 years	15 days	30 days
More than 20 years	18 days	36 days

Faculty of the University earn eight hours of sick leave for each of the nine months of the contract year and for each month paid for a summer assignment, with no maximum accumulation. Faculty members do not earn annual leave. No liability is recorded for sick leave. Payment is not made to employees for unused sick leave at termination or retirement.

Federal Financial Assistance Programs

The University participates in various federal programs. Federal programs are audited in accordance with the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Student Allowances and Student Financial Aid

Student tuition and fees are reported net of scholarship allowances and discounts. The amount for scholarship allowances and discounts is the difference between the stated charge for goods and services provided by the University and the amount that is paid by the student and/or third parties making payments on behalf of the student. The University uses the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO) in their Advisory Report (2000-05) to determine the amount of scholarship allowances and discounts.

Pensions

The Teachers' Retirement System of Alabama (the Plan or TRS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to plan requirements. Benefits and refunds are recognized as revenues when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

Postemployment Benefits Other Than Pensions (OPEB)
The Alabama Retired Education Employees' Health Care Trust (Trust) financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan.

New Accounting Pronouncements – Adopted
In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, (GASB 96). The objectives of this statement are to better meet the information need of financial statement users by: (1) establishing uniform accounting and financial reporting requirements for subscription-based information technology arrangements (SBITAs); (2) improving the comparability of financial statements among governments that have entered into SBITAs; and (3) enhancing the understandability, reliability, relevance and consistency of information about SBITAs. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. The University is party to subscription-based information technology arrangements (SBITAs) and adopted this statement during the year ended September 30, 2023.

Income Taxes
The Internal Revenue Service (IRS) has determined that the University, as an instrumentality of the State of Alabama, is a tax-exempt organization; accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Management believes that all revenue-producing activities of the Foundation comply with 501(c)(3) of the Internal Revenue Code; accordingly, no accrual for income taxes has been made in the accompanying financial statements.

The Foundation applies guidance issued by the FASB relating to uncertainty in income taxes. This guidance requires entities to assess their tax positions for the likelihood that they would be overturned upon IRS examination or upon examination by state taxing authorities. The Foundation has assessed its tax positions and determined that it does not have any positions at December 31, 2022, that it would be unable to substantiate. Under statute, the Foundation is subject to IRS and state taxing authority review for tax years ended December 31, 2019, through December 31, 2022. The Foundation has filed tax returns through December 31, 2022.

Advertising – Foundation
Advertising costs are expensed as incurred by the Foundation and are included in the functional expense section in the statement of activities and changes in net assets. For the year ended December 31, 2022, advertising expenses were $543,109.

Functional Expenses – Foundation
Program services are activities that result in goods and services being distributed to beneficiaries that fulfill the purposes or mission for which the Foundation exists. Those services are the major purpose for and the major output of the Foundation.

Supporting services are all activities other than program, including management, general and fundraising activities. The allocations have been based on related financial data. The expense allocation methods are reviewed by management and revised when necessary to reflect significant changes in the nature or level of the personnel, the use of space and the consumption of supplies.

Subsequent Events
Management has evaluated subsequent events and their potential effects on these financial statements through February 29, 2024, the date that the financial statements were available to be issued.

2. CASH AND CASH EQUIVALENTS

Pursuant to the Security for Alabama Funds Enhancement Act (SAFE), funds on deposit may be placed in an institution designated as a qualified public depository (QPD) by the State of Alabama. QPD institutions pledge securities to a statewide collateral pool administered by the State Treasurer's office. Such financial institutions contribute to this collateral pool in amounts proportionate to the total amount of public fund deposits at their respective institutions. The securities are held at the Federal Reserve Bank and are designated for the State of Alabama. At September 30, 2023, the University's deposits held by financial institutions participating in the SAFE program totaled $71,682,648.

3. INVESTMENTS

University Investments
The investments of the University are invested pursuant to the "Non-endowment Cash Pool Investment Policy" as adopted by the Board of Trustees. The purpose of the non-endowment cash pool policy is to provide guidelines by which commingled funds not otherwise needed to meet daily operational cash flows can be invested to earn a maximum return, yet still maintain sufficient liquidity to meet fluctuations in the inflows and outflows of the University's operational funds. The University Investment Policy requires that management apply the "prudent person" standard in the context of managing its investment portfolio.

The University is allowed to hold donated investments, such as stocks, mutual funds and real estate in accordance with donor stipulations. These investments are maintained separately from other University investments. Certificates of deposit and commercial paper are measured using cost-based measures as provided by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Fair value measurements represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The University measures and records its investments using fair value measurement guidelines established by GASB Statement No. 72, *Fair Value Measurement and Application*. These guidelines prioritize the inputs of valuation techniques used to measure fair value, as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2 inputs are inputs other than quoted prices included in Level 1, and that are either directly or indirectly observable for the assets or liabilities. These inputs include: (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in markets in which there are few transactions for the asset or liability, the prices are not current or price quotations vary substantially either over time or among markets in which little information is released publicly, (3) inputs other than quoted prices that are observable for the asset or liability, or (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs are unobservable inputs for the assets or liabilities.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table summarizes the fair value measurements for all University investment assets carried at fair value as of September 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	$ 6,487,267	$ -	$ -	$ 6,487,267
Stocks	171,574	-	-	171,574
Real estate	-	-	54,637	54,637
Total investments	$ 6,658,841	$ -	$ 54,637	$ 6,713,478

Interest Rate Risk – This risk pertains to changes in interest rates that adversely affect the fair value of an investment. While there is an active market for the investments, generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate risk. At September 30, 2023, the University did not have any investments subject to interest rate risk.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The University does not have a formal investment policy that specifically addresses its investment choices related to this risk. At September 30, 2023, the University did not have any investments subject to credit risk.

Custodial Credit Risk – For an investment, this is the risk that, in the event of a failure of the counterparty to a transaction, an organization will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party. The University does not have an investment policy that limits the amount of securities that can be held by counterparties.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University does not have a formal investment policy limiting investments to any one issuer to less than five percent of the University's total investments. At September 30, 2023, the University had $4,779,111 in mutual funds issued by Ameriprise Financial and $1,314,476 in a Large Cap Value Fund issued by Franklin Templeton.

Foundation Investments

The Foundation adopted ASC 820, *Fair Value Measurements and Disclosures*. In accordance with ASC 820, fair value is defined as the price that the Foundation would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the considerations market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs, other than Level 1, using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

There were no changes in valuation techniques used during the current year. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets and liabilities measured at fair value are based on one or more of the three valuation techniques noted in the guidance. The three techniques are as follows:

Market approach: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

Cost approach: Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and

Income approach: Techniques to convert future amounts to a single present amount based on market expectations utilizing present value techniques.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its calculation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the Foundation's assets that are measured at fair value on a recurring basis as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds	$ 280,856	$ -	$ -	$ 280,856
Tax exempt – fixed income	-	43,524	-	43,524
Taxable – fixed income	-	8,917,701	-	8,917,701
Other – fixed income	-	522,864	-	522,864
Large cap – equity funds	12,273,196	-	-	12,273,196
Mid-cap – equity funds	3,208,302	-	-	3,208,302
Small cap – equity funds	3,269,212	-	-	3,269,212
Other – equity funds	6,312,251	-	-	6,312,251
Alternative investments	-	-	4,171,569	4,171,569
Total investments	$ 25,343,817	$ 9,484,089	$ 4,171,569	$ 38,999,475

The following is a summary of significant valuation techniques for assets and liabilities measured at fair value on a recurring basis:

Level 1 Measurements

Mutual funds: Comprised of pools of funds managed by an investment company that brings together funds from many investors and invests in stocks, bonds or other assets. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Foundation can access.

Equity funds: Comprised of actively traded, exchange-listed U.S. and international equity securities. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Foundation can access.

Level 2 Measurements

Government obligations: Comprised of financial debt instruments backed by the U.S. government including Treasury bonds and bills. The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active that the Foundation can access.

Mortgage-backed securities: Comprised of U.S. government agency securities including the Federal Home Loan Mortgage Corporation and the Government National Mortgage Association. The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active that the Foundation can access.

Corporate obligations and municipal bonds: Comprised of debt instruments issued by private corporations and municipalities which contain fixed interest rates and maturity dates. The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields and credit spreads that the Foundation can access.

Asset-backed securities: The primary inputs for the valuation include quoted prices for identical or similar assets in markets that are not active.

Alternative investments: Comprised of private market investments. The primary inputs for the valuation of these investments include prices paid for the securities in prior transactions, contractual cash flows, benchmark yields, appraisals, credit spreads and a discounted cash flow model that is widely accepted in the financial services industry which incorporates the credit quality and industry sector of the issuer.

Level 3 Measurements

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended December 31, 2022:

Balance at January 1, 2022	$ 2,196,888
Realized and unrealized losses	(410,743)
Acquisitions	3,227,411
Sales	(1,110,286)
Return of capital	268,299
Balance at December 31, 2022	$ 4,171,569

Trustee-Held Funds

The Trust Indenture of the Public Education Building Authority of Jacksonville (Jacksonville State University Foundation Bonds), Series 2023-A and Series 2023-B, established certain funds to be controlled by a trustee. The balance in the trustee-held funds at September 30, 2023, was $9,200,149. The Trustee-held funds are made up of previously restricted funds and gift income received from the Jacksonville State University Foundation, plus reinvested interest earned during the period. These funds are made up of cash and cash equivalents investments.

4. RECEIVABLES

University

Receivables are reported net of uncollectible amounts and are summarized as follows at September 30, 2023:

Accounts receivable	
Federal	$ 8,133,320
State	7,654,351
Other	2,703,489
Student accounts receivable	7,507,695
Less allowance for doubtful accounts	(3,173,010)
Total accounts receivable, net	$ 22,825,845
Notes receivable	
Loans	$ 1,959,156
Less allowance for doubtful accounts	(721,961)
Total notes receivable, net	$ 1,237,195
Total receivables, net	$ 24,063,040

Foundation

The Foundation's promises to give consist of amounts that are both restricted and unrestricted in nature. The Foundation's capital campaign, which is to obtain funding for various scholarships and University departments, raised funds that are generally classified as revenue or support with donor restrictions. Any restrictions on promises to give are based on donor designations. The Foundation had $24,572 in promises to give without donor restrictions and $5,582,770 in promises to give with donor restrictions at December 31, 2022.

The discount rate used to calculate net present value at December 31, 2022, was 4.0%.

Receivable in less than one year	$ 1,019,387
Receivable in one to five years	3,761,898
Receivable in more than five years	826,057
Total unconditional promises to give	5,607,342
Less allowance for doubtful accounts	564,516
Less discount to net present value	446,561
Net unconditional promises to give	$ 4,596,265

5. CAPITAL ASSETS

Financing Leases

A summary of the University's financing lease right-of-use assets activity for the year ended September 30, 2023, follows:

	Balance at September 30, 2022	Additions	Disposals	Balance at September 30, 2023
Right-of-use buildings	$ 43,567,017	$ 140,804,408	$ -	$ 184,371,425
Right-of-use equipment	99,843	36,153	-	135,996
Right-of-use IT software	-	1,911,955	-	1,911,955
	43,666,860	142,752,516	-	186,419,376
Less accumulated amortization for right-of-use assets:				
Right-of-use buildings	1,221,505	1,890,145	-	3,111,650
Right-of-use equipment	23,110	37,093	-	60,203
Right-of-use IT software	-	804,354	-	804,354
	1,244,615	2,731,592	-	3,976,207
Right-of-use, net	$ 42,422,245			$ 182,443,169

The University leases various equipment and building space under financing leases expiring at various dates through May 2058.

Aggregate future lease payments under noncancelable finance and SBITA leases as of September 30, 2023, by year, are as follows:

	Right-of-Use Leases		Right-of-Use IT Software	
	Principal	**Interest**	**Principal**	**Interest**
2024	$ 931,058	$ 8,618,832	$ 509,359	$ 14,020
2025	1,483,586	8,576,629	246,620	8,027
2026	1,528,405	8,504,267	177,542	3,591
2027	1,692,717	8,427,350	56,810	1,392
2028	1,758,962	8,345,461	-	-
2029-2033	10,512,473	40,333,443	-	-
2034-2038	15,310,420	37,416,774	-	-
2039-2043	28,824,417	32,330,783	-	-
2044-2048	38,650,357	23,876,118	-	-
2049-2058	82,832,306	21,416,352	-	-
Totals	$ 183,524,701	$ 197,846,009	$ 990,331	$ 27,030

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance at September 30, 2022	Additions	Disposals	Transfers	Balance at September 30, 2023
Non-depreciable assets					
Land	$ 7,342,408	$ 115,398	$ -	$ -	$ 7,457,806
Construction in progress	71,663,597	10,043,142	-	(51,762,744)	29,943,995
Depreciable assets					
Buildings	312,171,155	6,190,424	-	51,762,744	370,124,323
Improvements other than buildings	18,570,901	-	-	-	18,570,901
Equipment	21,891,956	1,585,170	(570,713)	-	22,906,413
Library materials	18,003,405	219,461	(520,439)	-	17,702,427
Total capital assets	449,643,422	18,153,595	(1,091,152)	-	466,705,865
Accumulated depreciation					
Buildings	115,851,554	7,362,631	-	-	123,214,185
Improvements other than buildings	16,176,434	478,555	-	-	16,654,989
Equipment	18,847,642	1,675,112	(547,781)	-	19,974,973
Library materials	16,763,163	311,072	(520,438)	-	16,553,797
Total accumulated depreciation	167,638,793	9,827,370	(1,068,219)	-	176,397,944
Total capital assets, net	$ 282,004,629	$ 8,326,225	$ (22,933)	$ -	$ 290,307,921

Depreciation and amortization expense for the University for the year ended September 30, 2023, was $12,222,373.

The University is in the process of completing reconstruction and replacement of assets damaged during the March 19, 2018, tornado, which impacted the University. In July 2022, FEMA denied the University's reconstruction second appeal to address the Wallace Hall building damage. The University resubmitted a project extension and continues to await a FEMA final determination to evaluate project alternatives. The cost to complete remaining projects is approximately $40,299,000.

At December 31, the Foundation's property and equipment consisted of the following:

	2022
Land	$ 132,043
Buildings	43,079,418
Equipment	1,035,191
	44,246,652
Less accumulated depreciation	6,061,469
Property and equipment, net	$ 38,185,183

Depreciation expense for the Foundation for the year ended December 31, 2022, was $1,590,244.

6. ACCOUNTS PAYABLE, ACCRUED LIABILITIES, AND WAGES PAYABLE

Accounts payable, accrued liabilities, and wages payable represent amounts due at September 30, 2023, for goods and services received prior to year end of the fiscal year:

Salaries and wages	$ 4,462,314
Benefits	2,490,094
Payroll taxes	1,625,826
Interest payable	1,157,983
Other	5,981,793
Total accounts payable, accrued liabilities and wages payable	$ 15,718,010

7. FORGIVENESS OF STATE OF ALABAMA LOAN

Due to the effects of the March 19, 2018, EF-3 tornado on the University, the State of Alabama issued an interest-free loan on June 26, 2018, in the amount of $5,946,640. During the year ended September 30, 2019, the State of Alabama issued additional loan proceeds in the amount of $7,000,000. On April 8, 2022, Alabama House Bill 138 was passed by the Alabama House and Senate and was sent to the Governor for signing. This bill provided for $6,500,000 of the University's loan due to the State of Alabama to be forgiven. No principal payments have been required on this loan through September 30, 2023; and the remaining balance $6,446,640 was forgiven during the year.

8. LONG-TERM LIABILITIES

The University currently has outstanding 2015, 2016, 2017 and 2020 Tuition and Fee Revenue Bonds issued by the Board of Trustees. The 2015 and 2016 bonds were issued to partially defease the 2009 Revenue Bonds. The 2017 bonds were issued to defease the balance of the 2009 Revenue Bonds and finance construction costs. The 2020 bonds were issued to defease the 2011, 2014 and a portion of 2017 bonds, and to finance the costs of repairs and capital improvements.

Long-term liabilities activity (excluding net pension and net OPEB liabilities) for the year ended September 30, 2023, was as follows:

	Balance September 30 2022	Additions	Reductions	Balance September 30, 2023	Current Portion
Bonds:					
Series 2015 Revenue Bonds	$ 8,595,000	$ -	$ (65,000)	$ 8,530,000	$ 65,000
Series 2016 Revenue Bonds	8,815,000	-	(60,000)	8,755,000	65,000
Series 2017 Revenue Bonds	25,990,000	-	(1,190,000)	24,800,000	1,280,000
Series 2020 Revenue Bonds	44,395,000	-	(1,525,000)	42,870,000	1,415,000
Bond premiums	8,989,422	-	(443,624)	8,545,798	443,624
Total bonds, net	96,784,422	-	(3,283,624)	93,500,798	3,268,624
Other long-term liabilities:					
Compensated absences	2,269,610	41,638	-	2,311,248	1,201,197
Capital lease obligations	149,762	3,612	(61,492)	91,882	61,492
Construction loan payable	9,369,399	-	(142,945)	9,226,454	9,226,454
Total other long-term liabilities	11,788,771	45,250	(204,437)	11,629,584	10,489,143
Lease and SBITA obligations	43,097,437	145,129,348	(3,711,753)	184,515,032	1,440,417
Total long-term liabilities	$ 151,670,630	$ 145,174,598	$ (7,199,814)	$ 289,645,414	$ 15,198,184

Revenue Bonds – University

For the Revenue Bonds, a trustee holds the deposits, including earnings on investments of these deposits. Revenues from student tuition and fees sufficient to pay the annual debt service are pledged to secure the bonds.

The Jacksonville State University Board pledged student tuition and fees to repay $8,950,000 Series 2015 Tuition and Fee Revenue Bonds issued on December 14, 2015, at interest rates ranging from 1.85% to 4.0%. The funds were used to advance refund a portion of the University's outstanding Revenue Bonds Series 2009, then outstanding in the amount of $8,000,000. Future revenues in the amount of $10,960,110 at September 30, 2023, are pledged to repay principal and interest on the bonds. Pledged revenues in the amount of $57,774,706 were received during the fiscal year ended September 30, 2023, with $403,315, or 0.7% of pledged revenues, being used to pay principal and interest payments during 2023. These bonds are scheduled to mature in fiscal year 2033.

The Jacksonville State University Board pledged student tuition and fees to repay $9,160,000 in Series 2016 Tuition and Fee Revenue Bonds issued on March 17, 2016, at interest rates ranging from 1.3% to 4.0%. The funds were used to advance refund a portion of the University's outstanding Revenue Bonds Series 2009, then outstanding in the amount of $8,000,000. Future revenues in the amount of $12,236,350 at September 30, 2023, are pledged to repay principal and interest on the bonds. Pledged revenues in the amount of $57,774,706 were received during the fiscal year ended September 30, 2023, with $405,450, or 0.7% of pledged revenues, being used to pay principal and interest payments during 2023. These bonds are scheduled to mature in fiscal year 2035.

The Jacksonville State University Board pledged student tuition and fees to repay $34,880,000 in Series 2017 Tuition and Fee Revenue Bonds issued on January 31, 2017, at interest rates ranging from 2.0% to 5.0%. The funds were used to advance refund a portion of the University's outstanding Revenue Bonds Series 2009, then outstanding in the amount of $32,895,000, to finance capital improvements, and to pay the costs of issuance. Future revenues in the amount of $35,978,366 at September 30, 2023, are pledged to repay principal and interest on the bonds. Pledged revenues in the amount of $57,774,706 were received during the fiscal year ended September 30, 2023, with $2,320,469, or 4.0% of pledged revenues, being used to pay principal and interest payments during 2023. These bonds are scheduled to mature in fiscal year 2039.

The Jacksonville State University Board pledged student tuition and fees to repay $45,670,000 in Series 2020 Tuition and Fee Revenue Bonds issued on August 14, 2020, at interest rates ranging from 3.0% to 5.0% The funds were used to finance the acquisition, construction and installation of capital improvements and to pay the expenses of issuing the Series 2017-A Bond. Future revenues in the amount of $69,951,972 at September 30, 2023, are pledged to repay principal and interest on the bonds. Pledged revenues in the amount of $57,774,706 were received during the fiscal year ended September 30, 2023, with $3,232,706 or 5.6% of pledged revenues, being used to pay principal and interest payments during 2023. These bonds are scheduled to mature in fiscal year 2051.

The University's Series 2015, 2016, 2017, and 2020 Revenue Bonds contain a provision that in an event of default, the trustee may take either or all of the following actions: (1) declare the loan due and payable, and/or (2) exercise any other remedies or rights which it has under any instrument executed in connection with the Revenue Bonds.

Construction Loan Payable – University
On July 11, 2019, the University executed a line of credit agreement with Regions Capital Advantage, Inc. for construction-related activities. The agreement is for a $30,000,000 non-revolving line of credit. The line of credit matures on August 1, 2024, with monthly interest-only payments and the balance due at maturity. Interest is variable based on an applicable rate determined on each interest adjustment date. At September 30, 2023, the interest rate on the loan was 5.21%. The balance due as of September 30, 2023, was $9,226,454.

Operating Line of Credit – University
In August 2021, the University executed a $5,000,000 revolving line of credit agreement with Regions Bank for operating activities. The line of credit matures on August 1, 2024, with monthly interest-only payments and the balance due at maturity. Interest is variable based on an applicable rate determined on each interest adjustment date. This line of credit was not utilized during the year ended September 30, 2023, and no balance was due as of that date.

Principal and interest maturity requirements on the Revenue Bonds are as follows:

	Revenue Bonds	
	Principal	Interest
2024	$ 2,825,000	$ 3,419,360
2025	2,960,000	3,299,743
2026	3,110,000	3,166,183
2027	3,140,000	3,028,625
2028	3,300,000	2,886,775
2029-2033	18,485,000	12,127,478
2034-2038	20,505,000	8,216,647
2039-2043	11,500,000	4,805,588
2044-2048	11,230,000	2,739,000
2049-2058	7,900,000	482,400
Totals	$ 84,955,000	$ 44,171,799

Bonds Payable – Foundation
On October 31, 2017, the Public Education Building Authority of Jacksonville Foundation issued $42,410,000 of Higher Educational Facilities Revenue Bonds, Series 2017-A, and $400,000 Higher Educational Facilities Taxable Revenue Bonds, Series 2017-B, (JSU Foundation Project). The Foundation, which is considered the borrower of the funds, assumed all the obligations of the bonds. The bonds have varying fixed rates based on maturity dates which range from July 1, 2021, through July 1, 2057. The proceeds of the bonds were to be used for funding of the: (1) costs of issuing the bonds (net $1,024,528), amortization expense for the year ended December 31, 2022,

of $29,625, (2) development, construction, furnishing and start-up expenses of a fitness and wellness center, and (3) interest on the bonds from the issuance date through the date the bond obligations are paid.

Interest is payable semi-annually on January 1 and July 1, beginning January 1, 2018, with annual interest rates ranging from 3% to 5%. The bonds were issued at a total premium of $2,162,453 (net at December 31, 2022, totaled $1,865,115) which is being amortized over the term of the bonds. Amortization expense for the year ended December 31, 2022, was $54,061.

The University provides the cash flow necessary to service the bonds through a service agreement with the Foundation. These fees paid under this agreement are sufficient to service the debt, operating expenses and reserve requirements of the project. Termination of the services agreement triggers a termination fee to be paid by the University in an amount equal to the greater of the fair market value of the project or the outstanding principal amount of the bonds plus accrued interest through the date of termination. Bonds are collateralized by Foundation property. The Foundation is in compliance with debt covenants as of December 31, 2022.

Redemptions of bond principal are due, each July 1, as follows:

2023	$ 320,000
2024	445,000
2025	450,000
2026	450,000
2027	570,000
Thereafter	38,480,000
Aggregate	$ 40,715,000

For the year ended December 31, 2022, the Foundation expended $1,747,894 in interest.

9. PENSION PLAN

Employees of the University are covered by a cost-sharing, multiple-employer defined benefit pension plan administered by the Teachers' Retirement System of Alabama (TRS).

Plan Description

The TRS, a cost-sharing multiple-employer public employee retirement plan, was established on September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control, which consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama (RSA). *The Code of Alabama 1975, Title 16, Chapter 25* grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits, and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after ten years of creditable service. TRS members who retire after age 60 with ten years or more of creditable service, or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest three of the last ten years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with ten years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest five of the last ten years) for each year of service up to 80% of their average final compensation. Members are eligible for disability retirement if they have ten years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Contributions

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers and firefighters of the TRS contributed 6.0% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation.

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective October 1, 2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters' contribution rate increased from 7.0% to 7.2% of earnable compensation to the TRS as required by statute.

Participating employers' contractually required contribution rate for the year ended September 30, 2022, was 12.36% of annual pay for Tier 1 members and 11.22% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the University was $7,610,122 for the year ended September 30, 2023.

Pension Liabilities, Pension Expense, Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2023, the University reported a liability of $122,711,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021. The University's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers.

At September 30, 2022, the University's proportion was 0.789606%, which was a decrease of 0.03331% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the University recognized pension expense of approximately $16,002,000. At September 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,698,000	$ 2,978,000
Change of assumptions	5,568,000	-
Net difference between projected and actual earnings on pension plan investments	24,624,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,402,000	3,155,000
Employer contributions subsequent to measurement date	7,610,122	-
	$ 42,902,122	$ 6,133,000

A total of $7,610,122, reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30,	
2024	$ 8,993,000
2025	7,086,000
2026	3,938,000
2027	9,142,000
	$ 29,159,000

Actuarial Assumptions

The net pension liability was determined by an actuarial valuation as of September 30, 2021, and rolled forward in accordance with GASB Statement No. 67 to the measurement date of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	3.25 - 5.00%
Investment rate of return*	7.45%

**Net of pension plan investment expense.*

The actuarial assumptions used in the actuarial valuation as of September 30, 2021, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2021, completed by the RSA and its actuaries. The purpose of the investigation was to assess the reasonableness of the actuarial assumptions and methods currently used by the RSA. This investigation resulted in changes to the actuarial assumptions. The Board of Control accepted and approved these changes in September 2021 which became effective as of the beginning of fiscal year 2021.

Mortality rates for TRS were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward(+) / Setback(-)	Adjustment to Rates
Service Retirees	Teacher retiree – below median	Male: +2, Female: +2	Male: 108% ages<63, 96% ages>67; Phasing down 63 - 67
			Female: 112% ages<69, 98%>age 74; Phasing down 69 - 74
Beneficiaries	Contingent survivor – below median	Male: +2, Female: None	None
Disabled Retirees	Teacher disability	Male: +8, Female: +3	None

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.8%
U.S. Large Stocks	32.00%	8.0%
U.S. Mid Stocks	9.00%	10.0%
U.S. Small Stocks	4.00%	11.0%
International Developed Market Stocks	12.00%	9.5%
International Emerging Market Stocks	3.00%	11.0%
Alternatives	10.00%	9.0%
Real Estate	10.00%	6.5%
Cash Equivalents	5.00%	2.5%
Total	100.00%	

** Includes assumed rate of inflation of 2.00%.*

Discount Rate

The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
University's proportionate share of collective net pension liability	$ 158,783,000	$ 122,711,000	$ 92,327,000

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2022. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2022. The auditors' report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes in the required supplementary section, detail by employer and in aggregate information needed to comply with GASB 68. Additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

10. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The University offers postemployment health care benefits to all employees who officially retire from the University. Health care benefits are offered through the Public Education Employees' Health Insurance Plan (PEEHIP).

Plan Description
The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing, multiple-employer defined benefit, postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the PEEHIP. In accordance with GASB, the Trust is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

The PEEHIP was established in 1983 pursuant to the provisions of the *Code of Alabama 1975, Title 16, Chapter 25A* (Act 455 of the Legislature of 1983) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a corporate body for purposes of management of the health insurance plan. The *Code of Alabama 1975, Section 16-25A-4* provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The TRS has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits Provided
PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental and Vision) that may be selected in addition to, or in lieu of, the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance.

Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework and crowns. Dental services are subject to a maximum of $1,250 per year for individual coverage and $1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eyeglasses and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan for Optional Coverage Plans.

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP. Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract. The MAPDP plan is fully insured by UHC, and members are able to carry all of their Medicare Part A (hospital insurance), Part B (medical insurance), and Part D (prescription drug insurance) in one convenient plan. Retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Members have the same benefits in- and out-of-network and with no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions
The *Code of Alabama 1975, Section 16-25A-8* and the *Code of Alabama 1975, Section, 16-25A-8.1* provide the Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage. Total employer contributions to the OPEB plan from the University were $1,271,582 for the year ended September 30, 2023.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2023, the University reported a liability of $13,371,923 for its proportionate share of the Net OPEB liability. The Net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation as of September 30, 2021. The University's proportion of the Net OPEB liability was based on the University's share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2022, the University's proportion was 0.767421%, which was an increase of 0.064057% from its proportion measured as of September 30, 2021.

For the year ended September 30, 2023, the University recognized OPEB expense of ($6,496,035), with no special funding situations. At September 30, 2023, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 613,290	$ 27,036,931
Changes of assumptions	10,846,457	19,463,639
Net difference between projected and actual earnings on OPEB plan investments	1,681,647	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,449,992	3,901,070
Employer contributions subsequent to the measurement date	1,271,582	-
	$ 20,862,968	$ 50,401,640

A total of $1,271,582, reported as deferred outflows of resources related to OPEB resulting from the University's contributions subsequent to the measurement date, will be recognized as a reduction of the Net OPEB liability in the year ending September 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30,	
2024	$ (7,530,983)
2025	(8,003,427)
2026	(3,863,953)
2027	(3,548,747)
2028	(4,888,923)
Thereafter	(2,974,221)
	$ (30,810,254)

Actuarial Assumptions
The total OPEB liability was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Healthcare cost trend rate	2.50%
Salary increases[1]	3.25% - 5.00%
Long-term investment rate of return[2]	7.00%
Municipal bond index rate at the measurement date	4.40%
Municipal bond index rate at the prior measurement date	2.29%
Projected year for fiduciary net position (FNP) to be depleted	N/A
Single equivalent interest rate at the measurement date	7.00%
Single equivalent interest rate at the prior measurement date	3.97%
Healthcare cost trend rate:	
Pre-Medicare eligible	6.50%
Medicare eligible	**
Ultimate trend rate:	
Pre-Medicare eligible	4.50% in 2031
Medicare eligible	4.50% in 2027

[1]Includes 2.75% wage inflation.

[2]Compounded annually, net of investment expense, and includes inflation.

** Initial Medicare claims are set based on scheduled increases through plan year 2025.

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66-2/3% to the table beginning in 2019. The mortality tables are adjusted forward and/or back depending on the plan and group covered, as shown in the table below:

Group	Membership Table	Set Forward(+) / Setback(-)	Adjustment to Rates
Active Members	Teacher employee – below median	None	65%
Service Retirees	Teacher – below median	Male: +2, Female: +2	Male 108% ages<63, 96% ages>67; Phasing down 63 - 67 Female: 112% ages<69, 98%>age 74; Phasing down 69 - 74
Disabled Retirees	Teacher disability	Male: +8, Female: +3	None
Beneficiaries	Teacher contingent survivor – below median	Male: +2, Female: None	None

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2021, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021.

The remaining actuarial assumptions (i.e., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the actuarial valuation as of September 30, 2021.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), are developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	30.00%	4.40%
U.S. Large Stocks	38.00%	8.00%
U.S. Mid Stocks	8.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
Total	100.00%	

** Geometric mean, includes 2.5% inflation.*

Discount Rate
The discount rate (also known as the Single Equivalent Interest Rate [SEIR], as described by GASB 74) used to measure the total OPEB liability at September 30, 2022, was 7.00%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees includes an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rate. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Approximately 15.527% of the employer contributions were used to assist in funding retiree benefit payments in 2022 and it is assumed that the amount will increase at the same rate as benefit payments for the closed group until reaching an employer rate of 20.00%. It is assumed the $800 rate will increase with inflation at 2.5% starting in 2027. Retiree benefit payments for University members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members were projected through 2120.

Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the University's proportionate share of the net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.50% decreasing to 3.50% for pre-Medicare, known decreasing to 3.50% for Medicare eligible)	Current Healthcare Trend Rate (6.50% decreasing to 4.50% for pre-Medicare, known decreasing to 4.50% for Medicare eligible)	1% Increase (7.50% decreasing to 5.50% for pre-Medicare, known decreasing to 5.50% for Medicare eligible)
University's proportionate share of collective net OPEB liability	$ 10,139,957	$ 13,371,923	$ 17,335,626

The following table presents the University's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 7.00%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
University's proportionate share of collective net OPEB liability	$ 16,532,408	$ 13,371,923	$ 10,718,790

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is in the Trust's financial statements for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2023. Additional financial and actuarial information is available at www.rsa-al.gov.

11. SUPPLEMENTAL RETIREMENT PROGRAM

Regular full-time employees who have completed two years of continuous service are eligible for an optional supplemental retirement program, Teachers' Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF). The University contributes 1% of gross salary for all eligible employees with an additional match to those employees who opt to contribute 2-4% more to the plan.

Participants become immediately vested and are eligible for distributions upon severance from employment, upon incurring a disability, upon hardship, or upon attainment of age 59½. Distributions may be in the form of lump-sum payments or through the purchase of an annuity contract. Jacksonville State University contributed $1,618,906 under this plan for the year ended September 30, 2023. At September 30, 2023, the University had payables of $294,409 due to TIAA-CREF, which were included in accounts payable and accrued liabilities on the statement of net position.

12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The University's non-tornado related construction project commitments as of September 30, 2023, were estimated at approximately $1,204,000, primarily related to the College of Education's move to its new facility, and pre-construction costs for The Randy Owen Center for the Performing Arts and for the new Storm Shelter.

As of September 30, 2023, the University had been awarded approximately $3,479,000 in contracts and grants on which performance had not been initiated, nor funds received. These awards, which represent commitments of sponsors to provide funds for specific purposes, have not been reflected in the financial statements.

On July 17, 2017, the University entered into a lease and services agreement with its component unit, Jacksonville State University Foundation, whereby the Foundation is to provide continuation and development of fitness and wellness programs, continuation and development of intramural sports programs, coordination of fitness and wellness programs, advertisement and promotion of the fitness and wellness center (the Center), including website development, and maintenance and management and staffing of the Center. In exchange for these services, the University has committed to annual fees to be paid to the Foundation through May 2058 (See Note 5). The total annual lease and service fee paid in 2023 was $4,150,000.

As of September 30, 2023, the University's future commitment for the non-lease component service fees to the Foundation is as follows:

2024	$ 2,145,706
2025	2,208,506
2026	2,266,506
2027	2,324,506
2028	2,382,306
2029	2,445,306
2030	2,538,306
2031	2,589,456
2032	2,651,488
2033	2,709,400
	$ 24,261,486

During the year ended September 30, 2023, the University entered into an additional sublease and service agreement with its component unit, Jacksonville State University Foundation whereas the University will sublease the Bond-Financed Facilities which include dining facilities, athletic facilities, and ancillary facilities for students of the University, and the University may operate, maintain and use the facilities. Simultaneously with the execution of this sublease agreement, the Foundation issued its Series 2023-A and Series 2023-B Bonds to provide funds, among other things, to finance the acquisition, construction, furnishing and equipping by the Foundation of the Bond-Financed Facilities. The University has committed to annual fees to be paid to the Foundation through August 2058. The total annual lease and service fee paid by the University in 2023 was $0, as the first payments were covered by a Foundation lease incentive of $2,772,296.

13. COMPONENT UNITS

During the year ended September 30, 2023, the Foundation, a discretely presented component unit of the University, distributed $3,421,265 to the University for both restricted and unrestricted purposes. At September 30, 2023, the University has recorded payables of $32,247 due to the Foundation related to the service agreement more fully described in Note 12, and for other services. Due to the difference in the fiscal year of the University and the Foundation, inconsistencies exist in the amounts reported as due to or due from and distributed to or received from the two organizations. The complete audited financial statements of the Foundation can be obtained upon written request to the Foundation.

14. ENDOWMENTS

University Endowments

The University’s endowment funds consist of various donor-restricted endowment funds. The endowment funds were established for a variety of purposes, primarily related to funding student scholarships and low-cost loans. Net position associated with endowment funds is classified and reported based on the existence of donor-imposed restrictions.

University endowment net position as of September 30, 2023, consists of $964,155 of restricted nonexpendable scholarship and fellowship funds and $13,259,329 of restricted expendable scholarship funds. The endowment net position also consists of $9,200,149 included in net investments in capital assets. During the year ended September 30, 2023, the endowment’s restricted expendable funds decreased by losses of $847,694.

Foundation Endowments

The Foundation follows the Uniform Prudent Management of Institutional Funds Act of 1972 (UPMIFA) and its own governing documents. UPMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA. The Foundation's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

The Foundation's Board of Directors, on the advice of legal counsel, has determined that the majority of the Foundation's contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation. Under the terms of the Foundation's governing documents, the Board of Directors has the ability to distribute the original principal of any trust or separate gift, devise, bequest or fund as the Board in its sole discretion shall determine.

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to exceed an absolute rate of return equal to the minimum payout obligation, plus all management fees, brokerage and custodial expenses, plus 3% in order to combat the economic impact of long-term inflation. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation targets a diversified asset allocation that places an emphasis on U.S. Treasury securities, high quality corporate and municipal bonds, and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds for grant making and administration. The current spending policy is to distribute an amount equal to 4% of the average quarterly total balance for the previous twelve quarters at year end (December 31). Accordingly, over the long term, the Foundation expects its current spending policy to allow its endowment assets to grow at an average rate of 2% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

Endowment assets are included in net assets with donor restrictions on the Foundation's statement of financial position.

Changes in endowment net assets for the year ended December 31, 2022, are as follows:

		With Donor Restrictions
Endowment net assets at beginning of year	$	41,161,820
Investment change		(7,816,630)
Investment income		601,271
Contributions		1,409,253
Expenditures		(1,774,066)
Endowment net assets at end of year	$	33,581,648

Endowment funds underwater at December 31, 2022 were approximately $2,000,000.

15. RISK MANAGEMENT

Risk Management – University

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The University has insurance for its buildings and contents through the State Insurance Fund (SIF), which is a part of the State of Alabama's Department of Finance, Division of Risk Management, which operates as a common risk management and insurance program for state-owned properties. The University pays an annual premium based on the amount of coverage requested. The SIF provides coverage up to $3,500,000 per occurrence. The SIF purchases commercial insurance for claims in excess of $3,500,000. The University purchases commercial insurance for its automobile coverage, general liability and professional legal liability coverage. In addition, the University has a blanket fidelity bond that covers all employees. As of the issuance date of these financial statements, the SIF calculated a settlement loss of $90,215,245 related to damages from the March 19, 2018, tornado which caused significant damage to the University. To date, $88,294,391 in settlement payments have been received by the University with an additional $1,920,854 in receivables. Additional insurance settlement proceeds related to storm damages, if any, may be significant and material.

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIF) administered by the Public Education Employees' Health Insurance Board (PEEHIB). The Fund, which is self-sustaining, was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims.

The University contributes a specified amount monthly to the PEEHIF for each employee; this amount is applied against the employee's premiums for the coverage selected, and the employee pays any remaining premium.

Settled claims resulting from these risks have not exceeded the University's coverage in any of the past three fiscal years. Claims that occur as a result of employee job-related injuries may be brought before the State of Alabama Board of Adjustment. The Board of Adjustment serves as an arbitrator and its decision is binding. If the Board of Adjustment determines that a claim is valid, it decides the proper amount of compensation (subject to statutory limitations) and the funds are paid by the University.

Risk Management – Foundation

Financial instruments that are exposed to concentrations of credit risk consisted of cash, accounts receivable and investments. The cash and investments in common trust investments are in high quality institutions and companies with high credit ratings. Cash balances in the Foundation's bank accounts are insured up to the amount of $250,000 by the Federal Deposit Insurance Corporation (FDIC). At times cash balances may exceed FDIC insured limits.

Promises to give are primarily due from various individuals and carried at net realizable value. Realization of these items is dependent on these individuals and general economic conditions. Investment values are based on quoted market prices in active and inactive markets and estimates of value based on cash flows, benchmark gifts and credit spreads. Realization of investment principal and related returns is dependent on the viability of the underlying entities and the reliability of the methods of valuation used.

16. RELATED PARTIES

Jacksonville State Alumni Association was created to promote scientific, literary and educational purposes; for the advancement of Jacksonville State University; and for the encouragement and support of its students and faculty. This report contains no financial information related to the Jacksonville State Alumni Association.

The Foundation operates as a separate entity supported by contributions from unrelated donors and income from pooled fund investments. Each pooled fund investment is charged a management fee by the Foundation totaling $393,766 for the year ended December 31, 2022. The fees approximate the costs of the administrative services performed by the University on behalf of the Foundation. Additional management fees are charged to external entities for administrative services that are provided by the Foundation and are included in unrestricted revenue and support on the statement of activities.

Other services provided to the University by the Foundation include procuring financing for the development and construction, staffing, licensing, insurance, marketing, security and other services required for the operation of the Center prior to and after opening. In return, the Foundation receives a fee for services. Additionally, see Note 12 for a description of the services agreement between the University and the Foundation, and Note 13 for a description of amounts due to and from the University and the Foundation, as well as total service fees between the two entities.

17. CORONAVIRUS AID AND RELIEF

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law by President Trump. In the weeks that followed, the University applied for, and was awarded certain Higher Education Emergency Relief Fund (HEERF) grants to provide fast and direct economic aid to offset Institutions of Higher Education's (IHE) negative impact caused by the COVID-19 pandemic. In addition, the University was awarded additional funds through the CARES Act which were given to the State of Alabama. On January 14, 2021, the Department of Education announced the release of additional funding through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), which was signed into law by President Trump on December 7, 2020, to further offset the costs related to the pandemic for students and institutions. On May 11, 2021, the U.S. Department of Education approved the additional release of the American Rescue Plan (ARP) funds to support students and institutions towards recovery efforts from the pandemic.

Following is a summary of the State Coronavirus Relief Funds and HEERF funds available, awarded, drawn down, expended and remaining as of and for the year ended September 30, 2023:

	Available October 1, 2022	Awarded FY 2023	Drawn Down FY 2023	Expended FY 2023	Remaining September 30, 2023
HEERF - institutional portion	$ 1,827,929	$ -	$ 1,827,929	$ 1,804,214	$ 23,715
Strengthening Institutions Program	603,229	-	603,229	603,229	-
	$ 2,431,158	$ -	$ 2,431,158	$ 2,407,443	$ 23,715

The University recorded $2,407,443 of Federal COVID-19 grants within operating revenues on the statement of revenues, expenses and changes in net position for the amounts expended during the year ended September 30, 2023.

18. FOUNDATION LIQUIDITY AND AVAILABILITY

The table below presents the Foundation's financial assets available for general expenses within one year of the statement of financial position date:

Financial assets, at year end:	
Cash and cash equivalents	$ 9,161,133
Promises to give, net	4,596,265
Investments	38,999,475
Total financial assets at December 31, 2022	52,756,873
Less amounts not available to be used within one year due to:	
Net assets with donor restrictions	(47,221,533)
Cash restricted for bond service and capital projects	(871,051)
Refundable advances	(2,145,250)
Financial assets available for general expenses within one year	$ 2,519,039

19. FOUNDATION NET ASSETS WITH DONOR RESTRICTIONS

Foundation net assets with donor restrictions were available for the following purposes at December 31, 2022:

Faculty awards and chairs	$ 2,618,881
Scholarships and grants	41,418,334
Other purposes	3,184,318
Total net assets with donor restrictions	$ 47,221,533

20. SUBSEQUENT EVENT

On February 2, 2024, the University reached a favorable settlement with the State of Alabama Department of Finance to settle all The University's remaining insurance claims arising out of the tornado incident in 2018.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Schedule of the University's Proportionate Share of the Net Pension Liability – Teachers' Retirement Plan of Alabama

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.789606%	0.822916%	0.824476%	0.770578%	0.780339%	0.744717%	0.748031%	0.736438%	0.732539%
Employer's proportionate share of the collective net pension liability	$ 122,711,000	$ 77,521,000	$ 101,985,000	$ 85,222,000	$ 77,586,000	$ 73,194,000	$ 80,982,000	$ 77,073,000	$ 66,548,000
Employer's covered payroll during the measurement period	$ 63,389,274	$ 61,538,912	$ 59,889,175	$ 59,996,862	$ 54,018,000	$ 52,486,000	$ 49,516,590	$ 47,766,000	$ 46,684,000
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	193.58%	125.97%	170.29%	142.04%	143.63%	139.45%	163.55%	161.36%	142.55%
Plan fiduciary net position as a percentage of the total collective pension liability	62.21%	67.72%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

Notes to Schedule
The Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Employer's covered payroll: the payroll on which contributions to a pension plan are based.

Measurement Period:
For fiscal year 2023, the measurement period is October 1, 2021 – September 30, 2022
For fiscal year 2022, the measurement period is October 1, 2020 – September 30, 2021
For fiscal year 2021, the measurement period is October 1, 2019 – September 30, 2020
For fiscal year 2020, the measurement period is October 1, 2018 – September 30, 2019
For fiscal year 2019, the measurement period is October 1, 2017 – September 30, 2018
For fiscal year 2018, the measurement period is October 1, 2016 – September 30, 2017
For fiscal year 2017, the measurement period is October 1, 2015 – September 30, 2016
For fiscal year 2016, the measurement period is October 1, 2014 – September 30, 2015
For fiscal year 2015, the measurement period is October 1, 2013 – September 30, 2014

See independent auditors' report.

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (UNAUDITED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Schedule of the University's Proportionate Share of the Net OPEB Liability – Alabama Retired Education Employees' Health Care Trust

	2023	2022	2021	2020	2019	2018
University's proportion of the net OPEB liability	0.767421%	0.703364%	0.694043%	0.782694%	0.729542%	0.701339%
University's proportionate share of the net OPEB liability	$ 13,371,923	$ 36,341,505	$ 45,042,424	$ 29,529,228	$ 59,959,061	$ 52,091,455
University's covered-employee payroll	63,197,224	$ 61,538,912	$ 59,889,175	$ 59,996,862	$ 54,018,000	$ 52,486,000
University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	21.16%	59.05%	75.21%	49.22%	111.00%	99.25%
Plan fiduciary net position as a percentage of the total net OPEB liability	48.39%	27.11%	19.80%	28.14%	15.37%	14.81%

Notes to schedule

The Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Covered payroll: the payroll on which contributions to an OPEB plan are based.

Measurement Period:

For fiscal year 2023, the measurement period is October 1, 2021 – September 30, 2022
For fiscal year 2022, the measurement period is October 1, 2020 – September 30, 2021
For fiscal year 2021, the measurement period is October 1, 2019 – September 30, 2020
For fiscal year 2020, the measurement period is October 1, 2018 – September 30, 2019
For fiscal year 2019, the measurement period is October 1, 2017 – September 30, 2018
For fiscal year 2018, the measurement period is October 1, 2016 – September 30, 2017

Changes in Actuarial Assumptions

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to more closely reflect actual experience.

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS – TEACHERS' RETIREMENT PLAN OF ALABAMA (UNAUDITED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 7,610,122	$ 7,342,031	$ 7,147,735	$ 7,076,281	$ 6,696,670	$ 6,264,121	$ 5,829,433	$ 5,623,694	$ 5,266,235
Contributions in relation to the contractually required contribution	(7,610,122)	(7,342,031)	(7,147,735)	(7,076,281)	(6,696,670)	(6,264,121)	(5,829,433)	(5,623,694)	(5,266,235)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 63,389,274	$ 61,538,912	$ 59,889,175	$ 59,996,862	$ 54,018,000	$ 52,486,000	$ 49,516,590	$ 47,766,000	$ 46,684,000
Contributions as a percentage of covered payroll	12.01%	11.93%	11.93%	11.79%	12.40%	11.93%	11.77%	11.77%	11.28%

Notes to Schedule
The Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Employer's covered payroll: the payroll on which contributions to a pension plan are based.

Measurement Period:
For fiscal year 2023, the measurement period is October 1, 2021 – September 30, 2022
For fiscal year 2022, the measurement period is October 1, 2020 – September 30, 2021
For fiscal year 2021, the measurement period is October 1, 2019 – September 30, 2020
For fiscal year 2020, the measurement period is October 1, 2018 – September 30, 2019
For fiscal year 2019, the measurement period is October 1, 2017 – September 30, 2018
For fiscal year 2018, the measurement period is October 1, 2016 – September 30, 2017
For fiscal year 2017, the measurement period is October 1, 2015 – September 30, 2016
For fiscal year 2016, the measurement period is October 1, 2014 – September 30, 2015
For fiscal year 2015, the measurement period is October 1, 2013 – September 30, 2014

See independent auditors' report.

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS – ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST (UNAUDITED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 1,271,582	$ 1,372,684	$ 1,153,847	$ 1,318,896	$ 2,110,331	$ 1,791,355
Contributions in relation to the contractually required contribution	(1,271,582)	(1,372,684)	(1,153,847)	(1,318,896)	(2,110,331)	(1,791,355)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 63,389,274	$ 61,538,912	$ 59,889,175	$ 59,996,862	$ 54,018,000	$ 52,486,000
Contributions as a percentage of covered-employee payroll	2.01%	2.23%	1.93%	2.20%	3.91%	3.41%

Notes to schedule

The Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Covered payroll: the payroll on which contributions to an OPEB plan are based.

Measurement Period:

For fiscal year 2023, the measurement period is October 1, 2021 – September 30, 2022
For fiscal year 2022, the measurement period is October 1, 2020 – September 30, 2021
For fiscal year 2021, the measurement period is October 1, 2019 – September 30, 2020
For fiscal year 2020, the measurement period is October 1, 2018 – September 30, 2019
For fiscal year 2019, the measurement period is October 1, 2017 – September 30, 2018
For fiscal year 2018, the measurement period is October 1, 2016 – September 30, 2017

Changes in Actuarial Assumptions

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to more closely reflect actual experience.

See independent auditors' report.

Changes in Actuarial Assumptions

Changes to the actuarial assumptions as a result of the experience study for the five-year period ending June 30, 2021, are summarized below.

Assumption	Description
Price Inflation	2.50%
Investment Return	7.00%
Wage Inflation	2.75%
Mortality Rates (Pre-Retirement, Post-Retirement Healthy and Disabled)	Update to Pub-2010 Public Mortality Plans Mortality Tables. For future mortality improvement, generational mortality improvement with mortality improvement scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019.
Retirement Rates	Decreased rates of retirement at most ages and extended retirement rates at age 80.
Withdrawal Rates	Changed from an age-based table, broken down by service bands, to a pure service-based table. Used a liability weighted methodology in analyzing rates.
Disability Rates	Lowered rates of disability retirement at most ages.
Salary Increases	No change to total assumed rates of salary increases, but increased merit salary scale by 0.25% to offset the recommended decrease in the wage inflation assumption by 0.25%

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to more closely reflect actual experience.

Recent Plan Changes

Beginning in plan year 2021, the MAPD plan premium rates excluded the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan.

The Health Plan is changed each year to reflect the Affordable Care Act maximum annual out-of-pocket amounts.

Method and Assumptions Used in Calculations of Actuarially Determined Contributions
The actuarially determined contribution rates in the Schedule of OPEB Contributions were calculated as of September 30, 2018, which is three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Remaining amortization period	23 years, closed
Asset valuation method	Market value of assets
Inflation	2.50%
Health care cost trend rate:	
Pre-Medicare eligible	6.50%
Medicare eligible *	5.00%
Ultimate trend rate:	
Pre-Medicare eligible	4.50%
Medicare eligible	4.50%
Year of ultimate trend rate	2027 for pre-Medicare eligible
	2025 for Medicare eligible
Investment rate of return	7.00%, including inflation

* Initial Medicare claims are set based on scheduled increases through plan year 2025.

SINGLE AUDIT

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Total Expenditures	Passed Through to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER					
Direct Program					
Federal Supplemental Educational Opportunity Grants	84.007			$ 426,334	$ -
Federal Work-Study Program	84.033			395,659	-
Federal Pell Grant Program	84.063			20,897,084	-
Teacher Education Assistance for College and Higher Education Grants	84.379			16,032	-
Federal Direct Student Loans	84.268			43,957,918	-
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				65,693,027	-
U.S. DEPARTMENT OF EDUCATION					
Direct Program					
COVID-19 Education Stabilization Fund:					
COVID-19 HEERF Institutional Portion	84.425F			1,792,329	-
COVID-19 HEERF Strengthening Institutions Program	84.425M			603,229	-
Pass Through					
COVID-19 Education Stabilization Fund	84.425D	University of Alabama	U220120	206,451	159,445
Total COVID-19 Education Stabilization Fund				2,602,009	159,445
TOTAL U.S. DEPARTMENT OF EDUCATION				68,295,036	159,445

See notes to the schedule of expenditures of federal awards.

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Total Expenditures	Passed Through to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER					
National Science Foundation					
Direct Program					
Engineering Grants	47.041		1663472/2303579	$ 21,365	$ -
Polar Programs	47.078			90,055	-
Stem Education	47.046		2221136	271,611	
Pass Through					
Biological Sciences	47.074	Ouachita Baptist University	1827066	15,990	-
Total National Science Foundation				399,021	-
U.S. Department of Interior					
Direct Program					
Candidate Species Conservation	15.660	Gulf State Marine Fisheries Commission	F22AP02697-01	28,607	-
Total U.S. Department of Interior				28,607	-
U.S. Department of Agriculture					
Pass Through					
Partnership Agreements	10.699	Forest Service	22-PA-11080100-280	2,479	-
				2,479	-
TOTAL RESEARCH AND DEVELOPMENT CLUSTER				430,107	-
OTHER FEDERAL AWARDS					
U.S. Department of Justice					
Pass Through					
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault and Stalking on Campus	16.525	Office of Violence Against Women	2019-WA-AX-0025	35,026	-
Edward Byrne Memorial Justice Assistance Grant	16.738	Anniston Police Department	BJA-2019-15126	66,278	-
Edward Byrne Memorial Justice Assistance Grant	16.738	Alabama Department of Economic and Community Affairs	2023-DJ-02-52	125,176	-
Total U.S. Department of Justice				226,480	-

See notes to the schedule of expenditures of federal awards.

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Total Expenditures	Passed Through to Subrecipients
Department of Health and Human Services					
Foster Care-Title IV-E	93.658	University of Alabama	A22-0027-S0004	$ 140,466	$ -
Total Department of Health and Human Services				140,466	-
U.S. Small Business Administration					
Small Business Development Centers	59.037	University of Alabama	A21-0058-S002	20,760	-
Small Business Development Centers	59.037	University of Alabama	A20-0318-S002	57,289	-
Total U.S. Small Business Administration				78,049	-
U.S. Department of Defense					
Procurement Technical Assistance for Business Firms	12.002	University of Alabama	A22-0407-S002	72,967	-
Procurement Technical Assistance for Business Firms	12.002	University of Alabama	DOD-202301B	12,256	-
Total U.S. Department of Defense				85,223	-
U.S. Department of Homeland Security					
Pass Through					
State and Local Homeland Security National Training Program	97.005	The Center for Rural Development	EMW-2022-CA-00033	26,246	-
Total U.S. Department of Treasury				26,246	-
National Aeronautics and Space Administration					
Pass Through					
Science	43.001	Alabama State Council on the Arts	E2031012	177,463	-
Total National Endowment for the Arts				177,463	-
TOTAL FEDERAL EXPENDITURES				$ 69,459,070	$ 159,445

See notes to the schedule of expenditures of federal awards.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) summarizes the federal expenditures of Jacksonville State University (the University) under programs of the federal government for the year ended September 30, 2023. The Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations,* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

For the year ended September 30, 2023, the University did not elect to use the 10% de minimis indirect cost rate permitted by Uniform Guidance.

For the purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the University and agencies and departments of the federal government, and all sub awards to the University by nonfederal organizations pursuant to federal grants, contracts and similar agreements.

2. SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARD EXPENDITURES

For purposes of the Schedule, expenditures for federal award programs are recognized on the accrual basis of accounting. Expenditures for federal student financial aid programs include Federal Pell program grants to students, Federal Direct Student Loan Program, the federal share of students' Federal Supplemental Educational Opportunity Grant (FSEOG) program grants, and Federal Work Study program earnings and administrative cost allowances, where applicable.

3. FEDERAL DIRECT STUDENT LOAN PROGRAM

The University participates in the Federal Direct Student Loan Program (the Program), Federal Assistance Listing Number 84.268, which includes the Federal Subsidized Direct Loan, the Federal Unsubsidized Direct Loan, the Federal Graduate Student PLUS Direct Loan, and the Federal Direct Loans to Parents of Undergraduate Students. The University is not responsible for collection of these loans. The amount of disbursements under the Program during the current year is presented in the schedule of expenditures of federal awards.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Jacksonville State University

We have audited, in accordance with the 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, the financial statements of Jacksonville State University (the University), a component unit of the State of Alabama, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements for the year then ended as listed in the table of contents, and have issued our report thereon dated February 29, 2024. The financial statements of Jacksonville State University Foundation (Foundation) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

Birmingham, Alabama
February 29, 2024

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Jacksonville State University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jacksonville State University's (the University), a component unit of the State of Alabama, compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (*OMB) Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended September 30, 2023. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations,* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Birmingham, Alabama
February 29, 2024

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION I SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	**Unmodified**	
Internal control over financial reporting:		
Material weaknesses identified?	Yes ____	No __x_
Significant deficiencies identified?	Yes ____	None reported __x_
Noncompliance material to financial statements?	Yes ____	No __x_

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	Yes ____	No __x_
Significant deficiencies identified?	Yes ____	None reported __x_
Type of auditors' report issued on compliance for major programs:	**Unmodified**	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes ____	No __x_

Identification of Major Programs

Federal Assistance Listing Number(s)	**Name of Federal Program or Cluster**
84.063; 84.007 84.033; 84.268 84.379	Student Financial Assistance Cluster
84,425D, 84.425F, 84.425M	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	Yes ___	No __x__

SECTION II FINANCIAL STATEMENT FINDINGS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

There were no financial statement findings.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no federal award findings and questioned costs.

OTHER INFORMATION

JACKSONVILLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
LISTING OF THE UNIVERSITY BOARD OF TRUSTEES AND OFFICIALS (UNAUDITED)
SEPTEMBER 30, 2023

Board Members		**Term Expires**
The Honorable Kay Ivey	Governor of Alabama	Ex-Officio
Randall Jones	Chairman	2027
Senator Vivian Davis Figures	Vice Chair	2023
Ms. Gale Saxon Main		2023
Mr. Gregory Brown		2027
Mr. Anthony A. Smoke		2028
Mr. Clarence W. Daugette, III		2023
Mr. Randy Y. Owen		2024
Mr. Tony Ingram		2027
Mr. Rusty Fuller		2025
Mr. Drew Linn		2025

Officials

Dr. Don C. Killingsworth, Jr.	President
Ms. Arlitha Williams-Harmon	Senior Vice President, Finance and Administration/CFO

APPENDIX F

UNAUDITED STATEMENT OF REVENUES, EXPENSES AMD CHANGES IN NET POSITION OF THE UNIVERSITY FOR FISCAL YEAR ENDED SEPTEMBER 30, 2024

JACKSONVILLLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

	2024
OPERATING REVENUES	
Tuition and fees, net of scholarship allowance of $47,726,002	58,231,714
Federal grants and contracts	5,885,535
State and local grants and contracts	4,780,086
Nongovernmental grants and contracts	3,831,058
Sales and services of educational departments	69,936
Athletic income	9,134,342
Other operating revenues	1,797,912
Auxiliary enterprises:	
Residential life	18,370,423
Sales and service	10,950,226
Total operating revenues	113,051,232
OPERATING EXPENSES	
Instruction	52,642,252
Public service	5,859,038
Academic support	9,463,528
Student services, including athletics	35,620,212
Research	569,520
Operations and maintenance	15,207,610
Institutional support	27,019,256
Scholarships and financial aid	16,402,104
Depreciation and amortization	15,750,528
Auxiliary enterprises	18,776,347
Total operating expenses	197,310,396
Operating Loss	(84,259,164)

UNAUDITED

JACKSONVILLLE STATE UNIVERSITY
(A Component Unit of the State of Alabama)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - CONTINUED
(UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2024

	2024
NONOPERATING REVENUES (EXPENSES)	
State appropriations	79,034,860
Federal grants	23,611,509
State insurance recovery income	5,632,296
Investment gains	5,192,835
Gain on disposal of assets	66,231
Rental of facilities	484,355
Interest on debt	(8,621,515)
Net nonoperating revenues	105,400,572
Capital activities	
Capital grants and contracts	
State	6,965,738
Increase in net position **	28,107,146
NET POSITION AT BEGINNING OF YEAR	122,157,700
NET POSITION AT END OF YEAR	150,264,846

UNAUDITED

**Does not include current year GASB 68 and GASB 75 adjustments

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

THE INFORMATION IN THIS APPENDIX CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC. NONE OF THE AUTHORITY, THE FOUNDATION, THE UNIVERSITY OR THE UNDERWRITER TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Indenture directs the Authority, the Trustee, the Foundation and certain other persons to deem and treat the person in whose name any Series 2024 Bond is registered in accordance with the Indenture on the registration books maintained pursuant to the Indenture as the owner thereof for all purposes. Notwithstanding the above, so long as the Series 2024 Bonds are held under a book-entry system, transfers and exchanges of beneficial ownership of the Series 2024 Bonds will be effected on the books of The Depository Trust Company ("DTC"), New York, New York or its successor as securities depository for the Series 2024 Bonds, pursuant to its rules and procedures.

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each series of the Series 2024 Bonds, in the aggregate principal amount of such series, 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 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond ("Beneficial Holder") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Holders will not receive written confirmation from DTC of their purchase. Beneficial Holders 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 Holder entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Holders. Beneficial Holders will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 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 the Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Holders of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Holders.

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 Holders will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Holders of the Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Documents. For example, Beneficial Holders of the Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Holders. In the alternative, Beneficial Holders 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 2024 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Series 2024 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 Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Holders 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 (nor its nominee), the Trustee, the Foundation or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Holders will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

SPECIMEN

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________

Authorized Officer

SPECIMEN

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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