

In the opinion of bond counsel, under existing law, assuming compliance with certain covenants described herein, (i) interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes, and (ii) interest on the Series 2025 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Series 2025 Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. In bond counsel's further opinion, under existing law, interest on the Series 2025 Bonds is exempt from all present State, county and municipal taxation in the State of Arkansas. (In this regard, see TAX EXEMPTION herein.)

**NEW ISSUE
BOOK ENTRY ONLY**

**INSURED RATING: S&P "AA" (stable outlook)
UNDERLYING RATING: Moody's "A2" (stable outlook)**



\$10,040,000

**BOARD OF TRUSTEES OF THE UNIVERSITY OF CENTRAL ARKANSAS
STUDENT FEE REVENUE BONDS
SERIES 2025**

Dated: Date of Delivery

Due: September 1, as shown below

The Student Fee Revenue Bonds, Series 2025 Bonds (the "Series 2025 Bonds") are being issued by the Board of Trustees (the "Board") of the University of Central Arkansas (the "University"), pursuant to Arkansas Code Annotated §§ 6-62-301, *et seq.*, as amended, under a Trust Indenture dated as of the dated date of the Series 2025 Bonds (the "Indenture") between the Board and Bank OZK, Little Rock, Arkansas (the "Trustee").

The Series 2025 Bonds are general obligations only of the Board. As more particularly described herein, the Series 2025 Bonds are secured by a specific pledge of the Pledged Revenues (as hereinafter defined) comprised of general tuition and fees earned or received by the University from several sources, as more particularly described herein. Neither the faith and credit nor the taxing power of the State of Arkansas, or any political subdivision thereof, is pledged to the payment of the principal of or the interest on the Series 2025 Bonds and the Series 2025 Bonds are not secured by a mortgage or lien on any lands or buildings belonging to the State of Arkansas or the Board. The Board has no taxing power.

The Series 2025 Bonds are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Series 2025 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2025 Bonds. Individual purchases of the Series 2025 Bonds will be made only in book-entry form, in the denominations of \$5,000 or any integral multiple thereof. Individual purchasers of the Series 2025 Bonds ("Owners") will not receive physical delivery of bond certificates. See "THE BONDS" and "BOOK-ENTRY ONLY SYSTEM," herein.

The scheduled payments of principal of and interest on the Series 2025 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2025 Bonds by Build America Mutual Assurance Company.



Interest on the Series 2025 Bonds is payable semiannually on March 1 and September 1, commencing March 1, 2026. All such interest payments shall be payable to the person in whose name such Series 2025 Bonds are registered on the bond registration books maintained by the Trustee. Disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursement of such payments to Owners is the responsibility of DTC Participants, as more fully described herein.

The Series 2025 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See "THE SERIES 2025 BONDS - Redemption" herein.

FOR THE MATURITY SCHEDULES, SEE THE INSIDE FRONT COVER

The Series 2025 Bonds are offered when, as and if issued, subject to the approval of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel. Certain matters will be passed upon by Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, as counsel to the Underwriter. It is expected that the Series 2025 Bonds will be available for delivery at the facilities of DTC in New York, New York, on or about November 20, 2025.

Date: November 5, 2025



BOARD OF TRUSTEES OF THE UNIVERSITY OF CENTRAL ARKANSAS

\$10,040,000
STUDENT FEE REVENUE BONDS
SERIES 2025

SERIAL BONDS

<u>Maturity</u> <u>(September 1)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>
2026	315,000	5.000	3.000
2027	330,000	5.000	2.900
2028	345,000	5.000	2.900
2029	365,000	5.000	2.920
2030	385,000	5.000	2.920
2031	400,000	5.000	3.000
2032	425,000	5.000	3.100
2033	440,000	3.125	3.150
2034	460,000	5.000	3.220*
2035	480,000	5.000	3.330*

* Priced to September 1, 2032 optional call date.

TERM BONDS

<u>Maturity</u> <u>(September 1)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>
2039	2,145,000	4.000	4.050
2042	1,850,000	4.125	4.300
2045	2,100,000	4.375	4.500

No dealer, broker, salesperson, or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement, and, if given or made, such other information or representations must be relied upon as having been authorized by the Board or Carty, Harding & Hearn, Inc. (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 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from the Board and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their 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 information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2025 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE BOARD FOR PURPOSES OF RULE 15c2-12 ISSUED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(B)(1).

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Series 2025 Bonds or the advisability of investing in the Series 2025 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” and “Appendix D - Specimen Municipal Bond Insurance Policy”.

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\$10,040,000
BOARD OF TRUSTEES OF THE UNIVERSITY OF CENTRAL ARKANSAS
STUDENT FEE REVENUE BONDS
SERIES 2025

INTRODUCTION

This Official Statement, including the cover page and the Appendices, is furnished in connection with the issuance and sale by the Board of Trustees (the “Board”) of the University of Central Arkansas (the “University”) of its \$10,040,000 principal amount of Student Fee Revenue Bonds, Series 2025 (the “Series 2025 Bonds”). The Series 2025 Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the “State”), in particular, Arkansas Code Annotated §§6-62-301 *et seq.* (the “Act”), and a Resolution of the Board adopted on October 3, 2025. The Series 2025 Bonds are secured by a Trust Indenture dated as of the dated date of the Series 2025 Bonds (the “Indenture”) by and between the Board and Bank OZK, Little Rock, Arkansas, as Trustee, Bond Registrar and Paying Agent (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meaning assigned such terms in Exhibit C, hereto.

The Series 2025 Bonds are secured by a specific pledge of the Pledged Revenues (as defined below) earned or received by the University sufficient to pay the principal of, premium, if any, interest on and Trustee’s and Paying Agent’s fee in connection with the Series 2025 Bonds as the same become due and payable, subject to the pledge of the Pledged Revenues to secure the Parity Bonds of the University as more fully described under the caption SECURITY FOR THE SERIES 2025 BONDS. “Pledged Revenues” means that portion of the general tuition and fees paid by students attending the University in each Fiscal Year equal to 110% of the aggregate principal and interest due on the Series 2025 Bonds and on any Parity Bonds for such Fiscal Year.

Specific covenants concerning the Pledged Revenues are described under the caption “SECURITY FOR THE SERIES 2025 BONDS” herein.

The Series 2025 Bonds are being issued to provide funds for the acquisition, construction, and equipping of campus-wide utility infrastructure improvements, including particularly, without limitation, the following: the acquisition, construction, and equipping of a new chiller plant on the north side of campus (the “North Plant”); the installation of new underground district chilled water lines to connect the North Plant with existing district cooling piping and buildings; decommissioning aging, localized chillers; installation and upgrades to campus buildings as part of the integration with new and existing district cooling plants; the construction and equipping of improvements to the South Plant Central Chiller Facility; and the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for the University (collectively, the “Project”), (ii) paying the premium for the Insurance Policy, and (iii) paying all or a portion of the costs of issuance of the Series 2025 Bonds. See “PURPOSES OF THE SERIES 2025 BONDS,” herein.

THE SERIES 2025 BONDS

The Series 2025 Bonds are issuable only as fully registered bonds in the denominations of \$5,000 or any integral multiple thereof, and will be initially 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 2025 Bonds.

The Series 2025 Bonds are dated November 20, 2025 and will bear interest from November 20, 2025, at the rates, and will mature on the dates and in the amounts set forth on the inside cover page hereof. Interest on the Series 2025 Bonds will be payable semiannually on March 1 and September 1 in each year (each an “Interest Payment Date”), commencing March 1, 2026, or if any such day is not a Business Day, on the next Business Day.

The principal and the redemption price of the Series 2025 Bonds are payable by check or draft upon presentation and surrender at the principal corporate trust office of the Trustee. Interest on the Series 2025 Bonds (other than upon redemption) will be paid by check drawn upon the Paying Agent mailed to the Owner thereof determined as of the close of business on the 15th day of the calendar month next preceding an Interest Payment Date, or if such day is not a Business Day, the immediately preceding Business Day (the “Record Date”), except that, to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Owners in whose names any such Series 2025 Bonds (or any Bond or Bonds issued upon transfers or exchange thereof) are registered at the close of business on the 5th Business Day next preceding the date of payment of such defaulted interest. Owners of the Series 2025 Bonds in an aggregate principal amount of not less than \$1,000,000 may arrange for payment of interest on such Bonds by wire transfer of immediately available federal funds, by notice to the Trustee as provided in the Indenture. However, for so long as any Series 2025 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on such Series 2025 Bond and all notices with respect to such Series 2025 Bond shall be made and given, respectively, by the Trustee to DTC as provided in the applicable Indenture. Payments of principal and interest on the Series 2025 Bonds will then be redistributed by DTC. See “BOOK-ENTRY ONLY SYSTEM” herein.

Each Series 2025 Bond shall bear interest from the later of its date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, unless such Series 2025 Bond is registered and authenticated after a Record Date and prior to the next Interest Payment Date, and the Board does not default in the payment of interest, in which case it shall bear interest from such Interest Payment Date.

For every exchange or transfer of the Series 2025 Bonds, the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

Optional Redemption

The Series 2025 Bonds may be redeemed at the option of the Board from funds from any source, in whole or in part at any time, on and after September 1, 2032, at a price of the principal amount being redeemed plus accrued interest to the date of redemption. If fewer than all of the Series 2025 Bonds shall be called for redemption, the particular maturities of the Series 2025 Bonds to be redeemed shall be selected by the Board in its discretion. If fewer than all of the Series 2025 Bonds of any one maturity shall be called for redemption, the particular Series 2025 Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

Mandatory Sinking Fund Redemption

The Series 2025 Bonds maturing on September 1 in the years 2039, 2042, and 2045 (collectively, the “Series 2025 Term Bonds”) are subject to mandatory redemption prior to maturity at a redemption price of the principal amount thereof plus accrued interest to the date of redemption from required sinking fund payments sufficient to redeem on September 1 of each year specified

below respective principal amounts of such Series 2025 Term Bonds indicated for each year, all in the manner provided in the Indenture:

Series 2025 Term Bonds Due September 1, 2039

<u>Year</u>	<u>Principal Amount</u>
2036	\$505,000
2037	525,000
2038	545,000
2039*	570,000

* Final maturity

Series 2025 Term Bonds Due September 1, 2042

<u>Year</u>	<u>Principal Amount</u>
2040	590,000
2041	615,000
2042*	645,000

* Final maturity

Series 2025 Term Bonds Due September 1, 2045

<u>Year</u>	<u>Principal Amount</u>
2043	\$670,000
2044	700,000
2045*	730,000

* Final maturity

At its option, to be exercised on or before the 30th day next preceding any mandatory sinking fund redemption date, the Board (provided that no Event of Default shall have occurred under the Indenture and be continuing) may (i) deliver to the Trustee for cancellation, Series 2025 Bonds of the applicable series and maturity or portions thereof (in denominations of \$5,000 and any integral multiple thereof “Authorized Denominations”) in any aggregate principal amount desired and (ii) receive a credit in respect of its mandatory sinking fund redemption obligation for any Series 2025 Bonds of the same series and maturity (in Authorized Denominations) which prior to said date have been purchased or redeemed (otherwise than through mandatory sinking fund redemption) and by the Trustee and not theretofore applied as a credit against any mandatory sinking fund redemption obligation for the same maturity. Each such Series 2025 Bond or portion thereof so delivered or previously purchased or redeemed and cancelled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof against the obligation to redeem the Series 2025 Bonds of the same maturity on such mandatory sinking fund redemption date, and any excess over such amount shall be credited against future mandatory sinking fund redemption obligations for the same maturity in chronological order, and the principal amount of Series 2025 Bonds of said series and maturity so to be redeemed shall be accordingly reduced.

The Board will, on or before the 30th day next preceding each such mandatory sinking fund redemption date, furnish the Trustee with its certificate indicating whether and to what extent the provisions of (i) and (ii) of the preceding paragraph are to be availed of with respect to such mandatory sinking fund redemption payment.

Selection of Series 2025 Bonds to be Redeemed

The portion of any Series 2025 Bond to be redeemed shall be an Authorized Denomination or any integral multiple thereof and in selecting Series 2025 Bonds for redemption, each Series 2025 Bond shall be considered as representing that number of Series 2025 Bonds which is obtained by dividing the principal amount of such Series 2025 Bond by the minimum Authorized Denomination. If a portion of a Series 2025 Bond shall be called for redemption, a new Series 2025 Bond of like series and maturity in principal amount equal to the unredeemed portion thereof shall be issued to the Bondholder upon the surrender thereof. If for any reason the principal amount of Series 2025 Bonds called for redemption would result in a redemption of Series 2025 Bonds less than the Authorized Denomination, the Trustee is authorized to adjust the selection of Series 2025 Bonds for such purpose in order to minimize any such redemption. Notwithstanding the foregoing, DTC shall select the Series 2025 Bonds for redemption within particular series and maturities according to its stated procedures. See “BOOK-ENTRY ONLY SYSTEM” herein.

Notice of Redemption

When the Trustee receives the Written Request from the Board to redeem any Series 2025 Bonds in accordance with the Indenture, identifying the Series 2025 Bonds or portions thereof to be redeemed, the Trustee will give notice of the redemption of such Series 2025 Bonds, which is to be given by mailing a copy of the redemption notice by first class mail, postage prepaid, or by overnight delivery service, or other acceptable standard means, including facsimile or electronic communication, not more than 60 days and not less than 20 days prior to the date fixed for redemption to the registered Owner (Cede & Co., so long as it is the registered owner in the book-entry system) of the Series 2025 Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the Trustee. Each notice of redemption will state (i) the series and maturities of the Series 2025 Bonds to be redeemed, (ii) the redemption date, (iii) the place or places where amounts due upon such redemption will be payable, (iv) if less than all of the Series 2025 Bonds are to be redeemed, the letters and number or other distinguishing marks of such Series 2025 Bonds so to be redeemed, (v) the CUSIP number (if any), (vi) the date of such notice, (vii) the issuance date for the Series 2025 Bonds to be redeemed, (viii) the interest rate of the Series 2025 Bonds to be redeemed, (ix) the redemption price, (x) the Trustee’s name and the address of the Trustee’s payment office, (xi) the complete official name of the Series 2025 Bonds, and (xii) in the case of the Series 2025 Bonds to be redeemed in part such notice will also specify the respective portions of the principal amount thereof to be redeemed. Such notice will further state that on such date there will become due and payable upon each Series 2025 Bond to be redeemed the redemption price thereof (or the redemption price of the specified portions of the principal thereof in the case of the Series 2025 Bonds to be redeemed in part only), together with interest accrued to the redemption date, and that from and after such date interest thereon will cease to accrue and be payable. A defect in, or failure to give, notice of redemption with respect to any Series 2025 Bond will not invalidate the notice of redemption of any other Series 2025 Bond or Series 2025 Bonds for which notice of redemption has been properly given.

Any notice mailed or given as provided above will be conclusively presumed to have been duly given, whether or not the Owner of such Series 2025 Bonds or such other intended recipient receives such notice.

Upon surrender of any Series 2025 Bond redeemed in part only, the Board will execute (but need not prepare) and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Board, a new Series 2025 Bond or Series 2025 Bonds of Authorized Denominations, and of the same series and maturity, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

While the Series 2025 Bonds are being held by DTC under the book-entry system, notice of redemption will be sent only to DTC. See “BOOK-ENTRY SYSTEM” herein.

PURPOSES OF THE SERIES 2025 BONDS

The proceeds of the Series 2025 Bonds will be used to finance the acquisition, construction, and equipping of campus-wide utility infrastructure improvements, including particularly, without limitation, the following: the acquisition, construction, and equipping of a new chiller plant on the north side of campus (the "North Plant"); the installation of new underground district chilled water lines to connect the North Plant with existing district cooling piping and buildings; decommissioning aging, localized chillers; installation and upgrades to campus buildings as part of the integration with new and existing district cooling plants; the construction and equipping of improvements to the South Plant Central Chiller Facility; and the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for the University (collectively, the "Project"), as well as to pay the premium for the Insurance Policy, and pay the costs of issuance of the Series 2025 Bonds.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2025 Bonds. The ownership of one fully registered Series 2025 Bond for each maturity, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, 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, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representative) own DTC. Access to the DTC system is also available to other such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participant").

Purchases of Series 2025 Bonds under the book-entry system may be made through brokers and dealers who are, or act through, DTC Participants. The DTC Participants shall receive a credit balance in the records of DTC. The ownership interest of the actual purchaser of each Series 2025 Bond (the "Beneficial Owner") is to be recorded on the records of the DTC Participant. Beneficial Owners are to receive a written confirmation of their purchase with details of the Series 2025 Bonds acquired. Transfers of ownership interests in Series 2025 Bonds are to be accomplished by book entries made by DTC and by the DTC Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive Series 2025 Bonds representing their ownership interest therein, except as specially provided in the applicable Indenture. Interest and principal is to be paid to DTC, or its nominee, when due, and then is to be paid by DTC to the DTC Participants and thereafter is to be paid by the DTC Participants to the Beneficial Owners.

NEITHER THE BOARD NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE PERSON FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

Beneficial Owners of the Series 2025 Bonds or those possessing interest in the Series 2025 Bonds will not receive or have the right to receive physical delivery of such Series 2025 Bonds, and will not be or

be considered to be owners thereof under the Indenture. So long as Cede & Co. is the Owner of the Series 2025 Bonds, as nominee of DTC, references herein to Owners of the Series 2025 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners thereof.

For every transfer and exchange of the Series 2025 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue services with respect to the Series 2025 Bonds or any series of bonds at any time by giving notice to the Board and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, the Trustee may make arrangements with a successor securities depository that operates upon reasonable and customary terms. If no such arrangements are made, Series 2025 Bonds are required to be delivered as described in the Indenture. The Beneficial Owner, upon registration of the bonds held in the Beneficial Owner's name, shall become the Owner thereof under the Indenture.

The Board may determine to discontinue the system of book-entry transfers through DTC (or a successor securities depository). In such event, the Series 2025 Bonds are to be delivered as described in the Indenture. The Trustee is entitled to rely on information provided by DTC and the DTC Participants as to the names and principal amounts in which the Series 2025 Bonds are to be registered.

When referring to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to the action by such Beneficial Owner or those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

Principal and interest payments on the Series 2025 Bonds are to be made to DTC or its nominee, Cede & Co., as Registered Owner of the Series 2025 Bonds. Upon receipt of moneys, DTC's current practice is to immediately credit the accounts of the DTC Participants according to their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners are to be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," subject to any statutory and regulatory requirements as may be in effect from time to time, and would be the responsibility of such DTC Participant or Indirect Participant and not of DTC, the Trustee or the Board.

The Trustee and the Board, so long as a book-entry system is used for a series of Series 2025 Bonds, are to send any notice of redemption or other notices required to be sent to Owners of such Series, only to DTC. Any failure by DTC to advise any DTC Participant, or by any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect shall not affect the validity of the redemption of the Series 2025 Bonds of the series called for redemption or of any other action premised on such notice.

The Board and the Trustee have no responsibility or obligation to Direct Participants, Indirect Participants, or Beneficial Owners with respect to: (a) the payment by DTC, Direct Participants or Indirect Participants of the principal of or interest on the Series 2025 Bonds; (b) the providing of notice to Direct Participants, Indirect Participants, or Beneficial Owners; or (c) the accuracy of any records maintained by DTC, Direct Participants, or Indirect Participants.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2025 Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The

Policy guarantees the scheduled payment of principal of and interest on the Series 2025 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is 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 municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by 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 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 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 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the 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 Bonds, nor does it guarantee that the rating on the 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, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$503.3 million, \$258.1 million and \$245.2 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 Bonds or the advisability of investing in the 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 Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2025 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

SECURITY FOR THE SERIES 2025 BONDS

General

The Series 2025 Bonds are general obligations only of the Board and do not constitute an indebtedness for which the full faith and credit of the State or any of its revenues are pledged, and the Series 2025 Bonds are not secured by a mortgage or lien on any land or buildings belonging to the State or the Board. The Series 2025 Bonds are secured by a specific pledge of, and are payable primarily from, a separate and distinct source of revenues, as discussed below. To the extent that the Pledged Revenues and

the Trust Estate (as defined in the Indenture) are insufficient to pay the obligations of the Board pursuant to the Indenture, the Board shall pay such obligations from such other moneys as are available to the Board under the Constitution and laws of the State.

The University charges each student various tuition and fees. Certain fees, referred to hereafter as other auxiliary fees are allocated to special purposes, specifically to the support and operation of the student health center; the student union; the student health, physical education and recreational center (HPER); student intercollegiate athletics; student publications; parking and student activities. The remaining collections of student tuition and fees are classified either as (i) “educational and general” tuition and fees and are applied to the operations of the University’s educational programs, maintenance and operational departments, and to pay debt service on revenue bonds issued for educational and general facilities; or (ii) “housing and food service” fees and are applied to cover the costs of operating student housing and food service facilities and to pay debt service on revenue bonds issued for housing and food service facilities.

Student Tuition and Fee Revenues; Pledged Revenues. The Series 2025 Bonds are secured by the Pledged Revenues (that portion of the general tuition and fees paid by students attending the University in each Fiscal Year equal to 110% of the aggregate principal and interest due on the Bonds (being the Series 2025 Bonds, together with any Additional Bonds; See Appendix C, hereto) and on any Parity Bonds for such Fiscal Year) and are issued on a parity of security with outstanding bonds of the University secured by Pledged Revenues. The Board may issue Additional Bonds and Parity Obligations with a pledge of Pledged Revenues on a parity with the pledge in favor of the Series 2025 Bonds. See “SECURITY FOR THE BONDS – Additional Bonds, Parity Obligations and Other Permitted Indebtedness,” herein.

Rate Covenant. In the Indenture, the Board has covenanted to maintain the Pledged Revenues (including the obligation to increase the same if and when necessary) in an amount which will enable it to honor the pledge to the Series 2025 Bonds and all outstanding pledges of the Pledged Revenues, or any portion thereof, as it relates to the Parity Bonds and Other Obligations. See the caption, “Additional Bonds, Parity Obligations and Other Permitted Indebtedness” below and “SUMMARY OF THE INDENTURE – Use of Pledged Revenues and Flow of Funds” herein.

See “THE UNIVERSITY - Pledged Revenues” herein for further data concerning the Pledged Revenues for the prior five Fiscal Years.

Outstanding Student Tuition and Fees Bond Issues; Parity Bonds. The Series 2025 Bonds are issued on a parity of security with the Board’s Student Fee Revenue Refunding Bonds, Series 2006B (the “Series 2006B Bonds”), the Board’s Student Fee Revenue Refunding Bonds, Series 2015 (the “Series 2015 Bonds”), the Board’s Student Fee Revenue Bonds, Series 2019A and Taxable Series 2019B (collectively, the “Series 2019 Bonds”), the Board’s Student Fee Revenue Bonds, Series 2020A (the “Series 2020A Bonds”), the Board’s Student Fee Revenue Bonds, Refunding Series 2020D (the “Series 2020D Bonds”), and the Board’s Student Fee Revenue Bonds, Taxable Refunding Series 2020E (the “Series 2020E Bonds,” and collectively with the Series 2006B Bonds, the Series 2015 Bonds, the Series 2019 Bonds, the Series 2020A Bonds, the Series 2020D Bonds, and the Series 2020E Bonds, the “Existing Parity Bonds,” and together with any Parity Obligations, the “Parity Bonds”).

Additional Bonds, Parity Obligations and Other Permitted Indebtedness

No Additional Bonds or other obligations of indebtedness may be issued with a prior pledge of the Pledged Revenues.

The Board may issue one or more series of Additional Bonds for the purpose of purchasing, constructing, reconstructing, enlarging or repairing buildings, structures, parking facilities, and other

improvements suitable for the University, and/or to refund indebtedness previously incurred for such purposes, secured by a parity lien on and ratably payable from Pledged Revenues provided in each instance that:

(i) The Board is in full compliance with all covenants and undertakings in connection with all of its bonds then Outstanding and payable from all or any portion of the Pledged Revenues;

(ii) The Authorized Board Representative certifies that the general student tuition and fees are being maintained at 110% of the current annual debt service on the Bonds, the Parity Bonds, and all other issues previously issued secured by those revenues;

(iii) The Authorized Board Representative certifies that general student tuition and fees will be maintained at a level of 110% of the current annual debt service on the then Outstanding Bonds and the then Outstanding Parity Bonds, together with the Additional Bonds then proposed to be issued and all other issues previously issued by the Board secured by those revenues; and

(iv) A written opinion of Bond Counsel to the effect that the issuance of Additional Bonds and the execution thereof have been duly authorized, all conditions precedent to the delivery thereof have been fulfilled, and the exclusion from gross income of the interest on the Series 2025 Bonds for federal income tax purposes will not be affected by the issuance of any such Additional Bonds.

Nothing in the Indenture shall prohibit the Board from issuing bonds or other obligations of indebtedness other than under the Indenture. Such obligations may, subject to compliance with the terms of the Indenture, be issued with a pledge of Pledged Revenues on a parity with the pledge of Pledged Revenues securing the Bonds. Obligations issued with a pledge of Pledged Revenues on a parity with the pledge of Pledged Revenues securing the Bonds shall be referred to herein as “Parity Obligations.” Other Obligations may also be issued by the Board from time to time.

SOURCES AND USES OF FUNDS

It is projected that the sources and uses of funds will be as follows:

Sources:

Par Amount	\$10,040,000.00
Net Reoffering Premium	<u>202,365.15</u>

TOTAL SOURCES:	<u>\$10,242,365.15</u>
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Uses:

Deposit to Project Account	\$10,005,485.10
Costs of Issuance*	<u>236,880.05</u>

TOTAL USES	<u>\$10,242,365.15</u>
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* Includes Underwriter’s Discount, Bond Counsel and Underwriter’s Counsel fees, rating agency fee, bond insurance premium, and Trustee’s fee and expenses.

THE UNIVERSITY

History

The University is a State institution of higher education established in 1907 by the General Assembly of the State of Arkansas, and originally named the Arkansas State Normal School. Instruction began in 1908 with 107 students and a faculty of ten in one partially-completed building. The University's 2025 fall head count enrollment is 9,735 net of Concurrent Enrollment.

The changing character of the institution was recognized in 1925 with the change in its name to Arkansas State Teachers College. Marked changes have continued as the institution assumed responsibility for liberal arts and education and increased its specialized programs. Its name was changed in 1967 to State College of Arkansas and in 1975 to the University of Central Arkansas.

The University is composed of the College of Arts, Humanities, and Social Sciences; College of Business; College of Education; College of Health and Behavioral Sciences; College of Science and Engineering; and graduate programs in a variety of disciplines. Other academic units include an undergraduate Honors College and a range of academic support services. The University provides educational opportunities to its students in preparation for graduate study, professional training, or immediate career entry in certain fields. See "Academic Programs" below.

Accreditation; Memberships

The University is a member of and accredited by the Higher Learning Commission (HLC) as an associates, bachelor's, master's, specialist's, and doctoral degree granting institution.

The master's and baccalaureate degrees in business administration are accredited by AACSB International – The Association to Advance Collegiate Schools of Business.

The Council for the Accreditation of Educator Preparation (CAEP) (formerly the National Council for the Accreditation of Teacher Education, or NCATE) accredits the teacher education program at the initial teacher preparation level and advanced levels.

The National Association for the Education of Young Children (NAEYC) accredits the University's Child Study Center.

The following education programs have received national recognition from their specialized professional associations: Elementary Education – Association for Childhood Education International (ACEI); Special Education – Council for Exceptional Children (CEC); Middle-Level Education – Association for Middle Level Education (AMLE); English Education – National Council of Teachers of English (NCTE); Mathematics Education – National Council of Teachers of Mathematics (NCTM); Science Education – National Science Teachers Association (NSTA); Social Studies Education – National Council for the Social Studies (NCSS); Library Media Science – American Association of School Librarians (AASL); School Leadership – Educational Leadership Constituent Council (ELCC); Reading – International Literacy Association (ILA); Dyslexia curricula at undergraduate and graduate levels – The International Dyslexia Association (IDA).

The master's degree program in athletic training is accredited by the Commission on Accreditation of Athletic Training Education. The graduate dietetics internship program and the undergraduate didactic program in dietetics are accredited by the Accreditation Council for Education in Nutrition and Dietetics. The baccalaureate program in interior design is accredited by the Counsel for Interior Design Accreditation.

The baccalaureate, master's, post-master's certificate and DNP programs in nursing are accredited by the Commission on Collegiate Nursing Education. The master's degree program in occupational therapy is accredited by and the entry-level doctoral program in occupational therapy has been granted candidacy status by the Accreditation Council for Occupational Therapy Education. The physical therapist education program is accredited by the Commission on Accreditation in Physical Therapy Education, and the Pediatric Physical Therapy Residency is accredited by the American Physical Therapy Association as a post-professional residency for physical therapists in pediatrics. The tracks in the doctoral program in psychology (counseling psychology and school psychology) are both accredited by the American Psychological Association, and the educational specialist program in school psychology is accredited by the National Association of School Psychology. The master's degree program in communication sciences and disorders is accredited by the Council on Academic Accreditation in Audiology and Speech-Language Pathology.

The professional curricula in the following baccalaureate programs are accredited in affiliated professional education programs: medical laboratory science at Baptist Health College (National Accrediting Agency for Clinical Laboratory Sciences), radiography at Baptist Health College and St. Vincent Infirmity Medical Center (Joint Review Committee on Education in Radiologic Technology), and nuclear medicine technology at Baptist Health College (Joint Review Committee on Education Programs in Nuclear Medicine Technology).

The University of Central Arkansas is an accredited institutional member of the National Association of Schools of Art and Design (NASAD) (programs: Art, Studio Art, and Interior Design), the National Association of Schools of Music (program: Music), and the National Association of Schools of Theatre (program: Theatre).

The baccalaureate degree in chemistry is approved by the Committee on Professional Training of the American Chemical Society. The baccalaureate degree in computer science is accredited by the Computing Accreditation Commission of ABET.

The University of Central Arkansas' concurrent enrollment program is accredited by the National Alliance of Concurrent Enrollment Partnerships.

The University of Central Arkansas Police Department is accredited by the Arkansas Law Enforcement Accreditation Program.

Location and Facilities

The University is located in the City of Conway, Faulkner County, Arkansas, which is approximately 30 miles north of Little Rock, 130 miles east of Fort Smith, and 157 miles west of Memphis, Tennessee. The University's campus consists of 180 buildings including houses, apartments, residence halls, educational buildings and other main campus buildings with a total of 3,433,716 gross square feet which, together with contents, have a cost and insured value of approximately \$1.251 billion. The University is located on approximately 356.25 acres in the southwest portion of Conway. The following table reflects the population of the City of Conway and Faulkner County for the years indicated:

<u>Year</u>	<u>Conway</u>	<u>Faulkner County</u>
1950	8,610	25,289
1960	9,791	24,303
1970	15,510	31,478
1980	20,375	46,192
1990	26,481	60,006
2000	43,167	86,014
2006	52,262*	94,000
2010	58,908	113,237
2020	64,134	123,498
2024	70,704 (est)**	136,611(est)**

Source: U.S. Census Bureau, Population Division

* Special Census Count in January 2006

** 2024 Estimated population from ACS Demographic and Housing Estimates, U.S. Census Bureau

Board of Trustees

The University is governed by the Board of Trustees composed of seven members. Each member is appointed by the Governor of Arkansas for a seven-year term. Terms of office are staggered, with one member completing a term each year.

The current members of the Board, offices held, the years in which their terms expire, and their principal occupations are as follows:

<u>Name and Office</u>	<u>Term Expires (January 14)</u>	<u>Principal Occupation</u>
Dr. Michael Stanton, Chair	2029	Surgeon
Jim Rankin, Jr., Vice-Chair	2030	Attorney and Real Estate Development/Management
Kelley Erstine, Secretary	2031	CEO of Independent Insurance Agents of Arkansas
Dr. Terry Fiddler*	2026	Retired
Curtis Barnett	2027	President and CEO of Arkansas Blue Cross and Blue Shield
Amy Denton	2028	Business Owner of Pediatrics Plus
Kay Hinkle	2032	Retired

* Dr. Fiddler is the father of a member at Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., counsel to the Underwriter.

Administration

The current administrative officers of the University are:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Dr. Houston Davis	52	President
Michael Hargis	49	Provost and Executive Vice President
Terri Canino	58	Vice President for Finance and Administration
Robin Williamson	51	Vice President for Student Affairs
Dr. Mary Lackie	63	Vice President for Advancement
Trevor Seifert	51	Chief Information Officer
Kevin Thomas	45	Vice President for Enrollment Services & Student Success
Matt Whiting	37	Athletic Director
Amy Whitehead	41	Chief of Staff
Warren Readnour	57	General Counsel
Jeremy Gillam	49	Director of Governmental Affairs and External Relations

Academic Programs

At present, the University consists of six colleges - the College of Business, the College of Education, the College of Fine Arts and Communications, the College of Health and Behavioral Sciences, the College of Liberal Arts, the College of Natural Sciences and Mathematics - and a graduate school. Each college has within it a number of departments. Offerings for most departments extend from freshman level to graduate level courses.

Students of the University may select a plan of study leading to one of the eight baccalaureate degrees conferred by the University: Bachelor of Arts, Bachelor of Business Administration, Bachelor of Music, Bachelor of Science, Bachelor of Science in Nursing, Bachelor of Fine Arts, Bachelor of Professional Studies, and Bachelor of Science in Education. The University confers eight masters and two doctoral degrees.

Employees

As of June 30, 2025, the University employed approximately 1,829 employees, including both full and part-time employees. The number of employees by area of service is as follows:

<u>Area of Service</u>	<u>Number of Employees</u>
Full-Time Faculty	518
Full-Time Staff	804
Part-Time Faculty	176
Part-Time Staff	103
Graduate Assistants	<u>228</u>
Total	1,829

Enrollment

Approximately 75% of the University's undergraduate students enrolled in the fall term of 2025 are Arkansas residents. Approximately 17% of all students are from Faulkner County. Additionally, the University enrolls students from 49 states and 66 foreign countries.

Unconditional entrance requirements for freshman enrollment are as follows: Minimum ACT 17 or equivalent scores on comparable tests, along with a high school grade point average of 2.5.

The following table lists the mean ACT scores of first time undergraduates enrolled at the University for the last five fall semesters:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Composite Score	24.2	23.0	22.4	22.4	22.1

Student head count enrollment for the most recent five fall semesters was as follows:

Year	Total Enrollment	Concurrent Enrollment	Net of Concurrent
2021	10,105	384	9,721
2022	9,913	318	9,595
2023	9,790	340	9,450
2024	10,112	392	9,720
2025	9,962	227	9,735

The University has affiliations with various high schools and has contracted to offer anywhere from one to numerous sections of a variety of courses. These courses are taught on the high school campuses, using high school facilities and high school personnel, under the guidance of UCA faculty and staff. UCA receives minimal direct financial benefit from Concurrent Student Enrollment and has curtailed some of these programs.

Student head count enrollment for the first time entering undergraduate students for the most recent five fall semesters was as follows:

<u>Year</u>	<u>Enrollment</u>
2021	1,854
2022	1,803
2023	1,737
2024	2,182
2025	2,079

Appropriations

The operations of the University are funded from a variety of sources including direct appropriations by the State of Arkansas and tuition and fees charged to students.

The State portion of the Board's budget is subject to appropriation by the General Assembly of the State every year, and the Board has no control over the amounts so appropriated. There can be no assurance that the levels of future appropriations to the Board will not impair its ability to make payments on the Bonds. The Arkansas Supreme Court has ruled that the State's public school (primary and secondary) funding system is a priority for appropriation of State funds.

For additional information see APPENDIX F – UNIVERSITY OF CENTRAL ARKANSAS – BASIC FINANCIAL STATEMENTS AND OTHER REPORTS – LEGISLATIVE JOINT AUDITING COMMITTEE.

Student Tuition and Fees

Educational and general student tuition and fees per full-time student for the most recent five years was as follows:

<u>Year</u>	<u>Amount¹</u>
2021	\$8,063
2022	8,258
2023	8,472
2024	8,783
2025	9,173

¹ Does not include student activity fees, student athletic fees, the student center fees, publication fees, student activity board fees, student health service fees, and radio fees, which are applied to designated purposes.

Set forth below are historical collections of the University's educational and general student tuition and fees for the Fiscal Years indicated:

<u>Fiscal Year</u>	<u>Total Student Tuition and Fees¹</u>	<u>Net Student Tuition and Fees¹</u>
2020-21	\$84,613,406	\$59,504,614
2021-22	84,598,009	61,010,069
2022-23	85,132,721	62,123,061
2023-24	87,561,094	64,662,790
2024-25 ²	94,964,683	70,433,034

¹ Does not include student activity fees, student athletic fees, health service fees, student activity board fees, and the student center fee, which are applied to designated purposes. Amount shown is net of student fee transfer to Auxiliary Funds.

² Unaudited

Maximum annual debt service for all outstanding Student Tuition and Fee Bonds, including the Series 2025 Bonds is \$7,193,624.06.

Outstanding Bonded Indebtedness

Housing System Bond Issues. The following table sets forth information concerning the bonds which are secured by a pledge of revenues of the Housing System of the University expected as of November 30, 2025*:

<u>Issue</u>	<u>Purpose of Bonds</u>	<u>Principal Outstanding November 30, 2025*</u>
2015 Series A	Housing System	\$13,660,000
2017 Series A	Housing System	15,120,000
2019 Series C	Housing System	10,905,000
2020 Series B	Housing System	29,840,000
2020 Series C	Housing System	<u>8,660,000</u>
	TOTAL	\$78,185,000

* Outstanding principal amounts shown are as of November 30, 2025 and incorporate all payments made on September 1, 2025 and assumes that all payments due on November 1, 2025 are made as scheduled, as applicable.

Student Tuition and Fee Bond Issues. The following table lists outstanding bonds, which are secured by a portion of educational and general student tuition and fees of the University expected as of November 30, 2025*:

<u>Issue</u>	<u>Purpose of Bonds</u>	<u>Principal Outstanding November 30, 2025*</u>
2006 Series B	Refund 1996B	\$345,000
2015 Student Fee	Refund 06D, 06E, 07A & 07B	9,410,000
2019 Series A	Integrated Health, IT Refresh	33,615,000
2019 Series B	Integrated Health	3,855,000
2020 Series A	Windgate Fine & Performing Arts	17,925,000
2020 Series D	Refund 2010B	6,485,000
2020 Series E	Refund 2014	10,560,000
Series 2025	HVAC	<u>10,040,000</u>
TOTAL		\$92,235,000

Total Student Tuition and Fee Revenue Net Debt Service*

<u>Date</u>	<u>Series 2006B</u>	<u>Series 2015</u>	<u>Series 2019A</u>	<u>Series 2019B (Taxable)</u>	<u>Series 2020A</u>	<u>Series 2020D</u>	<u>Series 2020E (Taxable)</u>	<u>Series 2025</u>	<u>Total</u>
06/30/2026	366,131.26	1,291,775.00	1,430,235.00	1,382,464.50	1,058,725.00	849,225.00	690,785.70	124,282.60	7,193,624.06
06/30/2027	-	1,296,675.00	1,430,235.00	1,098,832.75	1,060,350.00	849,575.00	690,251.33	750,112.50	7,176,031.58
06/30/2028	-	1,023,806.25	1,430,235.00	1,097,996.50	1,055,850.00	849,325.00	683,921.18	748,987.50	6,890,121.43
06/30/2029	-	1,019,593.75	1,430,235.00	1,095,127.00	1,062,750.00	843,550.00	686,248.23	747,112.50	6,884,616.48
06/30/2030	-	1,019,650.00	1,688,610.00	840,345.00	1,061,150.00	852,100.00	687,575.68	749,362.50	6,898,793.18
06/30/2031	-	1,018,893.75	2,528,485.00	-	1,058,750.00	982,875.00	787,102.50	750,612.50	7,126,718.75
06/30/2032	-	1,020,156.25	2,525,110.00	-	1,060,450.00	985,875.00	784,858.15	745,987.50	7,122,436.90
06/30/2033	-	1,018,281.25	2,528,735.00	-	1,056,250.00	983,050.00	781,828.88	750,362.50	7,118,507.63
06/30/2034	-	1,020,187.50	2,525,947.50	-	1,056,150.00	979,475.00	782,934.16	747,862.50	7,112,556.66
06/30/2035	-	1,020,781.25	2,525,535.00	-	1,058,375.00	-	783,033.08	749,487.50	6,137,211.83
06/30/2036	-	1,020,062.50	2,525,535.00	-	1,058,125.00	-	782,097.00	745,987.50	6,131,807.00
06/30/2037	-	865,937.50	2,526,910.00	-	1,062,200.00	-	779,193.75	748,887.50	5,983,128.75
06/30/2038	-	-	2,529,410.00	-	1,060,600.00	-	779,506.25	748,287.50	5,117,803.75
06/30/2039	-	-	2,527,910.00	-	1,058,400.00	-	784,110.00	746,887.50	5,117,307.50
06/30/2040	-	-	2,528,005.00	-	1,060,525.00	-	783,005.00	749,587.50	5,121,122.50
06/30/2041	-	-	2,525,460.00	-	1,056,975.00	-	781,270.00	746,018.75	5,109,723.75
06/30/2042	-	-	2,525,350.00	-	1,057,750.00	-	783,826.25	746,165.63	5,113,091.88
06/30/2043	-	-	2,527,485.00	-	1,057,775.00	-	775,752.50	750,178.13	5,111,190.63
06/30/2044	-	-	2,526,770.00	-	1,057,050.00	-	777,048.75	747,218.75	5,108,087.50
06/30/2045	-	-	2,526,000.00	-	1,055,575.00	-	-	747,250.00	4,328,825.00
06/30/2046	-	-	2,529,800.00	-	1,058,275.00	-	-	745,968.75	4,334,043.75
06/30/2047	-	-	2,525,100.00	-	1,055,150.00	-	-	-	3,580,250.00
06/30/2048	-	-	2,526,800.00	-	1,056,200.00	-	-	-	3,583,000.00
06/30/2049	-	-	2,529,600.00	-	1,056,350.00	-	-	-	3,585,950.00
06/30/2050	-	-	-	-	1,055,600.00	-	-	-	1,055,600.00
Total	\$366,131.26	\$12,635,800.00	\$55,423,497.50	\$5,514,765.75	\$26,455,350.00	\$8,175,050.00	\$14,384,348.39	\$15,086,607.61	\$138,041,550.51

* Outstanding principal amounts shown are as of November 30, 2025 and incorporate all payments made on September 1, 2025 and assumes that all payments due on November 1, 2025 are made as scheduled, as applicable.

Additionally, the University expects to issue additional student fee revenue bonds in the approximate principal amount of \$40,000,000 for the purpose of financing a portion of the costs of the acquisition, construction, furnishing, and equipping of a new Multi-Purpose Arena. The University is still working on the design of the building but estimates that it will be approximately 100,000 square feet, will seat approximately 2,500 people, and will be used to host a variety of events, including convocations, banquets, and recruitment events. The University will embark on a capital campaign through the design, development and construction phases to help cover the remaining costs of the Multi-Purpose Arena. Construction is anticipated to begin in the next two and a half years.

Auxiliary Revenues Bond Issues. The following table lists outstanding bonds, which are secured by special student fees expected as of November 30, 2025*:

<u>Issue</u>	<u>Purpose of Bonds</u>	<u>Principal Outstanding November 30, 2025</u>
2006 Series C	Athletic Facilities	\$345,000
2012 Series A	Capital Improvement	8,535,000
2015 Auxiliary	Refund 06D, 06E, 07A & 07B	1,495,000
2017 Auxiliary	Refund (Partial) 12A	<u>2,110,000</u>
TOTAL		\$12,485,000

As of November 30, 2025, the total outstanding bonded indebtedness of the University will be \$182,905,000, of which \$92,235,000 (50.42%) is secured by educational and general student tuition fees; \$12,485,000 (6.83%) is secured by Auxiliary Revenues; and \$78,185,000 (42.75%) is secured by Housing Revenues. Note that these totals assume the payment of the bonded indebtedness that will be due on November 1, 2025.

Other Outstanding Indebtedness

In addition to the University's bonded indebtedness previously described, the University has additional outstanding obligations as described below.

2013 Loan Agreement. Pursuant to a Loan Agreement dated as of May 28, 2013 (the "Bank Loan Agreement") between the Board and First Security Bank (the "Bank"), the Board incurred an unsecured loan in the original principal amount of \$2,810,072 (the "Bank Loan") for the purpose of financing the acquisition of certain athletic facilities from the UCA Foundation, Inc. The Bank Loan bears interest at a rate of 3.94%. Interest installments are payable on a monthly basis. The entire outstanding principal amount of the Bank Loan is due as a balloon payment on May 28, 2028. Upon an event of default by the Board under the Bank Loan Agreement, the Bank has a right to accelerate the entire Bank Loan and to declare all obligations under the Bank Loan Agreement to be immediately due and payable. See Note 13 of Appendix F attached hereto. The Bank Loan matures in the following amounts and fiscal years:

* Outstanding principal amounts shown are as of November 30, 2025 and incorporate all payments made on September 1, 2025 and assumes that all payments due on November 1, 2025 are made as scheduled, as applicable.

<u>Year</u>	<u>Amount</u>
2026	\$225,807
2027	234,994
2028	<u>223,613</u>
TOTAL	\$684,414

2019 Installment Purchase Agreement. Pursuant to an installment purchase agreement dated as of July 16, 2019 (the “Installment Purchase Agreement”) between the Board and the University of Central Arkansas Foundation, Inc., the Board financed the acquisition of Greek Village Phase II student housing facilities. The Board pays \$211,135.86 on a semi-annual basis until January 1, 2050. The Installment Purchase Agreement is not secured by the Pledged Revenues, revenues of the housing system pledged to the payment of the outstanding Housing System Bonds, or revenues pledged to the payment of the outstanding Auxiliary Revenue Bonds. See Note 14 of Appendix F attached hereto. The aggregate principal amounts to be paid by the Board until maturity are set out in the table below.

<u>Year</u>	<u>Amount</u>
2026	\$ 140,373
2027	146,761
2028	153,440
2029	160,422
2030-2050	<u>5,698,115</u>
TOTAL	\$6,299,111

Subscription-Based Information Technology Arrangements. The Board has entered into several subscription-based information technology arrangements (“SBITAs”) as set forth in Note 27 of Appendix F attached hereto. Additionally, in September 2025, the Board entered into an SBITA with an educational technology company for the use of a new learning management system. The contract term is four years commencing January 1, 2026 and ending December 31, 2029. At the end of the initial term, the Board has the option to renew the contract for an additional three years. The first annual payment is \$40,500, with payments for the remaining years of the initial contract term ranging from \$222,526.23 to \$236,078.07.

TAX EXEMPTION

In the opinion of Friday, Eldredge & Clark, LLP, bond counsel, under existing law, interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Series 2025 Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion of bond counsel is subject to the condition that the Board comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal tax purposes. These requirements generally relate to arbitrage, the use of proceeds of the Series 2025 Bonds and the capital improvements financed with proceeds of the Series 2025 Bonds. The Board has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2025 Bonds in gross income for federal tax purposes to be retroactive to the date of issuance of the Series 2025 Bonds.

The proposed opinion of bond counsel is attached as Appendix A hereto. Bond counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2025 Bonds.

Purchasers of the Series 2025 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States); property and casualty insurance companies; banks, thrifts or other financial institutions; certain recipients of Social Security or Railroad Retirement benefits; taxpayers otherwise entitled to claim the earned income tax credit; and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors concerning their tax consequences of purchasing and holding the Series 2025 Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Series 2025 Bonds from realizing the full current benefit of the tax status of such interest. It cannot be predicted whether or in what form any such proposals or clarifications may be enacted or approved or whether, if enacted or approved, it would apply to bonds issued before such enactment or approval. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2025 Bonds. Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors regarding any proposed or enacted federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2025 Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

As shown on the inside cover page of this Official Statement, certain of the Series 2025 Bonds are being sold at a premium (collectively, the “Premium Bonds”). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Premium 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 Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

As shown on the inside cover page of this Official Statement, certain of the Series 2025 Bonds are being sold at an original issue discount (collectively, the “Discount Bonds”). The difference between the initial public offering prices, as set forth inside the front cover page, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption, or payment at maturity).

Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield of maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of the Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

State Law

Further, in the opinion of Bond Counsel, under existing laws, the Series 2025 Bonds and interest thereon are exempt from all Arkansas state, county and municipal taxation.

LITIGATION

There is no litigation pending or threatened seeking to restrain or enjoin the issuance or delivery of the Series 2025 Bonds, the proceedings and authority under which the Series 2025 Bonds are to be issued, or questioning the right of the Board to enter into and deliver the Indenture.

LEGAL MATTERS

All legal matters related to the authorization, issuance, sale, and delivery of the Series 2025 Bonds are subject to the approval of Friday, Eldredge & Clark, LLP, Bond Counsel. The unqualified approving opinion of Bond Counsel will be substantially in the form which appears as Appendix A to this Official Statement and will be delivered to the Trustee upon the issuance and delivery of the Series 2025 Bonds. Certain matters will be passed upon for the Underwriter by Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., counsel to the Underwriter.

FINANCIAL STATEMENTS

As an institution of the State, the financial affairs of the University are conducted in compliance with the laws of the State and in conformity with various federal laws, regulations, and procedures applicable to institutions of higher learning receiving financial assistance under federal programs. An annual audit of the University's financial accounts is performed, pursuant to State law, by the Division of Legislative Audit of the Legislative Joint Auditing Committee of the State's General Assembly. Audits are conducted in accordance with governmental accounting standards and applicable State law.

A copy of the audit for the Fiscal Year ended June 30, 2024, prepared by the Division of Legislative Audit is attached as Appendix F and may be obtained at www.arklegaudit.gov or from Ms. Terri Canino,

Vice President for Finance and Administration, University of Central Arkansas, Wingo, Room 312, Conway, Arkansas 72035, telephone number (501) 450-3184. The University's operating budget for the 2024-2025 Fiscal Year is also available upon request to Ms. Canino.

SECONDARY MARKET DISCLOSURE

In the Continuing Disclosure Agreement dated November 20, 2025 (the "Continuing Disclosure Agreement"), between the Board and Bank OZK, as the Dissemination Agent (the "Dissemination Agent"), the Board has covenanted for the benefit of Beneficial Owners of the Series 2025 Bonds to provide certain financial information, if and when available, and operating data by not later than 270 days after the end of the Board's Fiscal Years, commencing with the Fiscal Year ended June 30, 2026 (the "Annual Disclosure Statement"), and to provide notices of the occurrence of certain enumerated events. The Annual Disclosure Statement and notices of listed events will be filed by the Dissemination Agent with the Municipal Securities Rulemaking Board's EMMA system. The Board may satisfy its obligations to file any notice, document or information with the Municipal Securities Rulemaking Board through its continuing disclosure service portal which is provided through EMMA at www.emma.msrb.org, or any similar system acceptable to the Securities and Exchange Commission. These covenants have been made to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The form of the Continuing Disclosure Agreement is attached hereto as Appendix E.

The Rule requires that an issuer disclose in its official statement any instances in the previous five (5) years in which such issuer failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule. In connection with the Board's previous bond issues, the Board entered into individual continuing disclosure undertakings ("Undertakings") in written agreements specified in paragraph (b)(5)(i) of the Rule. In preparation for the issuance of the Series 2025 Bonds, a review has been made of the compliance with the requirements of the Board's Undertakings over the past five years. While the Board has not made any determination as to materiality, the following paragraph summarizes the results of this review.

Since 2020, the Board has made a variety of remedial filings in order to comply with its Undertakings. Primarily, the remedial filings addressed the late filings of financial information and/or operating data identified in the Undertakings. The delay in filing ranged from two to nine months late. The Board has determined that these delays in filing were primarily the result of turnover in key financial roles at the University during this time period. The Board has previously implemented policies, and will continue to monitor on an on-going basis, and propose additional policies and/or amendments as necessary to aid in the Board's compliance with its Undertakings.

FINANCIAL ADVISOR

Stephens Inc. ("Stephens") is employed by the Board to perform professional services in the capacity of financial advisor. In its role as financial advisor to the Board, Stephens has provided advice on the plan of financing and structure of the Series 2025 Bonds, and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. Stephens has not independently verified the factual information contained in this Official Statement, but relied on the information supplied by the Board and other sources and the Board's certification as to the Official Statement.

UNDERWRITING

The Underwriter has agreed to purchase the Series 2025 Bonds at a price of \$10,197,185.15 (being the principal amount thereof plus net reoffering premium of \$202,365.15 and less Underwriter's discount of \$45,180.00) pursuant to a Bond Purchase Agreement dated November 5, 2025 (the "Bond Purchase

Agreement”). The Bond Purchase Agreement requires that the Underwriter shall purchase all of the Series 2025 Bonds offered hereby if any are purchased, and that the obligation to make such purchase is subject to the approval of certain legal matters by Bond Counsel and certain other conditions. The Underwriter is purchasing the Series 2025 Bonds for resale in the normal course of the Underwriter’s business activities. The Underwriter reserves the right to offer any of the Series 2025 Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine.

RATING

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) is expected to assign the Series 2025 Bonds a rating of “AA” (stable outlook) based upon the issuance of the Insurance Policy insuring the timely payment of principal and interest issued by Build America Mutual Assurance Company at the time of delivery of the Series 2025 Bonds. The underlying credit rating for the Series 2025 Bonds is “A2” (stable outlook) by Moody’s Investors Service (“Moody’s”). Such ratings reflect only the views of S&P and Moody’s, respectively, and an explanation of the significance of such ratings may be obtained from S&P at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041, and from Moody’s at the following address: Moody’s Investors Service, 99 Church Street, New York, New York 10007, telephone: (212) 553-0300. S&P and Moody’s are independent of any investment banking firm, bank, or similar institution.

Generally, a rating agency bases its rating on materials and information furnished to the rating agency and on investigations, studies, and assumptions by the rating agency. The debt rating is not a recommendation to purchase, sell, or hold a security, inasmuch as it does not comment as to market price or suitability for a particular investor. There can be no assurance that such rating will continue for any given period of time or that it will not be lowered, suspended, or withdrawn entirely by the rating agency. Any such downward change in, or suspension or withdrawal of, any such rating may have an adverse effect on the marketability of and secondary market price for the Series 2025 Bonds.

ADDITIONAL INFORMATION

To the best of the knowledge of the undersigned, this Official Statement does not include any untrue statement of material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement has been duly authorized by the Board. This Official Statement is dated the date shown on the cover page hereof.

**BOARD OF TRUSTEES OF THE
UNIVERSITY OF CENTRAL ARKANSAS**

By: _____
Chair

APPENDIX A

[Friday, Eldredge & Clark, LLP Letterhead – form of Bond Counsel Opinion – Series 2025 Bonds]

November 20, 2025

Bank OZK
Little Rock, Arkansas

Carty, Harding & Hearn, Inc.
Little Rock, Arkansas

Re: \$10,040,000 Board of Trustees of the University of Central Arkansas Student Fee
Revenue Bonds, Series 2025

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Board of Trustees of the University of Central Arkansas (the "Board") of its \$10,040,000 Board of Trustees of the University of Central Arkansas Student Fee Revenue Bonds, Series 2025 (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to give the opinions below.

The Bonds are being issued pursuant to Arkansas Code of 1987 Annotated, Title 6, Chapter 62, Subchapter 3 (the "Act"), and a Trust Indenture dated as of November 20, 2025 (the "Indenture"), by and between the Board and Bank OZK, Little Rock, Arkansas, as trustee (the "Trustee").

Regarding questions of fact material to the opinions below, we have relied on the representations of the Board contained in the Indenture and on the certified proceedings and other certifications of public officials furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion, that:

(1) The Board is duly created and validly existing as a body corporate and politic of the State of Arkansas with the corporate power to execute and deliver the Indenture, perform the agreements on its part contained therein and issue the Bonds.

(2) The Indenture has been duly executed and delivered by the Board and, assuming the authorization, execution and delivery thereof by the Trustee, constitutes a valid and binding obligation of the Board enforceable upon the Board in accordance with its terms.

(3) The Bonds do not constitute an indebtedness for which the faith and credit of the State of Arkansas or any of its revenues are pledged and are not secured by a mortgage or a lien on any land or building belonging to the State of Arkansas or the Board. The Bonds are general obligations only of the Board secured by a specific pledge of, and payable primarily from, certain Pledged Revenues, as defined and described in the Indenture. The pledge of the Pledged Revenues in favor of the Bonds is on a parity

with the pledge of the Pledged Revenues in favor of the Parity Bonds (currently consisting of the Board's (i) Student Fee Revenue Refunding Bonds, Series 2006B, (ii) Student Fee Revenue Refunding Bonds, Series 2015, (iii) Student Fee Revenue Bonds, Series 2019A and Taxable Series 2019B, (iv) Student Fee Revenue Bonds, Series 2020A, (v) Student Fee Revenue Bonds, Refunding Series 2020D, and (vi) Student Fee Revenue Bonds, Taxable Refunding Series 2020E) and on a parity with the pledge of the Pledged Revenues in favor of any Parity Obligations (as defined in the Indenture) issued in compliance with the Indenture and any Additional Bonds (as defined in the Indenture) issued under the Indenture.

(4) The Bonds have been duly authorized, executed, and delivered by the Board and are valid and binding obligations of the Board.

(5) Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

(6) The interest on the Bonds is exempt from all state, county, and municipal taxes in the State of Arkansas.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equitable principals, whether considered at law or in equity.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Sincerely yours,

FRIDAY, ELDREDGE & CLARK, LLP

APPENDIX B

SUMMARY OF THE INDENTURE

The following is a summary of the Indenture. The summary does not purport to set forth all of the provisions of the Indenture, to which reference is made of the complete and actual terms thereof. The provisions summarized here are those which are common to the Indenture.

Creation of Funds. The following trust funds and accounts are to be held by the Trustee as further provided in the Indenture:

- (1) Project Fund, within which is a Series 2025 Project Account (the “Series 2025 Project Account”), and a Series 2025 Cost of Issuance Account (the “Series 2025 Cost of Issuance Account”); and
- (2) Bond Fund.

The Trustee may also create such other funds or accounts as it deems necessary or desirable in the administration of the Indenture.

Application of Proceeds of Series 2025 Bonds. (a) The proceeds of the sale of the Series 2025 Bonds shall be deposited by the Trustee as follows:

First, the accrued interest, if any, received upon delivery of the Series 2025 Bonds to the initial purchasers shall be deposited into the Bond Fund;

Second, such moneys as are specified in the Written Request of the Board delivered to the Trustee at or prior to Closing shall be deposited in the Series 2025 Cost of Issuance Account of the Project Fund; and

Third, the remaining proceeds of the Series 2025 Bonds shall be deposited into the Series 2025 Project Account of the Project Fund.

It is understood and agreed that the purchasers of the Series 2025 Bonds may pay the premium for the Insurance Policy and deduct it from the purchase price of the Series 2025 Bonds.

Use of Pledged Revenues and Flow of Funds.

Bond Fund. The Bond Fund shall be maintained as long as any of the Bonds are Outstanding. The moneys in the Bond Fund shall be used solely to pay the principal of, premium, if any, and interest on the Bonds, and the fees and expenses of the Trustee on the next Interest Payment Date.

Deposits into Bond Fund. (a) On February 21, 2026, and each February 21 and August 21 of each year thereafter (or if such is not a Business Day, then on the Business Day preceding such date), the Board shall deposit into the Bond Fund from available moneys an amount equal to the debt service requirements on the Bonds (i.e., maturing principal, principal subject to mandatory sinking fund redemption, premium, if any, and interest) on the next ensuing Interest Payment Date and the fees and expenses of the Trustee. The required deposits shall be reduced by any amount in the Bond Fund available for meeting the purpose for which a deposit is required to be made, including amounts received as accrued interest upon delivery of the Series 2025 Bonds, if any.

The Bonds, and any Parity Bonds shall be specifically secured by a parity pledge of all Pledged Revenues. The obligation to make payments into the Bond Fund and the obligation to make payments into the bond funds for any Parity Bonds (the “Parity Bonds Bond Fund”) shall be on a parity of lien, pledge and security. If Pledged Revenues and such other moneys as are available are insufficient to make the payments into the Bond Fund and any Parity Bonds Bond Funds, the available moneys shall be distributed between the Bond Fund and any Parity Bonds Bond Funds in proportion to the required payments.

Project Fund. (1) Pursuant to Section 401 of the Indenture, there are created and established with the Trustee the following special accounts within the Project Fund:

- (i) the Series 2025 Project Account; and
- (ii) the Series 2025 Cost of Issuance Account.

The Series 2025 Project Account and the Series 2025 Cost of Issuance Account shall be maintained by the Trustee within the Project Fund.

(2) Amounts deposited in the Series 2025 Project Account shall be expended only for the accomplishment of the Project except as hereinafter provided. Amounts deposited in the Series 2025 Cost of Issuance Account shall be expended for the payment of costs of issuance incurred in connection with the issuance of the Series 2025 Bonds. Interest earnings on moneys in the Series 2025 Project Account shall remain in the Series 2025 Project Account.

For each disbursement from the Series 2025 Project Account and the Series 2025 Cost of Issuance Account there shall be prepared a requisition signed by an Authorized Board Representative.

In making such payments from the Series 2025 Project Account and the Series 2025 Cost of Issuance Account, the Trustee may rely on any such requisition, including the Written Request delivered pursuant to Section 207(c)(iii) of the Indenture, and any such certificates delivered to it pursuant to the Indenture and the Trustee shall be relieved of all liability with respect to making such payments in accordance with such requisitions and such supporting certificate or certificates without any investigation.

(3) The Trustee shall maintain records reflecting all disbursements from, and investment income and profits credited to and investment losses charged against moneys in the Series 2025 Project Account and the Series 2025 Cost of Issuance Account.

(4) Notwithstanding any other provision of the Indenture, the Trustee shall, to the extent there are no other available funds held pursuant to the Indenture, use any remaining funds in the Series 2025 Project Account to pay principal of and interest on the Series 2025 Bonds in the event of an Event of Default under the Indenture.

When All Project Costs and Costs of Issuance are Paid Balance Transferred Pursuant to Indenture. When the Project shall have been completed, this fact shall be evidenced by the filing with the Trustee of a certificate signed by an Authorized Board Representative, which certificate shall set forth the date of such completion and shall state that all obligations which are payable from the Series 2025 Project Account have been discharged, and the Authorized Board Representative shall direct the Trustee to pay or transfer any remaining balance of the Series 2025 Project Account into the Bond Fund and cause such moneys to be used as follows: first, to make the interest payment on the Series 2025 Bonds on the next succeeding Interest Payment Date; and second, to redeem the Series 2025 Bonds on the first optional redemption date. Any funds held for the redemption of the Series 2025 Bonds shall be invested in such a manner so as not to cause the Series 2025 Bonds to become “arbitrage bonds” within the meaning of Section

148 of the Code. Moneys remaining on deposit in the Series 2025 Cost of Issuance Account on February 1, 2026 shall be transferred to the Series 2025 Project Account.

Use of Excess Pledged Revenues. So long as any amounts then due and owing the Bond Insurer shall have been paid, the Board may use any surplus Pledged Revenues (being moneys in excess of the amounts necessary to meet the requirements of the Parity Indentures and of Sections 502 and 503 of the Indenture, during the current Fiscal Year) for any lawful purpose.

Rebate of Excess Investment Earnings. The exclusion of the interest paid on the Series 2025 Bonds from gross income for purposes of federal income taxation is dependent upon compliance with the provisions of Section 148 of the Code. The Board shall, unless and until the Board delivers to the Trustee a written opinion of Bond Counsel that no determination is necessary, make the determinations and take the actions hereinafter required and make such further or different determinations and take such further or different actions as are necessary, in the opinion of Bond Counsel, to comply with the requirements of Section 148(f) of the Code. The Trustee, on behalf of, and as agent for, the Board, shall rebate to the United States, not later than 60 days after the end of the five-Bond Year period ending not later than November 19, 2030, and not later than 60 days after the end of each five-Bond Year period thereafter, an amount which ensures that at least ninety percent (90%) of the Rebate Amount (as hereinafter defined) at the time of such payment will have been paid to the United States, and within 60 days after the payment or redemption of all principal of the Series 2025 Bonds, an amount sufficient to pay the remaining unpaid balance of the Rebate Amount, all in the manner and as required by Section 148 of the Code. As used herein, "Rebate Amount" means the amount described in Section 148(f)(2) of the Code, computed in accordance with the provisions of Section 148(f)(2) and the treasury regulations pertaining thereto now or hereafter promulgated.

The Board shall determine the Rebate Amount within 55 days after the end of each fifth Bond Year and upon the discharge of the Series 2025 Bonds shall furnish to the Trustee written verification of such Rebate Amount, with any supporting documentation required to calculate such Rebate Amount (the "Rebate Certificate"). The Board and the Trustee shall retain copies of each Rebate Certificate and records of such determinations until three years after final payment or redemption of all principal of the Series 2025 Bonds.

In determining the Rebate Amount, the Board shall take into account all amounts held under or deposited pursuant to the Indenture and, pending the application of such amounts to the purpose for which such amounts were removed, all amounts removed from under the Indenture.

In making the computations required to make the deposits and rebates provided for in this Section, the Board shall comply with the applicable provisions of any certificate executed and delivered on behalf of the Board upon issuance of the Series 2025 Bonds.

The provisions of this Section shall remain in full force and effect notwithstanding the defeasance of the Series 2025 Bonds.

Investment of Funds.

(a) Moneys held for the credit of any fund held by the Trustee shall, pursuant to the direction of the Authorized Board Representative, be invested and reinvested by the Trustee in Permitted Investments, which shall mature, or shall be subject to redemption by the owner thereof, at the option of the owner, not later than the date or dates when the money held for the credit of the particular fund will be required for the purposes intended, as certified by the Authorized Board Representative.

(b) Except as provided in the Indenture, obligations so purchased as an investment of moneys in any such fund shall be deemed at all times to be a part of such fund, and the interest accruing thereon and any profit realized from such investment shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund.

(c) The Value of such investments shall be determined as of the end of each month.

Provisions Relating to Bond Insurance

The provisions and requirements set forth under this heading are provided and required by the Bond Insurer. The provisions and requirements set forth under this heading shall govern, notwithstanding anything to the contrary set forth in the Indenture. The rights of the Bond Insurer under the Indenture shall cease once the Series 2025 Bonds are no longer outstanding under the Indenture.

(a) Consent of the Bond Insurer in Addition to Bondholder Consent. Any amendment, supplement, modification to, or waiver of, any of the Indenture that requires the consent of holders of the Series 2025 Bonds or adversely affects the rights or interests of the Bond Insurer shall be subject to the prior written consent of the Bond Insurer.

(b) Consent of the Bond Insurer in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Board must be acceptable to the Bond Insurer. The Trustee and each owner of the Series 2025 Bonds appoint the Bond Insurer as their agent and attorney-in-fact with respect to the Series 2025 Bonds and agree that the Bond Insurer may at any time during the continuation of any proceeding by or against the Board under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Series 2025 Bonds delegate and assign to the Bond Insurer, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Series 2025 Bonds with respect to the Series 2025 Bonds in the conduct of any Insolvency Proceeding, 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.

(c) Control of the Bond Insurer Upon Default. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of Series 2025 Bonds or the Trustee for the benefit of the holders of the Series 2025 Bonds under the Indenture. No default or event of default may be waived without the Bond Insurer’s written consent.

(d) The Bond Insurer as Owner. Upon the occurrence and continuance of a default or an event of default, the Bond Insurer shall be deemed to be the sole owner of the Series 2025 Bonds for all purposes

under the Indenture, including, without limitations, for purposes of exercising remedies and approving amendments.

(e) Special Provisions for Insurer Default. If an Insurer Default (as defined below) shall occur and be continuing, then, notwithstanding anything in subsections (a) - (d) above or in Section 1101 of the Indenture to the contrary, (1) if at any time prior to or following an Insurer Default, the Bond Insurer has made payment under the Insurance Policy, to the extent of such payment the Bond Insurer shall be treated like any other holder of the Series 2025 Bonds for all purposes, including giving of consents, and (2) if the Bond Insurer has not made any payment under the Insurance Policy, the Bond Insurer shall have no further consent rights until the particular Insurer Default is no longer continuing or the Bond Insurer makes a payment under the Insurance Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) the Bond Insurer has failed to make any payment under the Insurance Policy when due and owing in accordance with its terms; or (B) the Bond Insurer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Bond Insurer (including without limitation under the New York Insurance Law).

Payment Procedure Under the Insurance Policy. In the event that principal and/or interest due on the Series 2025 Bonds shall be paid by the Bond Insurer pursuant to the Insurance Policy, the Series 2025 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Board, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Board to the registered owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

In the event that on the second (2nd) Business Day prior to any payment date on the Series 2025 Bonds, the Paying Agent or Trustee has not received sufficient moneys to pay all principal of and interest on the Series 2025 Bonds due on such payment date, the Paying Agent or Trustee shall immediately notify the Bond Insurer or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent or Trustee shall so notify the Bond Insurer or its designee.

In addition, if the Paying Agent or Trustee has notice that any holder of the Series 2025 Bonds has been required to disgorge payments of principal of or interest on the Series 2025 Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Paying Agent or Trustee shall notify the Bond Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of the Bond Insurer.

The Paying Agent or Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Series 2025 Bonds as follows:

(a) If there is a deficiency in amounts required to pay interest and/or principal on the Series 2025 Bonds, the Paying Agent or Trustee shall (i) execute and deliver to the Bond Insurer, in form

satisfactory to the Bond Insurer, an instrument appointing the Bond Insurer as agent and attorney-in-fact for such holders of the Series 2025 Bonds in any legal proceeding related to the payment and assignment to the Bond Insurer of the claims for interest on the Series 2025 Bonds, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Insurance Policy payment from the bond insurer with respect to the claims for interest so assigned, (iii) segregate all such payments in a separate account (the “BAM Policy Payment Account”) to only be used to make scheduled payments of principal and interest on the Series 2025 Bonds, and (iv) disburse the same to such respective holders; and

(b) If there is a deficiency in amounts required to pay principal of the Series 2025 Bonds, the Paying Agent or Trustee shall (i) execute and deliver to the Bond Insurer, in form satisfactory to the Bond Insurer, an instrument appointing the Bond Insurer as agent and attorney-in-fact for such holder of the Series 2025 Bonds in any legal proceeding related to the payment of such principal and an assignment to the Bond Insurer of the Series 2025 Bonds surrendered to the Bond Insurer, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Insurance Policy payment therefore from the Bond Insurer, (iii) segregate all such payments in the BAM Policy Payment Account to only be used to make scheduled payments of principal and interest on the Series 2017 Bonds, and (iv) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Series 2025 Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2025 Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2025 Bond or Series 2025 Bonds to the Bond Insurer, registered in the name directed by the Bond Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Series 2025 Bonds shall have no effect on the amount of principal or interest payable by the Board on any Series 2025 Bonds or the subrogation or assignment rights of the Bond Insurer.

Payments with respect to claims for interest on and principal of Series 2025 Bonds disbursed by the Paying Agent or Trustee from proceeds of the Insurance Policy shall not be considered to discharge the obligation of the Board with respect to such Series 2025 Bonds, and the Bond Insurer shall become the owner of such unpaid Series 2025 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise.

Irrespective of whether any such assignment is executed and delivered, the Board and the Paying Agent and Trustee agree for the benefit of the Bond Insurer that:

(A) They recognize that to the extent the Bond Insurer makes payments directly or indirectly (e.g., by paying through the Paying Agent or Trustee), on account of principal of or interest on the Series 2025 Bonds, the Bond Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Board, with interest on Series 2025 Bond principal (but not Series 2025 Bond interest), as provided and solely from the sources stated in the Indenture and the Series 2025 Bonds; and

(B) They will accordingly pay to the Bond Insurer the amount of such principal and interest, with interest on Series 2025 Bond principal (but not Series 2025 Bond interest), as provided in the transaction documents and the Series 2025 Bonds, but only from the sources and in the manner provided therein for the payment of principal of

and interest on the Series 2025 Bonds to holders, and will otherwise treat the bond insurer as the owner of such rights to the amount of such principal and interest.

Additional Payments. The Board agrees unconditionally that it will pay or reimburse the Bond Insurer on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that the Bond Insurer may pay or incur, including, but not limited to, fees and expenses of the Bond Insurer's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Indenture ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of the Bond Insurer spent in connection with the actions described in the preceding sentence. The Board agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to the Bond Insurer until the date the Bond Insurer is paid in full.

Notwithstanding anything in the Indenture to the contrary, the Board agrees to pay to the Bond Insurer (i) a sum equal to the total of all amounts paid by the Bond Insurer under the Insurance Policy; and (ii) interest on Series 2025 Bond principal (but not Series 2025 Bond interest) from the date paid by the Bond Insurer until payment thereof in full by the Board, payable to the Bond Insurer at the stated interest rate for each such Series 2025 Bond (collectively, the "Bond Insurer Reimbursement Amounts") compounded semi-annually. The Board hereby covenants and agrees that the Bond Insurer Reimbursement Amounts are payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Series 2025 Bonds on a parity with debt service due on the Series 2025 Bonds.

Notice and Other Information to be Given to the Bond Insurer. The Board will provide the Bond Insurer with all notices and other information it is obligated to provide to the holders of Series 2025 Bonds or the Trustee under the Indenture.

Exercise of Rights by the Bond Insurer. (a) The rights granted to the Bond Insurer under the Indenture to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Series 2025 Bonds and such action does not evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the holders of the Series 2025 Bonds or any other person is required in addition to the consent of the Bond Insurer.

(b) The Bond Insurer shall be entitled to pay principal or interest on the Series 2025 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Board (as such terms are defined in the Insurance Policy) and any amounts due on the Series 2025 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Bond Insurer has received a claim upon the Insurance Policy.

Sale, Lease, Transfer, Encumbrance or Disposal of Facilities. So long as the Series 2025 Bonds are outstanding or any amounts are due and payable to the Bond Insurer, the Board shall not sell, lease, transfer, or otherwise dispose of the University facilities which are used primarily in connection with activities or programs that generate Pledged Revenues, or any material portion thereof, except upon obtaining the prior written consent of the Bond Insurer.

Events of Default.

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

- (a) Payment of the principal and premium, if any, on any of the Bonds or the Parity Bonds, shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or
- (b) Payment of any installment of interest on the Bonds or the Parity Bonds, shall not be made when after the same shall become due and payable; or
- (c) Occurrence of an “Event of Default” with regard to the Parity Bonds; or
- (d) The Board shall for any reason be rendered incapable of fulfilling its obligations under the Indenture or under the Parity Indentures; or
- (e) Any proceeding shall be instituted, with the consent or acquiescence of the Board, for the purpose of effecting a composition between the Board and its creditors and for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable out of Pledged Revenues; or
- (f) The Board shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Board and the Bond Insurer by the Trustee, which may give such notice in its discretion and shall give such notice upon the written request of (i) the Bond Insurer or (ii) the Owners of not less than 20% in principal amount of the Bonds then Outstanding; provided, however, that if the default is such that it cannot be corrected within the 30-day period, and if, within such 30-day period the Board shall have given notice to the Bond Insurer of corrective action it proposes to take, which corrective action is agreed to in writing by the Bond Insurer to be satisfactory, and the Board shall thereafter pursue such corrective action diligently until such default is cured, then such default shall not constitute an event of default under the Indenture.

Certain other events of default are set forth under the heading “Certain Other Events of Default,” below.

With regard to any default concerning which notice is given to the Board and the Bond Insurer under the provisions of the Indenture, the Board, by the Indenture grants to the Bond Insurer full authority for the account of the Board to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Board with full power to do any and all things and acts to the same extent the Board could do and perform any such things and acts and with power of substitution.

All provisions of those Sections regarding Events of Default are made subject to the rights of the Bond Insurer. See “Provisions Relating to Bond Insurance,” above.

Certain Other Events of Default. If an event of default occurs under any agreement pursuant to which any Obligation of the Board has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Series 2025 Bonds or the Bond Insurer, as the Bond Insurer may determine in its sole discretion, then an event of default shall be deemed to have occurred under the Indenture for which the Bond Insurer or the Trustee, at the direction of the Bond Insurer, shall be entitled

to exercise all available remedies under the Indenture, at law and in equity. For purposes of the foregoing, “Obligation” shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity basis to the Series 2025 Bonds.

Acceleration. Upon the happening and continuance of any Event of Default, then and in every such case, the Trustee may, with the consent of the Bond Insurer, and shall, at the direction of the Bond Insurer or the Owners of not less than 20% in principal amount of the Bonds then Outstanding with the consent of the Bond Insurer, by a notice in writing to the Board and the Bond Insurer, declare the principal of all of the Bonds then Outstanding (if not then due and payable) to be due and immediately payable, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in the Indenture to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any remedy under the Indenture, moneys shall have been accumulated in the Bond Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all Bonds then Outstanding (except the principal of any Bonds not then due by their terms and the interest accrued on such Bonds since the last Interest Payment Date), and the charges, compensation, expenses, advances and liabilities of the Trustee and all other amounts then payable by the Board under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition, agreement or provision contained in the Bonds or in the Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under the Indenture) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the Owners of not less than 20% in principal amount of the Bonds not then due by their terms and then Outstanding shall, by written notice to the Board, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent or impair any right consequent thereon. Reference is made to the provisions described under the heading “Provisions Relating to Bond Insurance,” above, whereby the Bond Insurer is granted the power to direct all remedies for the holders of the Series 2025 Bonds. Any acceleration of the Series 2025 Bonds is subject to the Bond Insurer’s prior written consent.

Other Remedies; Rights and Obligations with Reference to Remedies. Subject to the rights of the Bond Insurer, upon the happening and continuance of any event of default, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than 20% in principal amount of the Bonds then Outstanding under any Indenture shall proceed, upon indemnification of the Trustee, to protect and enforce its rights and the rights of the Owners of the Bonds under the applicable laws of the State or under the Indenture by such suits, action or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained in the Indenture or in aid or execution of a power in the Indenture granted or for the enforcement of any proper legal or equitable remedy, including mandamus, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

Right of Majority of Bondowners to Direct Proceedings. Subject to the rights of the Bond Insurer, upon proper indemnity provided to the Trustee, the Owners of a majority in principal amount of the Bonds then Outstanding under the Indenture shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to the Owners of the Series 2025 Bonds not parties to such direction.

Rights and Remedies of Bondowners. No Owner of any of the Bonds shall have any right to institute any suit, action, mandamus or other proceeding, in equity or at law, for the execution of any trust under the Indenture or for the protection or enforcement of any right under the Indenture or under the laws of the State of Arkansas, unless such Owner shall have previously given to the Trustee written notice of the Event of Default or breach of trust or duty on account of which such suit, action or proceeding is to be taken, and unless the suit, action or proceeding is to be taken, and unless the Owners of not less than 20% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in the Indenture granted or granted by the laws of the State of Arkansas, or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the cost, expense and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time, and such notification, request and offer of indemnity are by the Indenture declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture or to any other remedy under the Indenture. It is understood and intended that no one or more Owners of the Bonds by the Indenture secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture except in the manner in the Indenture provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner in the Indenture provided and for the benefit of all Owners of such Outstanding Bonds, and that any individual rights of action or right given to one or more of such Owners by law are restricted by the Indenture to the rights and remedies in the Indenture provided.

Remedies Vested in Trustee. All rights of action under the Indenture or under any of the Bonds secured by the Indenture enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of the Owners of such Series 2025 Bonds, subject to the provisions of the Indenture, as supplemented.

Discharge of Lien. If the Board shall pay or cause to be paid to the holders of the Bonds the principal, premium and interest to become due thereon at the times and in the manner stipulated therein, and if the Board shall keep, perform and observe all and singular the covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by it on its part, then these presents and the estate and rights hereby granted shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of the Indenture, and execute and deliver to the Board such instruments in writing as shall be requisite to satisfy the lien of the Indenture, and shall reconvey to the Board the estate hereby conveyed, and assign and deliver to the Board any property at the time subject to the lien of the Indenture which may then be in its possession, except cash or Government Obligations held by it for the payment of the principal of and interest on the Bonds.

Bonds or portions thereof for the payment or redemption of which moneys or non-callable Government Obligations maturing on or prior to the maturity or redemption date of the Bonds or portions thereof to be redeemed shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid within the meaning of the Indenture and shall not be regarded as Outstanding thereunder; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee must have been made for the giving of such notice. In determining the sufficiency of the deposit there shall be considered the principal amount of such Government Obligations and interest to be earned thereon until the maturity of such Government Obligations.

The Board may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered under the Indenture which the Board may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Bond Insurer Defeasance Provisions. (a) At least three Business Days prior to any defeasance with respect to the Series 2025 Bonds, the Board shall, unless waived by the Bond Insurer, deliver to the Bond Insurer draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Series 2025 Bonds, and a verification report (a “Verification Report”) prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund (provided, however, that a Verification Report shall not be required if moneys are deposited into the escrow fund which are sufficient, without investment, to accomplish such defeasance). Such opinion shall be addressed to the Bond Insurer and shall be in form and substance satisfactory to the Bond Insurer. Such Verification Report shall be in the form and substance satisfactory to the Bond Insurer and, unless waived by the Bond Insurer, shall either be addressed to the Bond Insurer or shall include a statement to the effect that such Verification Report may be relied upon by the Bond Insurer. In addition, the escrow agreement shall provide that:

(1) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion from gross income of the holders of the Series 2025 Bonds of the interest on the Series 2025 Bonds for federal income tax purposes and the prior written consent of the Bond Insurer, which consent will not be unreasonably withheld.

(2) The Board will not exercise any prior optional redemption of Series 2025 Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to the Bond Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(3) The Board shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Bond Insurer.

(b) If principal and/or interest due on the Series 2025 Bonds shall be paid by the Bond Insurer, the Series 2025 Bonds shall remain outstanding under the Indenture for all purposes, and shall not be deemed defeased or otherwise satisfied, or paid by the Board, and the assignment and pledge granted hereby and all covenants, agreements and other obligations of the Board to the owners of the Series 2025 Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such owners.

Amendments to the Indenture (Supplemental Indentures)

Supplemental Indentures Without Bondholders’ Consent. The Board and the Trustee may from time to time and at any time enter into trust indentures supplemental to the Indenture (“Supplemental Indenture”), without the consent of or notice to any Bondholder, to effect any one or more of the following:

(a) cure any ambiguity or defect or omission or correct or supplement any provision in the Indenture or in any supplemental indenture;

(b) grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee which are not contrary to or inconsistent with the Indenture as then in effect or to subject to the pledge and lien of the Indenture additional revenues, properties or collateral including defeasance obligations;

(c) add to the covenants and agreements of the Board in the Indenture other covenants and agreements thereafter to be observed by the Board or to surrender any right or power therein reserved to or conferred upon the Board which are not contrary to or inconsistent with the Indenture as then in effect;

(d) permit the appointment of a co-trustee under the Indenture;

(e) modify, alter, supplement or amend the Indenture in such manner as shall permit the qualification of the Indenture, if required, under the Trust Indenture Act of 1939 or, the Securities Act of 1933, as from time to time amended, or any similar federal statute hereafter in effect;

(f) make any other change therein that is determined by the Trustee to be not materially adverse to the interests of the Bondholders and which does not involve a change requiring consents of specific Bondholders;

(g) implement the issuance of Additional Bonds; or

(h) to modify any of the provisions of the Indenture or any Supplemental Indenture in any respect whatever, provided that (A) such modification shall be, and be expressed to be, effective only after all Bonds of any series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding, and (B) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any series delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefore or in place thereof.

The Trustee shall not be obligated to enter into any such supplemental indenture which adversely affects the Trustee's own rights, duties or immunities under the Indenture.

The consent of the Bond Insurer shall be required for supplemental indentures entered into for the purposes contained in (d), (e), (f), or (h). The consent of the Bond Insurer shall not be required for supplemental indentures entered into for the purposes contained in (a), (b), (c), or (g).

Supplemental Indentures Requiring Bondholders' Consent. Subject to the rights of the Bond Insurer, the Board and the Trustee, at any time and from time to time, may execute and deliver a supplemental indenture for the purpose of making any modification or amendment to the Indenture, but only with the written consent of the holders of at least a majority in aggregate principal amount of the Bonds Outstanding at the time such consent is given, and in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the holders of at least a majority in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds so affected remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds. Notwithstanding the foregoing, no modification or amendment contained in any such supplemental indenture shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: (a) a change in the terms of stated maturity of any Bond or of any installment of interest thereon; (b) a reduction

in the principal amount of any Bond or in the rate of interest thereon or a change in the coin or currency in which such Bond is payable; (c) the creation of a lien on or a pledge of any part of the Trust Estate, or the money or assets pledged under the Indenture or any part thereof; (d) the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds; (e) a reduction in the aggregate principal amount of Bonds of which the consent of the Bondholders is required to effect any such modification or amendment; or (f) a change in the provisions of Section 809 of the Indenture. Notwithstanding the foregoing, the holder of any Bond may extend the time for payment of the principal of or interest on such Bond; provided, however, that upon the occurrence of an Event of Default, funds available under the Indenture for the payment of the principal of and interest on the Bonds shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full. Notice of any supplemental indenture shall be given to the Bondholders promptly following the execution thereof by the Trustee.

APPENDIX C

DEFINITIONS OF CERTAIN TERMS

UNLESS THE CONTEXT OTHERWISE REQUIRES, THE TERMS SET FORTH BELOW, FOR ALL PURPOSES OF THE INDENTURE AND OF ANY INDENTURE SUPPLEMENTAL THERETO, HAVE THE MEANINGS IN THE INDENTURE. THIS SUMMARY DOES NOT PURPORT TO BE INCLUSIVE OF ALL TERMS USED IN THE INDENTURE AND REFERENCE SHOULD BE MADE TO THE COMPLETE INDENTURE FOR A FULL STATEMENT THEREOF.

“Act” shall mean Arkansas Code Annotated §§ 6-62-301 *et seq.*, as amended.

“Additional Bonds” shall mean any additional bonds secured on a parity of security with the Series 2025 Bonds.

“Authorized Board Representative” shall mean the President of the University, the Vice President of Finance and Administration of the University, or another officer designated in writing to the Trustee by the Chair of the Board.

“Authorized Denomination” shall mean \$5,000 and any integral multiple thereof.

“Board” shall mean the Board of Trustees of the University of Central Arkansas.

“Bond Fund” shall mean the fund created by Section 401 of the Indenture.

“Bond Insurer” shall mean Build America Mutual Assurance Company, or any successor thereto.

“Bond Year” means each twelve-month period beginning November 1 and ending on October 31 of the following year or such other dates that the Board or the President on behalf of the Board selects, provided that the first Bond Year shall end not later than November 19, 2026.

“Bonds” shall mean the Series 2025 Bonds, together with any Additional Bonds.

“Business Day” shall mean a day of the year on which banks located in the city in which the principal corporate trust office of the Trustee is located, or in the City of New York, New York, are not required or authorized by law to remain closed.

“Chair” or “Chair of the Board of Trustees” shall mean the presiding officer of the Board whose title is Chair of the Board, or, in the event of the absence or disability of such person, the Vice-Chair of the Board.

“Closing Date” means the date of issuance and delivery of the Series 2025 Bonds in exchange for the purchase price thereof.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or otherwise effective thereunder.

“DTC” shall mean the Depository Trust Company, New York, New York, as the initial depository and its successors and assigns.

“Existing Parity Bonds” shall mean, collectively, the Series 2006B Bonds, the Series 2015 Bonds, the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020A Bonds, the Series 2020D Bonds, and the Series 2020E Bonds.

“Existing Parity Indentures” shall mean, collectively, (a) a Trust Indenture dated as of March 31, 2006 by and between the Board and the Trustee, (b) a Trust Indenture dated as of May 20, 2015 by and between the Board and the Trustee, (c) a Trust Indenture dated as of February 13, 2019 by and between the Board and the Trustee, (d) a Trust Indenture dated as of January 30, 2020 by and between the Board and the Trustee, and (e) a Trust Indenture dated as of July 30, 2020 by and between the Board and the Trustee, and (f) a Trust Indenture dated as of November 5, 2020 by and between the Board and the Trustee, each as may be amended or supplemented.

“Fiscal Year” shall mean the Board’s fiscal year that is July 1 to June 30 of the following year.

“Government Obligations” shall mean (i) direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States) or obligations guaranteed by the United States of America; and (ii) any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (i) above.

“Indenture” shall mean the Trust Indenture dated as of November 20, 2025 between the Board and the Trustee, with any amendments or supplements made in accordance with the terms of the Indenture.

“Insurance Policy” shall mean the municipal bond insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Series 2025 Bonds as provided in the Indenture.

“Interest Payment Date”, with respect to the Series 2025 Bonds, shall mean each March 1 and September 1, commencing on March 1, 2026, on which interest on the Series 2025 Bonds is required to be paid under the Indenture.

“Late Payment Rate” shall mean the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, at its principal office in the City of New York, New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2025 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, ceases to announce its Prime Rate publicly, the Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company as the Bond Insurer, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to the Bond Insurer shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Moody’s” shall mean Moody’s Investors Service and its successors and Assignees. If, for any reason, such firm shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the President of the University.

“Other Obligations” shall mean those obligations of the Board which are also secured by the Pledged Revenues, or a portion thereof, but which are junior or subordinate in claim on the Pledged Revenues or a portion thereof to the pledge of Pledged Revenues in favor of the Bonds.

“Outstanding” shall mean, as of the date of determination or computation, all Bonds theretofore issued and delivered under the Indenture, including any Bonds for which the principal or interest is paid by the Bond Insurer pursuant to the Insurance Policy, except:

- (1) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;
- (2) Bonds and portions of Bonds which have been defeased under the Indenture; and
- (3) Bonds in exchange for or in lieu of which other Bonds shall have been Issued and delivered pursuant to the Indenture.

“Owner” or “Bondowner” shall mean, with respect to the Bonds, the registered owner of a Bond as shown on the registration book maintained by the Trustee pursuant to the Indenture.

“Parity Bonds” shall mean, collectively, the Existing Parity Bonds and any Parity Obligations issued hereafter.

“Parity Indentures” shall mean, collectively, the Existing Parity Indentures and any other indenture securing Parity Obligations, each as may be amended or supplemented.

“Parity Obligations” shall mean obligations so defined in the Indenture that are issued with a pledge of Pledged Revenues on a parity with the pledge of Pledged Revenues in favor of the Bonds.

“Paying Agent” shall mean the Trustee, or any successors, or a different entity specified in any supplemental indenture.

“Permitted Investments” shall mean any of the following:

- (1) Government Obligations.
- (2) Subject to clause 11 hereof, direct obligations of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:
 - Export-Import Bank of the United States – Direct obligations and fully guaranteed certificates of beneficial interest
 - Federal Housing Administration – debentures
 - General Services Administration – participation certificates
 - Government National Mortgage Association – guaranteed mortgage-backed securities and guaranteed participation certificates
 - Small Business Administration – guaranteed participation certificates and guaranteed pool certificates
 - U.S. Department of Housing & Urban Development – local authority bonds
 - U.S. Maritime Administration – guaranteed Title XI financings
 - Washington Metropolitan Area Transit Authority – guaranteed transit bonds
- (3) Subject to clause 11 hereof, direct obligations of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:
 - Federal National Mortgage Association – senior debt obligations rated Aaa by Moody’s and AAA by S&P

- Federal Home Loan Mortgage Corporation (“FHLMCs”) – participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P
 - Federal Home Loan Banks – consolidated debt obligations
 - Resolution Funding Corporation – debt obligations
- (4) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P.
 - (5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody’s and A-1 or better by S&P.
 - (6) Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation (“FDIC”), including the Bank Insurance Fund and the Savings Association Insurance Fund.
 - (7) Certificates of deposit, deposit accounts, federal funds or bankers’ acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank’s short-term certificates of deposit are rated P-1 by Moody’s and A-1 or better by S&P (not considering holding company ratings).
 - (8) Investments in money-market funds rated at the time of purchase, in the highest category for this type of investment by S&P or Moody’s.
 - (9) State-sponsored investment pools rated AA- or better by S&P.
 - (10) Maturity of investments shall be governed by the following:
 - Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.
 - Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.
 - Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.
 - (11) The following are explicitly excluded from the securities enumerated in 2 and 3:
 - (i) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
 - (ii) Obligations that have a possibility of returning a zero or negative yield if held to maturity;

(iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and

(iv) Collateralized Mortgage-Backed Obligations.

“Pledged Revenues” shall mean that portion of the general tuition and fees paid by students attending the University in each Fiscal Year equal to 110% of the aggregate principal and interest due on the Bonds and on any Parity Bonds for such Fiscal Year.

“Project” shall mean (i) the acquisition, construction, and equipping of campus-wide utility infrastructure improvements, including particularly, without limitation, the following: the acquisition, construction, and equipping of a new chiller plant on the north side of campus (the "North Plant"); the installation of new underground district chilled water lines to connect the North Plant with existing district cooling piping and buildings; decommissioning aging, localized chillers; installation and upgrades to campus buildings as part of the integration with new and existing district cooling plants; the construction and equipping of improvements to the South Plant Central Chiller Facility; and the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for the University.

“Project Fund” shall mean the Project Fund created pursuant to Section 401 of the Indenture, within which is a Series 2025 Project Account and a Series 2025 Cost of Issuance Account.

“Record Date” shall mean the 15th day of the calendar month preceding the calendar month in which there is an Interest Payment Date, or, if such day is not a Business Day, the immediately preceding Business Day.

“S&P” shall mean S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, its successors and assigns. If, for any reason, such firm shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the President of the University.

“Secretary” and “Secretary of the Board of Trustees” shall mean the Secretary of the Board.

“Series 2006B Bonds” shall mean the Board’s Student Fee Revenue Refunding Bonds, Series 2006B.

“Series 2015 Bonds” shall mean the Board’s Student Fee Revenue Refunding Bonds, Series 2015.

“Series 2019A Bonds” shall mean the Board’s Student Fee Revenue Bonds, Series 2019A.

“Series 2019B Bonds” shall mean the Board’s Student Fee Revenue Bonds, Taxable Series 2019B.

“Series 2020A Bonds” shall mean the Board’s Student Fee Revenue Bonds, Taxable Series 2020A.

“Series 2020D Bonds” shall mean the Board’s Student Fee Revenue Bonds, Refunding Series 2020D.

“Series 2020E Bonds” shall mean the Board’s Student Fee Revenue Bonds, Taxable Refunding Series 2020E.

“Series 2025 Bonds” shall mean the Board’s Student Fee Revenue Bonds, Series 2025 in the aggregate amount of \$10,040,000 issued pursuant to the Indenture.

“State” shall mean the State of Arkansas.

“Trustee” shall mean Bank OZK, an Arkansas state banking corporation, organized and existing under the laws of the State of Arkansas, and its successors and assigns.

“Trust Estate” shall mean the Pledged Revenues and the other properties identified in the granting clauses of the Indenture.

“University” shall mean the University of Central Arkansas, an institution of higher education of the State of Arkansas organized under and existing by virtue of the laws of the State.

“Written Request” shall mean a request in writing signed by an Authorized Board Representative.

APPENDIX D
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

See Attached.



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.

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

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by the Board of Trustees of the University of Central Arkansas (the “Issuer”), a state institution of higher education established in 1907 by the General Assembly of the State of Arkansas, and Bank OZK, Little Rock, Arkansas (the “Dissemination Agent”), which covenants and agrees for the benefit of the Beneficial Owners of the Issuer’s \$10,040,000_ principal amount of Student Fee Revenue Bonds, Series 2025 (the “Bonds”) issued pursuant to a Resolution of the Issuer (the “Authorizing Resolution”) and a Trust Indenture dated as of November 20, 2025 (the “Indenture”) by and between the Issuer and Bank OZK, as Trustee, as follows:

Section 1. Purpose of the Disclosure Agreement. This Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Beneficial Owners (as defined below) of the Bonds and in order to assist the Underwriter (as defined below) in complying with, and constitutes the written undertaking for the benefit of the Beneficial Owners of the Bonds required by, subsection (i) of the Rule (as defined below). Notwithstanding any other provision of this Agreement, it is the intent of the Underwriter, the Issuer and the Dissemination Agent that the Rule controls the obligations of the parties with respect to the matters addressed herein. In the event of any conflict between the Rule and this Agreement, this Agreement shall be interpreted and/or modified, as appropriate, so that it complies with and is consistent with the Rule.

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

“Annual Disclosure Statement” shall mean any annual disclosure statement in the form attached hereto as Exhibit A and as further described in Section 4(a).

“Audited Financial Statements” means the following, as applicable; if and when available:

- (a) On the effective date of this Agreement, the auditor of the Issuer’s financial statements is the Legislative Joint Auditing Committee of the Division of Legislative Audit for the State of Arkansas (“Legislative Audit”). The authority and duties of the Legislative Audit are set forth in Arkansas Code Annotated §§ 10-4-401 *et. seq.* So long as Legislative Audit is acting as auditor for the Issuer, the “Audited Financial Statements” shall mean an “audit” as defined by Arkansas Code Annotated § 10-4-402(a)(1), as the same may be amended from time to time, or a “financial audit” as defined by Arkansas Code Annotated § 10-4-402(a)(3), as the same may be amended from time to time.
- (b) If the Issuer’s auditor is changed to be a firm of independent certified public accountants or such other auditor as shall be required or permitted by the State of Arkansas, then “Audited Financial Statements” means the annual financial statements

of the Issuer prepared in accordance with GAAP for governmental units as prescribed by GASB or prepared in accordance with other commercially reasonable standards prescribed by state law or typically used for similarly situated issuers.

“Beneficial Owner” of a bond shall mean any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares (i) voting power which includes the power to vote, or to direct the voting of, a Bond and/or (ii) investment power which includes the power to dispose, or to direct the disposition of, a Bond.

"Bond Insurer" shall mean Build America Mutual Assurance Company, or any successor thereto.

“Business Day” shall mean any day on which banks located in the city in which the designated corporate trust office of the Trustee is located is open for business.

“Disclosure Representative” shall mean the Vice President for Finance and Administration of the University of Central Arkansas or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Bank OZK, acting in its capacity as dissemination agent under this Agreement, or any successor dissemination agent designated in writing by the Issuer and which has filed with the prior Dissemination Agent a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Obligation" shall mean a

- (A) debt obligation;
- (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) guarantee of obligations described in (A) or (B).

The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a).

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

“Underwriter” shall mean Carty, Harding & Hearn, Inc.

Section 3. *Provision of Annual Disclosure Statement.*

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Issuer's Fiscal Year (the "Report Date"), commencing with the Fiscal Year ended June 30, 2026, provide to the MSRB through its continuing disclosure service portal which is provided through EMMA at <http://www.emma.msrb.org>, or any similar system acceptable to the Securities and Exchange Commission, the Annual Disclosure Statement that is consistent with the requirements of Section 4(a) of this Agreement and in the form attached hereto as Exhibit A. Not later than 15 days prior to the Report Date, the Issuer shall provide the Annual Disclosure Statement to the Dissemination Agent, and if filed, proof of filing with the MSRB, or if not filed, with directions to the Dissemination Agent to file the Annual Disclosure Statement with the MSRB.

(b) Each Annual Disclosure Statement shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Each Annual Disclosure Statement may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Agreement; provided that, any Audited Financial Statements may be submitted separately from the balance of the Annual Disclosure Statement and later than the Report Date if they are not available by the Report Date. If the Audited Financial Statements are not available prior to the Report Date, the Issuer shall provide unaudited financial statements by the Report Date and the Audited Financial Statements, when and if available, within a reasonable time of the Issuer or Dissemination Agent being informed or discovering that the Audited Financial Statements are available.

(c) If by 15 days prior to the Report Date, the Dissemination Agent has not received a copy of the Annual Disclosure Statement and proof of filing with the MSRB, the Dissemination Agent shall contact the Disclosure Representative to determine if there has been compliance with Section 3(a).

(d) If the Dissemination Agent is unable to verify that the Annual Disclosure Statement has been provided to the MSRB by the Report Date, the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit B.

(e) All information furnished pursuant to this Agreement, with respect to the Bonds, shall also be provided to the Bond Insurer, simultaneously with the furnishing of such information. The notice address of the Bond Insurer is: 200 Liberty Street, 27th floor, New York, New York 10281, Attention: Surveillance, Re: Policy No. 2025B0813, Telephone: (212+ 235-2500, Email: notices@buildamerica.com.

Section 4. *Content of Annual Disclosure Statement.*

(a) The Annual Disclosure Statement shall contain or incorporate by reference the following:

(i) The statistical information identified in Part I of the Annual Disclosure Statement attached hereto as Exhibit A; provided, however, if the referenced statistical information is not readily available or

ascertainable, and the Issuer determines that it is not material with respect to the Pledged Revenues (as defined in the applicable indenture) securing the Bonds, then such statistical information may be excluded from the Annual Disclosure Statement upon compliance with the procedures for amendment set forth in Section 8 hereof.

(ii) As described in Section 3(b), the Issuer's Audited Financial Statements for the most recent Fiscal Year available.

(b) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document incorporated by reference.

Section 5. *Reporting of Listed Events.*

(a) This section shall govern the giving of notices of the occurrence of any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, notices of proposed issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;

- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) If a listed event occurs while any Bonds are outstanding, the Issuer shall provide, or shall cause to be provided by the Dissemination Agent, a listed event notice (the “Listed Event Notice”), in a timely manner within ten (10) Business Days after the occurrence of such listed event, to the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any other similar system that is acceptable to the Securities and Exchange Commission. Each notice of the occurrence of a listed event shall be captioned “Notice of Listed Event” and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(c) Upon the occurrence of an event that could be reportable if determined to be material, the Issuer shall in a timely manner determine if a notice relating to such event must be filed and, if filing is required, the Issuer shall file, or shall cause to be filed by the Dissemination Agent, the Listed Event Notice in the time required by Section 5(b).

(d) Within two (2) Business Days, the Dissemination Agent shall advise the Issuer whenever, in the course of performing its duties as Dissemination Agent hereunder, the Dissemination Agent identifies an event which may require the Issuer to provide a Listed Event Notice; provided that, the failure of the Dissemination Agent so to advise the Issuer shall not constitute a breach by the Dissemination Agent of any of its duties and responsibilities hereunder or under the Indenture.

(e) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a listed event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through EMMA. Notwithstanding the foregoing, notice of listed events described in

Sections 5(a)(viii) and (ix) of this Agreement need not be given under this Section any earlier than the notice (if any) of the underlying event is given to the Beneficial Owners of affected Bonds pursuant to the Indenture.

(f) Notwithstanding the above, the Dissemination Agent shall file a notice in accordance with subsection (d) above of listed events described in Sections 5(a)(viii) and (ix) of this Agreement without direction from the Issuer and without a determination by the Issuer as to whether or not a Listed Event Notice must be filed pursuant to applicable federal securities laws.

Section 6. *Termination of Reporting Obligation.* The obligations of the Issuer under this Agreement shall terminate upon the defeasance, prior redemption, or payment in full of all of the Bonds.

Section 7. *Additional Information.*

(a) Nothing in the Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Agreement or any other means of communication, or including any other information in any Annual Disclosure Statement or Notice of Listed Event, in addition to that which is required by the Agreement.

(b) If the Issuer chooses to include any information in any Annual Disclosure Statement or Notice of Listed Event, in addition to that which is specifically required by the Agreement, the Issuer shall not have any obligation under the Agreement to update such information or include it in any future Annual Disclosure Statement or Notice of Listed Event.

Section 8. *Amendment; Waiver; Supplements.* (a) Notwithstanding any other provision of this Agreement, the Issuer and Dissemination Agent may amend this Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Issuer so long as such amendment is not materially adverse to the Dissemination Agent), and any provision of this Agreement may be waived by the parties hereto, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Issuer, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided that, the Issuer shall have provided notice of such delivery and of the amendment to the MSRB through EMMA.

(b) Notwithstanding any other provision of this Agreement, the Issuer and Dissemination Agent specifically may supplement this Agreement to include any other bonds of the Issuer for which the Rule requires a written undertaking. Such supplements may relate to bonds issued prior to and/or subsequent to the issuance of the Bonds, and for purposes of this Agreement, such supplements will not require an opinion of counsel.

Section 9. *Default.* (a) In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Agreement, the Trustee may (and, at the request of any Underwriter or the Beneficial Owners of at least 25 percent aggregate principal amount of outstanding Bonds, shall), or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent to comply with its obligations under this Disclosure Agreement.

(b) Notwithstanding the provisions of Section 9(a) above, no Beneficial Owner shall have any right to take any action to challenge the adequacy of the information provided in accordance with the Agreement unless the Beneficial Owners of at least 25 percent aggregate principal amount of Outstanding Bonds shall have made written request to the Trustee to take such action in its own name and shall have offered the Trustee reasonable indemnity in conformity with the Indenture, and the Trustee, for 60 days after its receipt of notice, request, and offer of indemnity, has failed to institute any such action.

(c) A default under this Agreement shall not be deemed a default under the Authorizing Resolution or the Indenture. The sole remedy under this Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Agreement shall be an action to compel performance, and the Issuer, the Dissemination Agent and their members, officers and employees shall incur no liability under this Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Section shall entitle any person to attorney's fees, financial damages of any sort or any other relief other than an order or injunction compelling performance.

Section 10. *Duties, Immunities and Liabilities of Dissemination Agent.*

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Annual Disclosure Statement, Audit, Financial Audit, Notice of Listed Event or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Beneficial Owners or any other party. The Dissemination Agent shall have no responsibility for the Issuer's failure to report an event listed in Section 5(a) to the Dissemination Agent. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Agreement. The Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

To the extent permitted by law, the Issuer agrees to indemnify and save the Dissemination Agent and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the dissemination agent's gross negligence or willful misconduct.

The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and the Dissemination Agent shall in no event incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Issuer.

Section 11. *Beneficiaries.* This Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 12. *Interpretation.* It being the intention of the parties that there be full and complete compliance with the Rule, this Agreement shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule.

Section 13. *Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. *Choice of Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Arkansas, provided that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal laws and official interpretations thereof.

Dated as of November 20, 2025.

ISSUER:

**BOARD OF TRUSTEES OF THE
UNIVERSITY OF CENTRAL ARKANSAS**

By: _____
Authorized Representative

DISSEMINATION AGENT:

BANK OZK

By: _____
Authorized Officer

Exhibit A

ANNUAL DISCLOSURE STATEMENT

Board of Trustees of University of Central Arkansas

201 Donaghey Avenue
Conway, Arkansas 72035

BASE CUSIP NO. 914115

[To be updated to include all bonds outstanding as of the date of filing]

\$4,180,000 Student Fee Revenue Refunding Bonds, Series 2006B ("2006B Student Fee Bonds")	\$4,180,000 Auxiliary Revenue Refunding Bonds, Series 2006C ("2006C Auxiliary Bonds")
\$15,500,000 Auxiliary Revenue Capital Improvement Bonds, Series 2012A ("2012A Auxiliary Bonds")	\$18,245,000 Student Fee Revenue Refunding Bonds, Series 2015 ("2015 Student Fee Bonds")
\$14,000,000 Student Housing System Revenue Capital Improvement Bonds (Donaghey Hall Project) Series 2015A ("2015A Housing Bonds")	\$3,500,000 Student Housing System Revenue Capital Improvement Bonds (Donaghey Hall Project) Taxable Series 2015B ("2015B Housing Bonds")
\$27,460,000 Student Housing System Revenue Bonds, Refunding and Improvement Series 2017A ("2017A Housing Bonds")	\$3,795,000 Auxiliary Revenue Refunding Bonds Series 2017B ("2017B Auxiliary Bonds")
\$33,615,000 Student Fee Revenue Bonds, Series 2019A ("2019A Student Fee Bonds")	\$11,555,000 Student Fee Revenue Bonds, Taxable Series 2019B ("2019B Student Fee Bonds")
\$12,145,000 Student Housing System Revenue Bonds, Series 2019C ("2019C Housing Bonds")	\$20,000,000 Student Fee Revenue Bonds, Series 2020A ("2020A Student Fee Bonds")
\$29,840,000 Student Housing System Revenue Bonds, Refunding Series 2020B ("2020B Housing Bonds")	\$13,365,000 Student Housing System Revenue Bonds, Taxable Refunding Series 2020C ("2020C Housing Bonds")
\$9,530,000 Student Fee Revenue Bonds, Refunding Series 2020D ("2020D Student Fee Bonds")	\$12,515,000 Student Fee Revenue Bonds, Taxable Refunding Series 2020E ("2020E Student Fee Bonds")
\$10,040,000 Student Fee Revenue Bonds, Series 2025 ("2025 Student Fee Bonds")	

For further information, contact:

Terri Canino
Vice President for Finance & Administration
University of Central Arkansas
Phone (501) 450-3184
E-mail: TCanino@UCA.edu

Dated: _____, _____ [Pursuant to Section 3(a) of the Continuing Disclosure Agreement dated November 20, 2025, the Annual Disclosure Statement must be filed within 270 days of FYE]

Part I

Statistical Data

A. Enrollment:

- (i) Student enrollment for the most recent five fall semesters was as follows:

<u>Year</u>	<u>Total Enrollment</u>	<u>Concurrent Enrollment*</u>	<u>Net of Concurrent</u>	<u>Entering Freshmen</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

* UCA has affiliations with various high schools and has contracted to offer anywhere from one to numerous sections of a variety of courses. These courses are taught on the high school campuses, using high school facilities and high school personnel, under the guidance of UCA faculty and staff. UCA receives minimal direct financial benefit from Concurrent Student Enrollment and has curtailed some of these programs.

B. Housing System Revenues:

- (i) Housing System Revenues collected in the most recent five years were as follows:

<u>Fiscal Year</u>	<u>Housing System Revenues</u>	<u>Net Housing System Revenues¹</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

¹ [Describe how calculated.]

- (ii) Fiscal Year _____ - Housing System Revenues Debt Service Coverage

Housing System Revenues Available for Debt Service
\$ _____

Maximum Annual Housing System Debt Service
\$ _____
Housing System Debt Service Coverage
_____ %

C. Education and General Student Tuition and Fees:

(i) Educational and general student tuition and fees per full-time student for the most recent five years was as follows:

<u>Year</u>	<u>Amount</u> ¹
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

¹ Does not include student activity fees, student athletic fees, the student center fees, publication fees, student activity board fees, student health service fees, and radio fees, which are applied to designated purposes.

(ii) Total educational and general student tuition and fees for the five most recent Fiscal Years were:

<u>Year</u>	<u>Total Student Tuition and Fees</u> ²
_____	_____
_____	_____
_____	_____
_____	_____

Projected maximum annual debt service for all outstanding Student Tuition and Fee Bonds is \$ _____.

² Does not include student activity fees, student athletic fees, health service fees, student activity board fees, and the student center fee, which are applied to designated purposes. Amount shown is net of student fee transfer to Auxiliary Funds.

D. Auxiliary Revenues:

(i) Auxiliary Revenues collected in the five most recent Fiscal Years were as follows:

<u>Year</u>	<u>Auxiliary Revenues</u>	<u>Net Auxiliary Revenues</u> ³
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____

³ Net of operating expenses less those expenses paid for by education and general funds and sources. Does not include depreciation.

- (ii) Fiscal Year ____ - Auxiliary Revenues Debt Service Coverage
Auxiliary Revenues Available for Debt Service
\$ _____
Maximum Annual Auxiliary Revenues Debt Service
\$ _____
Auxiliary Revenues Debt Service Coverage _____%

Part II

Audited Financial Statements for the Fiscal Year Ended June 30, 20____.

The Issuer's Audited Financial Statements for the Fiscal Year ended June 30, 20__ [are attached hereto as Exhibit A and made a part hereof] [have been (previously)(contemporaneously) filed with the MSRB] [are not available as of the date of this filing. The Issuer's unaudited financial statements are attached hereto as Exhibit A].

Part III

Current Rating

[To be updated to include all bonds outstanding as of the date of filing with their current rating. If any ratings have changed since the filing of the prior Annual Disclosure Statement, Issuer should confirm compliance with Section 5 and specifically Section 5(a)(xi).]

As of the date of this filing, the ratings assigned to the Issuer's outstanding bonds are as follows:

<u>Series</u>	<u>Rating Type</u>	<u>Rating Agency</u>	<u>Rating</u>
2006B Student Fee Bonds	Insured - Ambac	Moody's	A2
	Underlying	Moody's	A2
2006C Auxiliary Bonds	Insured - Ambac	Moody's	A2
	Underlying	Moody's	A2
2012A Auxiliary Bonds	Insured – AGM	Moody's	A2

	Underlying	Moody's	A2
2015A Housing Bonds	Insured – AGM	Moody's	A2
	Underlying	Moody's	A2
2015B Housing Bonds	Insured – AGM	Moody's	A2
	Underlying	Moody's	A2
2015 Student Fee Bonds	Insured – AGM	S&P Moody's	AA A2
	Underlying	Moody's	A2
2017A Housing Bonds	Insured – BAM	S&P	AA
	Underlying	Moody's	A2
2017B Auxiliary Bonds	Insured - BAM	S&P	AA
	Underlying	Moody's	A2
2019A Student Fee Bonds	Insured – AGM	S&P Moody's	AA A2
	Underlying	Moody's	A2
2019B Student Fee Bonds	Insured – AGM	S&P Moody's	AA A2
	Underlying	Moody's	A2
2019C Housing Bonds	Insured – AGM	S&P Moody's	AA A2
	Underlying	Moody's	A2
2020A Student Fee Bonds	Insured – BAM	S&P	AA
	Underlying	Moody's	A2
2020B Housing Bonds	Insured - AGM	S&P	AA
	Underlying	Moody's	A2
2020C Housing Bonds	Insured – AGM	S&P	AA
	Underlying	Moody's	A2
2020D Student Fee Bonds	Insured – AGM	S&P	AA
	Underlying	Moody's	A2
2020E Student Fee Bonds	Insured – BAM	S&P	AA
	Underlying	Moody's	A2
2025 Student Fee Bonds	Insured – BAM	S&P	AA
	Underlying	Moody's	A2

Part IV Modifications to Annual Disclosure Statement

[If any, note any changes to the content of the Annual Disclosure Statement (See Section 4(a)(i)) or amendments (See Section 8) to the Continuing Disclosure Agreement dated November 20, 2025 and applicable sections of other Continuing Disclosure Agreements.]

BOARD OF TRUSTEES OF
UNIVERSITY OF CENTRAL ARKANSAS

Terri Canino, Vice President

EXHIBIT B

**NOTICE OF FAILURE TO FILE
ANNUAL DISCLOSURE STATEMENT**

Name of Issuer: Board of Trustees of the University of Central Arkansas
Name of Bond Issue: \$10,040,000 Student Fee Revenue Bonds, Series 2025
Dated Date: November 20, 2025

NOTICE IS HEREBY GIVEN that the Dissemination Agent has not been provided an Annual Disclosure Statement with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of November 20, 2025 between the Board of Trustees of the University of Central Arkansas and Bank OZK, as Dissemination Agent. [It is anticipated that the Annual Disclosure Statement will be filed by _____.]

Dated: _____

Bank OZK, as Dissemination Agent

cc: Board of Trustees of University of Central Arkansas
201 Donaghey Avenue
Conway, Arkansas 72035
Attn: Vice President of Finance

APPENDIX F

**UNIVERSITY OF CENTRAL ARKANSAS
BASIC FINANCIAL STATEMENTS AND OTHER REPORTS
LEGISLATIVE JOINT AUDITING COMMITTEE**

See Attached.

University of Central Arkansas

Conway, Arkansas

**Basic Financial Statements
and Other Reports**

June 30, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



UNIVERSITY OF CENTRAL ARKANSAS
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Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Kevin William White, CPA, JD
Legislative Auditor

Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

University of Central Arkansas
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of the University of Central Arkansas (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2024, 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, based on our audit and the report of other auditors, the accompanying 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 June 30, 2024, 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.

We did not audit the financial statements of the University of Central Arkansas Foundation, Inc. (Foundation), which represents 100% of the assets and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Notes 2 and 27 to the financial statements, the University adopted Governmental Accounting Standards Board (GASB) Statement no. 96, *Subscription-Based Information Technology Arrangements*, during the year ended June 30, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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.

Report on Comparative Information

The financial statements include partial prior-year comparative information, which has been derived from a complete set of financial statements. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2023. We have previously audited the University's 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of the business-type activities and the discretely presented component unit in our report dated September 11, 2024. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, certain information pertaining to postemployment benefits other than pensions, and certain information pertaining to pensions on pages 7-15, 71-73, and 74-75 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Selected Information for the Last Five Years (Schedule 1) but does not include the basic financial statements and our auditor's report thereon. Our opinions 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 September 29, 2025 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, and 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.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Kevin White", with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
September 29, 2025
EDHE16524

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

University of Central Arkansas
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of the University of Central Arkansas (University), an institution of higher education of the State of Arkansas, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated September 29, 2025. Our report includes a reference to other auditors who audited the financial statements of the University of Central Arkansas Foundation, Inc. (Foundation), as described in our report on the University's financial statements. The financial statements of the 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 compliance and other matters associated with the Foundation or that are reported on separately by those auditors who audited the financial statements of 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 opinions 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 University'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

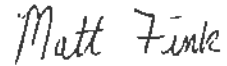
As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state laws and regulations, contracts, and grant agreements, noncompliance with which 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*.

We noted a certain matter that we reported to management of the University in a separate letter dated September 29, 2025.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Matt Fink". The signature is written in a cursive, slightly slanted style.

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 29, 2025

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

University of Central Arkansas
Legislative Joint Auditing Committee

STUDENT ENROLLMENT DATA – In accordance with Ark. Code Ann. § 6-60-209, we performed tests of the student enrollment data for the year ended June 30, 2024, as reported to the Arkansas Division of Higher Education, to provide reasonable assurance that the data was properly reported. The enrollment data reported was as follows:

	<u>Summer II Term</u>	<u>Fall Term</u>	<u>Spring Term</u>	<u>Summer I Term</u>
	<u>2023</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>
Student Headcount	1,837	9,806	8,911	3,104
Student Semester Credit Hours	7,178	124,426	111,552	16,233

During our review, nothing came to our attention that would cause us to believe that the student enrollment data was not substantially correct.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the governing board, University management, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
September 29, 2025

UNIVERSITY OF CENTRAL ARKANSAS

Management's Discussion and Analysis (Unaudited)

Overview of the Financial Statements and Financial Analysis

The University of Central Arkansas is proud to present its financial statements for the fiscal year ending June 30, 2024. These statements, including the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows, reflect our strong financial stability and responsible management of resources.

This discussion and analysis of the University's financial statements provide a comprehensive overview of our financial activities for the year.

Statement of Net Position

The *Statement of Net Position* presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the University as of June 30, 2024. The purpose of this statement is to present to the readers a fiscal snapshot of the year-end balances that were a result of the transactions posted during the fiscal year from July 1, 2023, through June 30, 2024. This statement also serves as a starting point for transactions that will occur for the next fiscal period. The assets and liabilities are broken down into current and noncurrent sections to provide information relative to the time required in converting noncash assets to cash or to cash equivalents or that may require the use of cash. The net position is the difference between assets and deferred outflows and liabilities and deferred inflows. The *Notes to the Financial Statements* explain the differences between current and noncurrent assets and liabilities.

Readers of the *Statement of Net Position* are able to determine the assets available to continue the operations of the Institution and how much the Institution owes vendors, lending institutions, and investors in the bonds of the University.

Net Position is divided into three major categories. *Net investment in capital assets* provides information on the Institution's equity in property, plant, and equipment owned by the Institution. *Restricted net position* is divided into two categories: nonexpendable and expendable. The corpus of the nonexpendable restricted resources is only available for investment purposes. Expendable restricted resources are available for expenditure by the Institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. *Unrestricted net position* is resources available to the Institution for any lawful purpose of the institution.

UNIVERSITY OF CENTRAL ARKANSAS
Management's Discussion and Analysis (Unaudited)

Statement of Net Position (continued)

Statement of Net Position
June 30, 2024

	Year Ended June 30		Increase/ Decrease	Percent Change
	2024	2023		
Assets:				
Current assets	\$ 53,256,105	\$ 54,139,682	\$ (883,577)	-2%
Capital assets, net	237,605,533	246,454,823	(8,849,290)	-4%
Other assets	60,029,761	58,998,697	1,031,064	2%
Total Assets	350,891,399	359,593,202	(8,701,803)	-2%
Deferred Outflows of Resources	10,997,301	12,298,975	(1,301,674)	-11%
Liabilities:				
Current liabilities	21,064,145	21,533,923	(469,778)	-2%
Non-current liabilities	227,451,247	237,256,878	(9,805,631)	-4%
Total Liabilities	248,515,392	258,790,801	(10,275,409)	-4%
Deferred Inflows of Resources	5,926,192	5,571,675	354,517	6%
Net Position:				
Invested in capital assets, net	37,436,186	37,118,119	318,067	1%
Restricted-nonexpendable	3,692,723	3,690,467	2,256	0%
Restricted-expendable	19,360,556	23,019,419	(3,658,863)	-16%
Unrestricted	46,957,651	43,701,696	3,255,955	7%
Total Net Position	\$ 107,447,116	\$ 107,529,701	\$ (82,585)	0%

A review of the *Statement of Net Position* reveals that total assets decreased by \$8.70 million or 2%. Capital assets decreased by \$8.85 million due to the expected depreciation of assets and asset disposals, net of current year additions. Accounts receivable increased by \$2.25 million primarily due to an increase related to federal pass-through grants. Cash decreased \$4.07 million due to construction projects and daily operations. Investments increased \$1.49 million due to strong returns on endowment investments.

Total liabilities decreased by \$10.28 million or 4%. Bonds and notes payable decreased by \$9.21 million due to the payment of principal via regular payments. Accounts payable decreased by \$1.35 million primarily due to the timing of invoicing.

UNIVERSITY OF CENTRAL ARKANSAS
Management's Discussion and Analysis (Unaudited)

Statement of Net Position (continued)

Pension and other post-employment benefit liabilities decreased by \$0.88 million due to actuarial valuations. Other changes included an increase in lease payables of \$0.26 million, an increase in compensated absences of \$0.33 million, an increase in unearned revenue of \$0.30 million, and an increase in deposits and funds held in trust for others of \$0.41 million.

Total deferred outflows decreased by \$1.30 million or 11%. Costs related to debt refunding decreased by \$0.25 million due to amortization. Deferred outflows related to pension costs decreased by \$0.95 million, and deferred outflows related to OPEB decreased by \$0.10 million, both due to changes in actuarial valuations.

Total deferred inflows increased by \$0.35 million or 6%. Inflows related to pension costs decreased by \$0.12 million, and inflows related to OPEB increased by \$0.49 million, both due to changes in actuarial valuations. Inflows related to leases decreased by \$0.02 million due to the on-going payments of lease agreements.

The aggregate of all changes results in a decrease in Total Net Position of \$0.08 million.

While the 2023-24 comparisons are important indicators of activity during the year under audit, it is important to look at some of the operating and non-operating categories over time. One of the important measures of an institution's fiscal stability is how operating revenues compare to operating expenses. Public institutions will normally not have an excess of operating revenues over operating expenses because state appropriations and federal and some state student grants are considered non-operating revenues under accounting principles generally accepted in the United States of America.

Statement of Revenues, Expenses and Changes in Net Position

The changes in total net position as presented on the *Statement of Net Position* are based on the activity presented in the *Statement of Revenues, Expenses and Changes in Net Position*. The purpose of the statement is to present the revenues received, the expenses paid by the Institution, both operating and non-operating, and any other revenues, expenses, gains, or losses received or spent by the Institution.

Operating revenues are generally received to provide goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce goods and services provided in return for the operating revenues and to carry out the mission of the Institution. Non-operating revenues are revenues received for which goods and services are not provided. For example, the Governmental Accounting and Standards Board (GASB) classifies state appropriations as non-operating revenues because the revenue is provided by the Legislature to the Institution without the Legislature directly receiving commensurate goods and services.

UNIVERSITY OF CENTRAL ARKANSAS

Management's Discussion and Analysis (Unaudited)

Statement of Revenues, Expenses and Changes in Net Position (continued)

Statement of Revenues, Expenses and Changes in Net Position For the Fiscal Year Ended June 30, 2024

	Year Ended June 30		Increase/ Decrease	Percent Change
	2024	2023		
Operating revenues	\$ 103,894,636	\$ 99,065,307	\$ 4,829,329	5%
Operating expenses	(218,974,765)	(205,019,684)	(13,955,081)	7%
Operating loss	(115,080,129)	(105,954,377)	(9,125,752)	9%
Nonoperating revenues less expenses	108,289,556	106,543,283	1,746,273	2%
Income before other revenues, expenses, gains or losses	(6,790,573)	588,906	(7,379,479)	-1253%
Other revenues, expenses, gains or losses	6,707,988	1,967,994	4,739,994	241%
Increase in net position	(82,585)	2,556,900	(2,639,485)	-103%
Net position at beginning of year	107,529,701	104,972,801	2,556,900	2%
Net position at end of year	\$ 107,447,116	\$ 107,529,701	\$ (82,585)	0%

The *Statement of Revenues, Expenses and Changes in Net Position* reflects a decrease in net position at the end of the year of \$0.08 million.

The financial statement shows that operating revenues increased by \$4.83 million, or 5%. The University's slight increase in tuition and fee rates resulted in an increase in tuition and fees of \$2.01 million and an increase in auxiliary revenue of \$0.93 million. Operating grants increased \$1.73 million primarily related to new programs.

Operating expenditures increased by \$13.96 million or 7%. Depreciation and amortization increased by \$0.89 million related to assets capitalized during the year and the addition of subscription-based information technology arrangement assets. Supplies and services increased by \$10.07 million due to increased usage of departmental funds, and continuing IT network refresh expenditures and contracts. Compensation and benefits of \$3.04 million increased due to increased usage of part-time support and fringe benefits.

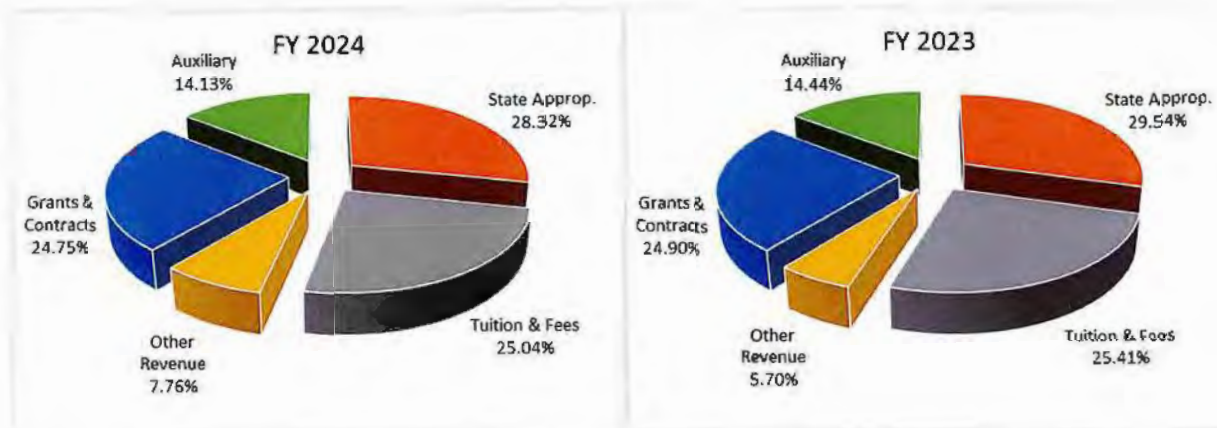
Nonoperating revenues less expenses increased \$1.74 million, or 2%. Nonoperating grant and contract revenue increased by \$0.73 million. State appropriations increased \$0.56 million and investment income increased \$0.88 million. Interest expense decreased \$0.33 million. Other income before revenues, expenses, gains or losses decreased \$0.52 million.

UNIVERSITY OF CENTRAL ARKANSAS
Management's Discussion and Analysis (Unaudited)

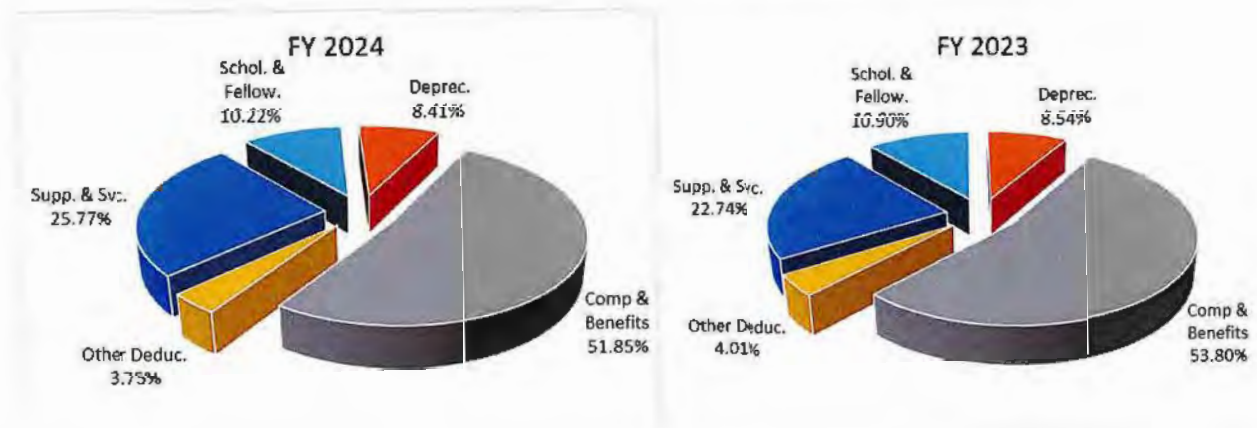
Statement of Revenues, Expenses and Changes in Net Position (continued)

Other revenues, expenses, gains or losses increased \$4.74 million. The majority of the change is due to an increase to insurance proceeds of \$5.29 million.

**UNIVERSITY OF CENTRAL ARKANSAS
REVENUE ANALYSIS**



**UNIVERSITY OF CENTRAL ARKANSAS
EXPENDITURE ANALYSIS**



UNIVERSITY OF CENTRAL ARKANSAS
Management's Discussion and Analysis (Unaudited)

Statement of Cash Flows

The *Statement of Cash Flows* presents detailed information about the cash activity of the Institution during the year. The statement is divided into the following five sections:

- ◆ The *Operating Cash Flows* section provides details of the operating cash flows and the net cash used by operating activities of the Institution.
- ◆ The *Non-capital Financing Activities* section reflects cash received and spent for non-operating financing activities.
- ◆ The *Capital and Related Financing Activities* section provides specific information on the cash used for the acquisition and construction of capital and related items.
- ◆ The *Cash Flows from Investing Activities* section indicates the purchases, proceeds, and interest received from investing activities.
- ◆ The last section reconciles the net cash used to the operating income or loss reflected on the *Statement of Revenues, Expenses, and Changes in Net Position*.

Statement of Cash Flows For the Fiscal Year Ended June 30, 2024

	Year Ended June 30		Increase/ Decrease	Percent Change
	2024	2023		
Cash provided(used) by:				
Operating activities	\$ (96,405,952)	\$ (93,154,035)	\$ (3,251,917)	3%
Non-capital financing activities	108,704,258	106,813,128	1,891,130	2%
Capital and related financing activities	(21,200,564)	(33,582,348)	12,381,784	-37%
Investing activities	4,830,354	4,445,866	384,488	9%
Net Change in Cash	(4,071,904)	(15,477,389)	11,405,485	-74%
Cash, beginning of year	89,551,646	105,029,035	(15,477,389)	-15%
Cash, end of year	\$ 85,479,742	\$ 89,551,646	\$ (4,071,904)	-5%

Capital Assets and Debt Administration

The University continued to make major capital investments in buildings and in construction in progress during Fiscal Year 2023-24. The following are some of the significant additions:

Funded By Bonds, Grants and Other Sources:

Academic and other E & G projects	11,774,318
Housing and other Auxiliaries	4,179,295
Infrastructure/Technology & Property	4,403,574

\$ 20,357,187

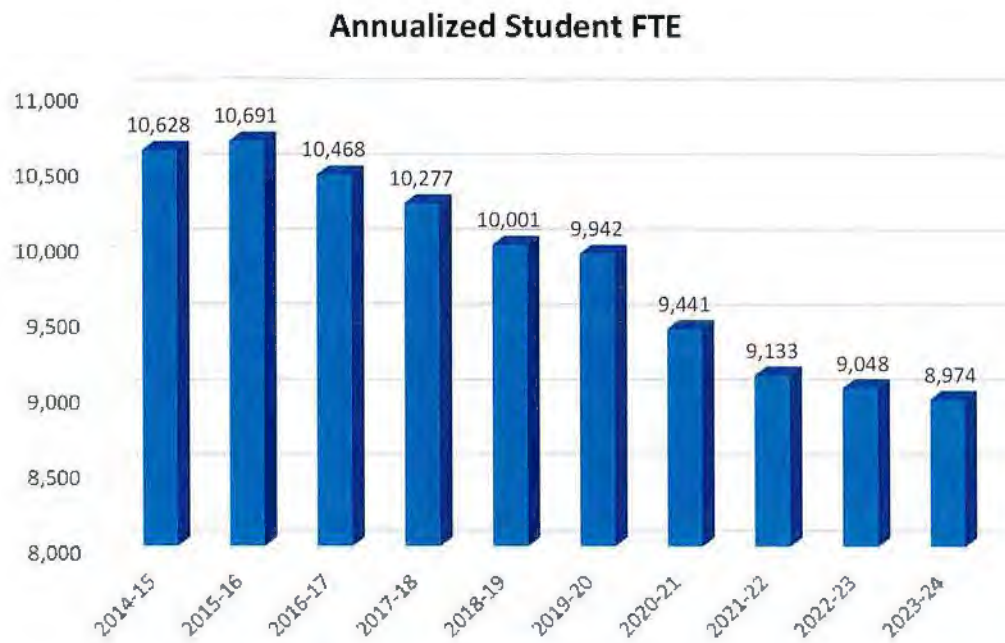
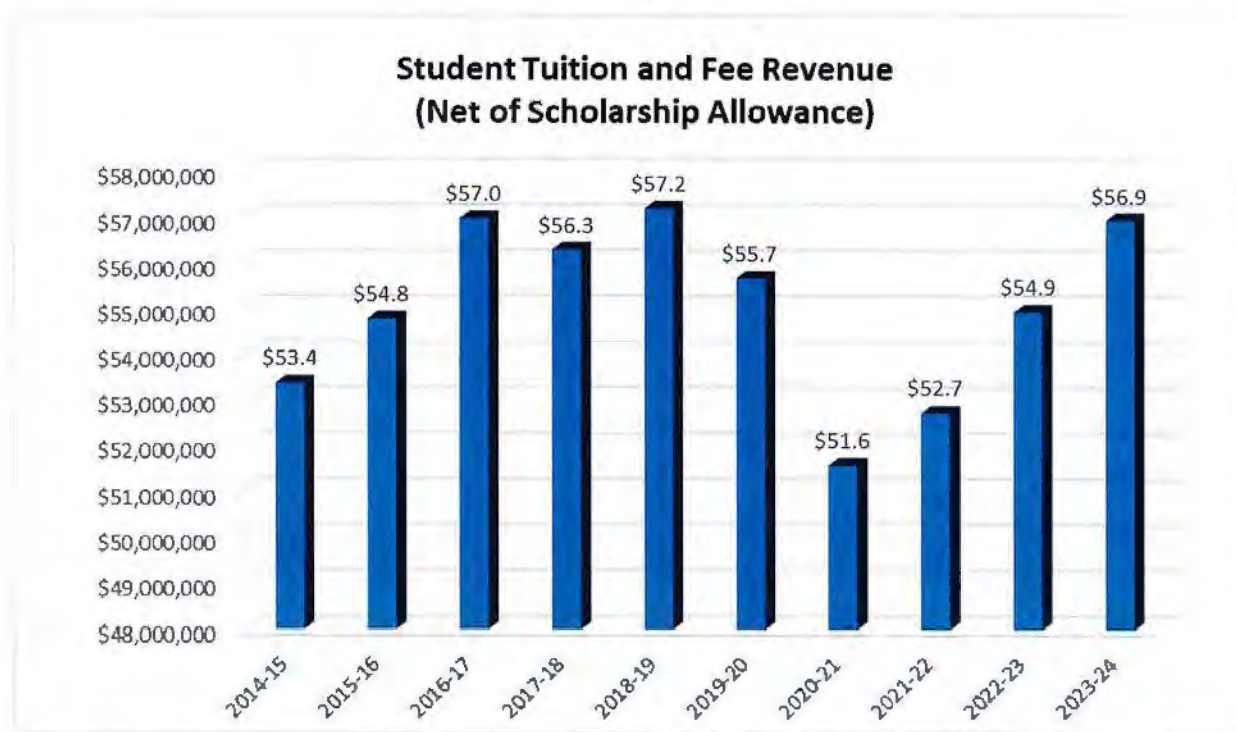
For additional information concerning Capital Assets and Debt Administration, see Notes 6, 11, 13, and 14 in the *Notes to the Financial Statements*.

UNIVERSITY OF CENTRAL ARKANSAS
Management's Discussion and Analysis (Unaudited)

Economic Outlook

Indicators such as cash reserves, fund balances and ratio analyses all show positive trends and are consistent with the upward movement of net assets.

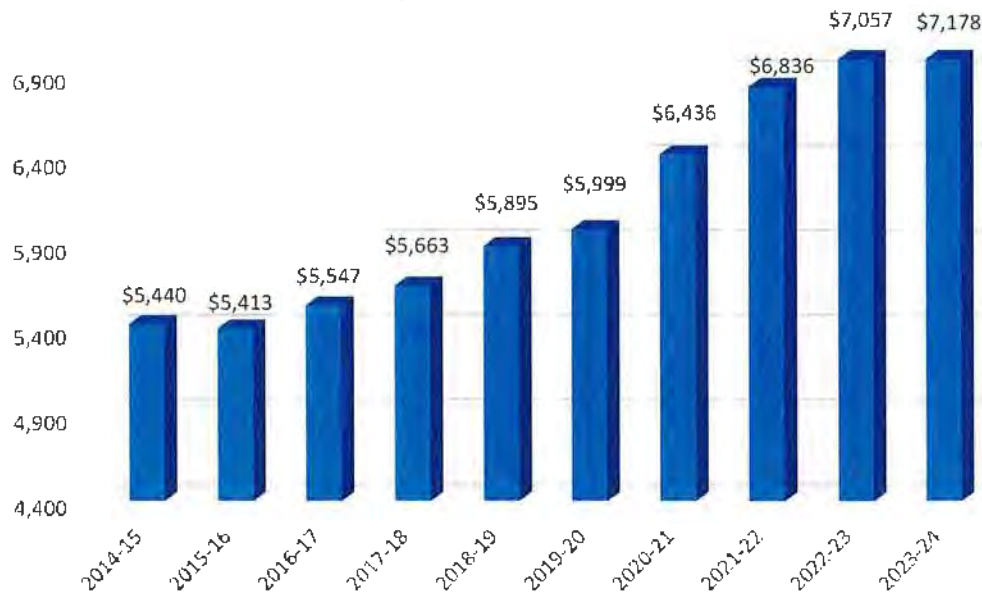
The following charts provide key trends experienced by the University:



UNIVERSITY OF CENTRAL ARKANSAS
Management's Discussion and Analysis (Unaudited)

Economic Outlook (continued)

State Funding per Annualized Student FTE



***2023-24 information – Preliminary Data**

The University is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the current financial position or results of operations during the fiscal year beyond those that have already been discussed or that may be discussed in this portion of the report.

The overall funding provided by the State remains relatively stable. The University continues to monitor spending in all areas while placing an emphasis on building and maintaining unrestricted cash reserves and operating fund balances. Indicators point to continued optimism in revenue generation. These include stable state funding, stable enrollment, and stable demand for housing and food service.

In 2015, the Arkansas Department of Higher Education began the process of developing a plan to move from enrollment-based funding to outcomes-based funding. On July 29, 2016, Dr. Brett Powell, then Director of the Arkansas Department of Higher Education, issued the following statement:

"Outcomes-based funding represents a fundamental shift in the way we think about how the state invests in higher education. Instead of an enrollment-centered formula, this model focuses on program completions and, as a result, it emphasizes success and incentivizes institutional leaders to prioritize the types of activities that lead to successful students."

In February 2017, the Arkansas General Assembly passed legislation adopting a productivity-based funding model for the state-supported institutions of higher education. The first year under the new formula was 2018-2019. The University of Central Arkansas administration feels it is positioned to continue performing well under the new model.

UNIVERSITY OF CENTRAL ARKANSAS
Management's Discussion and Analysis (Unaudited)

Economic Outlook (continued)

In September of 2023, the university launched UCA Commitment, a new program to eliminate the need for loan debt related to tuition and fees for incoming Arkansas freshmen who are Pell eligible or whose families make \$100,000 or less a year. In Fall 2024, 765 of a record high 2,123 first-time freshmen chose to participate in the UCA Commitment program. This incoming freshman class represents the largest year-to-year increase in at least 25 years with 446 more students over last year, a 26% increase.

Student success—especially retention and completion—remains a central focus of UCA's strategic plan. As a result, UCA continues to invest in targeted retention efforts in such areas as academic advising, supplemental instruction, peer success coaching, and academic policy and process improvements. This focus is paying dividends with record high graduation rates: the four-year graduation rate exceeded 40% and the six-year graduation rate exceeded 53% for the first time in over two decades (based on the Fall 2017 cohort of first-time full-time undergraduate students).

The administration is closely monitoring state revenues to be ready to take steps to react to any revision state officials might make in the official revenue forecast. Further revisions in the state's official revenue forecast could result in state agencies, including institutions of higher education, being authorized to spend at a reduced level in future periods. This is the same challenge faced by all public institutions and agencies, as well as all private colleges and universities in the nation.

The Moody's Investors Service rating for the 2024 bond issues was A2 with a stable outlook.

Terri Canino

Terri Canino
Vice President for Finance and Administration

UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2024

Exhibit A

	<u>2023-2024</u>	<u>RESTATED 2022-2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 40,123,555	\$ 43,881,299
Accounts receivable-state	410,435	185,051
Accounts receivable-other, net of allowances of \$2,763,243 & \$2,259,590	9,325,719	7,358,212
Lease receivable	66,726	63,813
Student loans receivable	156,732	229,000
Prepaid expenses	1,890,754	1,200,998
Capital gifts receivable	62,268	84,705
Inventories	525,553	401,036
Bond issuance costs (prepaid insurance)	694,363	735,568
Total Current Assets	<u>53,256,105</u>	<u>54,139,682</u>
Noncurrent Assets		
Cash and cash equivalents	45,356,187	45,670,347
Deposits with trustees	3,840	4,960
Investments	10,601,603	9,110,231
Prepaid expenses	423,745	720,883
Lease receivable	1,690,784	1,757,510
Student loans receivable	1,953,602	1,734,766
Lease assets, net of accumulated amortization of \$508,148 & \$ 492,625	436,171	165,119
Capital assets, net of accumulated depreciation & amortization of \$294,524,619 & \$279,435,563	237,169,362	246,289,704
Total Noncurrent Assets	<u>297,635,294</u>	<u>305,453,520</u>
TOTAL ASSETS	<u>350,891,399</u>	<u>359,593,202</u>
DEFERRED OUTFLOWS OF RESOURCES		
Debt refunding costs	3,062,718	3,314,968
Pensions	7,270,222	8,223,489
OPEB	664,361	760,518
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>10,997,301</u>	<u>12,298,975</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	3,253,444	5,094,468
Accounts payable-payroll	2,981,378	2,118,241
Accrued interest payable	1,651,516	1,731,880
Bonds payable, current portion-net	9,000,147	9,005,514
Installment Purchase Agreement	134,264	137,901
Leases and SBITAs payable, current portion	220,039	129,587
Compensated absences	703,332	634,883
Unearned revenue	1,988,186	1,664,773
OPEB Liability	389,789	360,717
Deposits and funds held in trust for others	742,050	655,959
Total Current Liabilities	<u>21,064,145</u>	<u>21,533,923</u>
Noncurrent Liabilities:		
Accounts payable-payroll	1,388,400	1,682,400
Bonds payable, long term portion-net	185,938,006	194,938,153
Notes payable, long term portion-net	901,401	1,109,803
Installment Purchase Agreement	6,299,111	6,433,375
Leases and SBITAs payable, long term portion	207,174	38,316
Compensated absences	4,053,833	3,789,794
Unearned revenue	140,000	160,000
OPEB liability	3,058,511	3,428,985
Deposits and funds held in trust for others	1,419,274	1,095,984
Pension liability	22,257,018	22,791,549
Refundable federal advances	1,788,519	1,788,519
Total Noncurrent Liabilities	<u>227,451,247</u>	<u>237,256,878</u>
TOTAL LIABILITIES	<u>248,515,392</u>	<u>258,790,801</u>

UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2024

Exhibit A

	<u>2023-2024</u>	<u>RESTATED 2022-2023</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	\$ 2,369,219	\$ 2,486,385
OPEB	1,954,614	1,465,321
Leases	1,602,359	1,619,969
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,926,192</u>	<u>5,571,675</u>
NET POSITION		
Net investment in capital assets	37,436,186	37,118,119
Restricted for:		
Non-Expendable		
Loans	322,688	320,432
Other	3,370,035	3,370,035
Expendable	19,360,556	23,019,419
Unrestricted	46,957,651	43,701,696
TOTAL NET POSITION	<u>\$ 107,447,116</u>	<u>\$ 107,529,701</u>

See accompanying summary of significant accounting policies and notes to financial statements.

UNIVERSITY OF CENTRAL ARKANSAS FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

Exhibit A-1

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 1,374,982	\$ 1,262,730
Investments	85,792,213	71,582,545
Contributions receivable, net	5,445,944	7,322,405
Related party receivable	448,893	92,506
Investment in direct financing lease, net	6,789,556	7,073,150
Property and equipment, net	<u>3,301,878</u>	<u>3,451,735</u>
TOTAL ASSETS	<u><u>\$ 103,153,466</u></u>	<u><u>\$ 90,785,071</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 543,727	\$ 8,350
Accrued interest	57,246	57,246
Long term debt, net	2,470,893	2,579,610
Obligations under annuity agreements	50,160	50,347
Amount held for University	<u>10,601,603</u>	<u>9,110,231</u>
Total Liabilities	<u>13,723,629</u>	<u>11,805,784</u>
Net Assets		
Without donor restrictions	15,219,574	12,882,693
With donor restrictions	<u>74,210,263</u>	<u>66,096,594</u>
Total Net Assets	<u>89,429,837</u>	<u>78,979,287</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 103,153,466</u></u>	<u><u>\$ 90,785,071</u></u>

UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024

Exhibit 6

	2023-2024	RESTATED 2022-2023
Operating Revenues:		
Student tuition & fees (net of scholarship allowances of \$30,875,627 & \$30,193,959)	56,939,479	54,926,302
Federal grants and contracts	6,518,267	5,104,313
State and local grants and contracts	1,424,009	1,267,276
Non-governmental grants and contracts	4,098,371	3,942,483
Sales & services of educational departments	1,479,242	1,356,830
Auxiliary Enterprises		
Athletics (net of scholarship allowances of \$1,829,313 & \$1,768,358)	6,036,357	5,860,126
Housing (net of scholarship allowances of \$6,602,932 & \$6,496,808)	14,706,139	14,177,397
Food Service (net of scholarship allowances of \$3,478,385 & \$3,428,768)	7,251,809	7,025,506
Student Center (net of scholarship allowances of \$344,546 & \$352,032)	693,355	661,085
Recreational Facilities (net of scholarship allowances of \$795,311 & \$806,610)	1,572,063	1,560,439
Other Auxiliary Enterprises (net of scholarship allowances of \$638,717 & \$667,043)	1,873,323	1,918,377
Other Operating Revenues	1,302,222	1,265,173
Total Operating Revenues	103,894,636	99,065,307
Operating Expenses:		
Compensation and benefits	117,951,163	114,913,324
Supplies and services	58,637,121	48,569,639
Scholarships and fellowships	23,246,219	23,287,688
Depreciation and Amortization	19,140,262	18,249,033
Total Operating Expenses	218,974,765	205,019,684
Operating Loss	(115,080,129)	(105,954,377)
Non-operating Revenues (Expenses):		
State appropriations	64,413,283	63,850,330
Federal grants and contracts	22,392,647	22,288,629
State and local grants and contracts	13,288,595	13,029,977
Non-governmental grants and contracts	8,559,582	8,192,965
Gifts	768,487	697,055
Investment income (net of investment expense of \$140,513)	6,399,984	5,517,268
Interest expense and trustee fees	(7,106,481)	(7,436,620)
Disposal of capital assets (net of accumulated depreciation of \$2,031,407 & \$888,250)	(429,987)	(89,612)
Payments to foundation for scholarships	(150,042)	(183,731)
Other income	153,488	677,022
Net Non-operating Revenues (Expenses)	108,289,556	106,543,283
Income Before Other Revenues, Expenses, Gains or Losses	(6,790,573)	588,906
Other Revenues, Expenses, Gains or Losses		
Capital gifts	801,991	1,176,369
Extraordinary item- impairment gain, net of insurance recovery	6,748,145	1,454,768
Payments of mandatory fees to agency funds	(842,148)	(848,610)
Other additions (deductions), net	-	65,253
Unidentified variance	-	120,214
Total Other Revenues, Expenses, Gains or Losses	6,707,988	1,967,994
Increase (Decrease) in Net Position	(82,585)	2,556,900
Net Position - Beginning of Year	107,529,701	104,972,801
Net Position - End of Year	\$ 107,447,116	\$ 107,529,701

See accompanying summary of significant accounting policies and notes to the financial statements.

UNIVERSITY OF CENTRAL ARKANSAS FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

Exhibit B-1

	2024			2023		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support, Revenue, Gains (Losses), and Reclassifications						
Contributions and grants	\$ 1,220,879	\$ 8,473,426	\$ 9,694,305	\$ 3,233,274	\$ 11,426,898	\$ 14,660,172
Contributions of nonfinancial assets	263,973	-	263,973	165,888	-	165,888
Special events and other income	898,075	537,639	1,435,714	607,405	1,988,826	2,596,231
Membership dues and sponsorships	1,022,249	28,514	1,050,763	1,125,725	34,293	1,160,018
Lease income	293,645	-	293,645	293,196	-	293,196
Royalty income	21,381	-	21,381	21,956	-	21,956
Investment return	3,004,463	5,093,356	8,097,819	1,590,033	2,502,796	4,092,829
Change in fair value of annuity obligations	(12,613)	-	(12,613)	(2,467)	-	(2,467)
Net assets released from restrictions	6,019,266	(6,019,266)	-	3,387,083	(3,387,083)	-
Total Support, Revenue, Gains (Losses) and Reclassifications	12,731,318	8,113,669	20,844,987	10,422,093	12,565,730	22,987,823
Expenses						
Program services	9,574,908	-	9,574,908	8,598,697	-	8,598,697
Management and general	620,765	-	620,765	575,565	-	575,565
Fundraising	198,764	-	198,764	104,374	-	104,374
Total Expenses	10,394,437	-	10,394,437	9,278,636	-	9,278,636
Increase in Net Assets	2,336,881	8,113,669	10,450,550	1,143,457	12,565,730	13,709,187
Net Assets, Beginning of Year	12,882,693	66,096,594	78,979,287	11,739,236	53,530,864	65,270,100
Net Assets, End of Year	\$ 15,219,574	\$ 74,210,263	\$ 89,429,837	\$ 12,882,693	\$ 66,096,594	\$ 78,979,287

**UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024**

Exhibit C

	2023-2024	RESTATED 2022-2023
Cash Flows from Operating Activities		
Student tuition and fees (net of scholarships)	\$ 57,090,582	\$ 55,247,682
Grants and contracts	10,410,688	7,971,680
Collection of loans & interest to students	(4,405)	10,018
Auxiliary Enterprise revenues:		
Athletics	5,889,358	5,709,124
Housing	14,701,688	14,445,638
Food Service	7,357,651	7,069,813
Student Center	712,833	647,733
Recreational Facilities	1,553,860	1,564,779
Other auxiliary enterprises	2,062,469	1,706,625
Other receipts	2,383,066	2,606,861
Payments to employees/benefits	(116,503,921)	(118,378,907)
Payments to suppliers	(58,723,630)	(48,467,023)
Payments for scholarships and fellowships	(23,336,191)	(23,288,058)
Net cash used by operating activities	(96,405,952)	(93,154,035)
Cash Flows from Non-capital Financing Activities		
State appropriations	64,434,728	63,884,898
Private gifts	692,478	686,683
Federal grants and contracts	22,405,959	22,289,737
State, local, and private grants and contracts	21,805,205	21,212,508
Direct lending receipts	40,264,763	40,338,431
Direct lending payments	(40,222,102)	(40,280,755)
Other agency funds - net	165,375	(469,764)
Payment of mandatory fees to agency funds	(842,148)	(848,610)
Net cash provided by non-capital financing activities	108,704,258	106,813,128
Cash Flows from Capital and Related Financing Activities		
Distributions from trustee of bond proceeds and interest earnings	-	2,877,132
Capital grants and gifts	26,842	578,739
Proceeds from sale of capital assets	-	6,829
Proceeds from lease activities	116,169	123,014
Purchases of capital assets	(11,909,954)	(23,421,948)
Payments to trustee for bond principal	(8,720,000)	(8,350,000)
Payments to debt holders for principal other than for bonds	(346,304)	(396,035)
Payments to trustee for interest and fees	(6,809,108)	(6,339,109)
Payments to debt holders for interest and fees other than for bonds	(356,196)	(533,190)
Principal paid on leases payable	(329,329)	(206,303)
Interest paid on leases payable	(12,479)	(11,269)
Proceeds from insurance for capital assets	7,139,795	2,089,792
Net cash used by capital and related financing activities	(21,200,564)	(33,582,348)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	81,899	208,257
Purchase of investments	(1,801,590)	(1,262,712)
Interest on investments (net of fees)	6,550,045	5,520,321
Net cash provided by investing activities	4,830,354	4,445,866
Net increase in cash	(4,071,904)	(15,477,389)
Cash - Beginning of Year	89,551,646	105,029,035
Cash - End of Year	\$ 85,479,742	\$ 89,551,646

See accompanying summary of significant accounting policies and notes to the financial statements.

UNIVERSITY OF CENTRAL ARKANSAS
COMPARATIVE STATEMENT OF CASH FLOWS - Continued
FOR THE YEARS ENDED JUNE 30, 2024

Exhibit C

	2023-2024	RESTATED 2022-2023
Reconciliation of net operating revenues (loss) to net cash provided (used) by operating activities:		
Operating Loss	\$ (115,080,129)	\$ (105,954,377)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization expense	19,140,262	18,249,033
Change in assets and liabilities:		
Receivables, net	(2,340,039)	(2,052,298)
Inventories	(124,517)	(17,159)
Deposits with others	74,750	102,651
Prepaid expenses and other assets	(391,185)	571,141
Accounts payable	1,133,388	(1,807,452)
Unearned revenue	303,413	(325,876)
Refundable federal advances	-	33,667
Compensated absences	332,487	376,011
Pension liability	301,570	(2,522,295)
Other postemployment benefits liability	244,048	192,919
NET CASH USED BY OPERATING ACTIVITIES	\$ (96,405,952)	\$ (93,154,035)
Noncash Transactions		
Capital Gifts	\$ 797,588	\$ 684,281
Amortization of bond premium	289,240	291,038
Amortization of bond discount	3,727	3,727
Amortization of bond refunding gain/loss	252,251	252,251
Amortization of bond issuance costs (prepaid insurance)	41,206	43,572
Interest earned on reserve accounts held by trustee	10,275	10,275
Fair value adjustments to investments	1,568,072	1,001,157
Loss on disposal of certain capital assets	429,987	89,612
Payments by Foundation for scholarships	150,042	183,731
Right to use leased assets	588,641	247,822
Impairment of Burdick Hall	308,036	

See accompanying summary of significant accounting policies and notes to financial statements.

UNIVERSITY OF CENTRAL ARKANSAS FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

Exhibit C-1

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change In Net Assets	\$ 10,450,550	\$ 13,709,187
Adjustments to Reconcile Change in Total Net Assets to Net Cash Provided by Operating Activities		
Depreciation	149,857	149,857
Amortization of debt issuance costs	1,748	1,748
Net appreciation in fair value of investments	(8,097,819)	(4,092,829)
Change in fair value of annuity obligations	12,613	2,467
Changes in operating assets and liabilities:		
Contributions receivable	1,876,461	1,675,589
Accounts receivable	(356,387)	(92,506)
Investment in direct financing lease	(169,856)	(169,855)
Accounts payable	535,377	(5,533)
Obligations under annuity agreements	(12,800)	(11,733)
Amounts held for University	1,491,372	890,724
Net Cash Provided by Operating Activities	<u>5,881,116</u>	<u>12,057,116</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments received on direct financing lease	453,450	453,450
Proceeds from sale and maturity of investments	27,206,833	35,324,130
Purchases of investments	(33,318,682)	(49,700,752)
Net Cash Used In Investing Activities	<u>(5,658,399)</u>	<u>(13,923,172)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long term debt	(110,465)	(104,184)
Net Cash Used In Financing Activities	<u>(110,465)</u>	<u>(104,184)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	112,252	(1,970,240)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,262,730</u>	<u>3,232,970</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,374,982</u>	<u>\$ 1,262,730</u>



NOTE 1: Reporting Entity:

The University of Central Arkansas was established as the Arkansas State Normal School by the General Assembly of Arkansas on May 14, 1907. On September 21, 1908, the Arkansas State Normal School was formally opened for instruction.

The name of the institution was changed from Arkansas State Normal School to Arkansas State Teachers College by the General Assembly of Arkansas in 1925; and by Legislative enactment, the Board of Trustees was given authority to grant appropriate degrees. To reflect the present multi-purpose nature of the Agency, the name was changed to State College of Arkansas by Act 5 of the 1967 Legislature. The Legislature changed the name of the institution to the University of Central Arkansas by Act 3 of 1975.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

The University of Central Arkansas is governed by a Board of Trustees appointed by the Governor of the state of Arkansas. The state of Arkansas allocates and allots funds to each state agency separately and requires that the funds be maintained accordingly. The state of Arkansas maintains the state allocated funds in the state treasury accounts with a specific fund designated for use by the University.

The University is an institution of higher education of the state of Arkansas.

Accounts of the University of Central Arkansas Foundation, Inc. are presented in a discrete separate presentation following the University's financial statements as required by GASB Statement no. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement no. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* based on the following criteria:

Legally separate- The Foundation is legally separate from the state and/or the University based on the Articles of Incorporation, organization by-laws, and mission statement.

Non-appointment of voting majority- The state and the University do not appoint any members to the board of the University of Central Arkansas Foundation, Inc.

Fiscal Dependence- The Foundation has total autonomy with respect to the assets held, the ability to issue bonded debt, and the ability to determine its budget without the approval of the state and/or the University. The Foundation is not financially accountable to the University.

Complete financial statements for the University of Central Arkansas Foundation, Inc. may be obtained from the UCA Foundation at 201 Donaghey, Buffalo Alumni Hall, Conway, AR 72035. The University of Central Arkansas Foundation, Inc. reports under the requirements of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards. As such, certain revenue recognition criteria and presentation features differ from GASB revenue recognition criteria and presentation. No modifications have been made to the Foundation's financial information in the University's financial statements.



NOTE 2: Summary of Significant Accounting Policies:

Financial Statement Presentation: In June 1999, GASB issued Statement no. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This was followed by GASB Statement no. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* in November 1999. As an institution of higher education of the state of Arkansas, the University is also required to adopt GASB Statements no. 34 and no. 35. This was amended by GASB Statement no. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement no. 65, *Items Previously Reported as Assets or Liabilities*. These statements require a comprehensive, entity-wide perspective of the University's assets, liabilities, deferred outflows/inflows, net position, revenues, expenses, changes in net position, and cash flows, and replace the fund-group perspective previously required.

In March 2003, GASB issued Statement no. 40, *Deposit and Investment Risk Disclosures*. This statement was an amendment of GASB Statement No. 3 to limit required custodial credit risk disclosures. It also required certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates, as well as deposit and investment policies related to the risks identified in the statement.

The University adopted GASB Statement no. 68, *Accounting and Financial Reporting for Pensions*, during fiscal year 2014-15. This statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through certain trusts. Please refer to note 17 for additional information.

The University adopted GASB Statement no. 72, *Fair Value Measurement and Application*, during fiscal year 2015-16. This statement provides guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. Please refer to note 3 for additional information.

The University adopted GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the fiscal year ended June 30, 2018. This statement replaces the requirements of GASB Statements no. 43 and no. 45, which were adopted in the fiscal years ended June 30, 2007 and June 30, 2008, respectively. The new statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures related to other post-retirement benefits (OPEB). Please refer to note 21 for additional information.

The University adopted GASB Statement no. 84, *Fiduciary Activities*, effective for the fiscal year ended June 30, 2021. The new statement establishes specific criteria for state and local governments for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Management has determined that Statement no. 84 did not materially impact the University.



NOTE 2: Summary of Significant Accounting Policies: (Continued)

Financial Statement Presentation (Continued)

The University adopted GASB Statement no. 87, *Leases*, effective for the fiscal year ended June 30, 2021. In June 2017, GASB issued Statement No. 87, *Leases*, which provided guidance regarding lease accounting. It establishes a single model for lease accounting based on the foundational principle that a lease is financing the right to use an underlying asset. It requires the University to recognize lease liabilities and the intangible right to-use lease assets as lessee, and leases receivable and deferred inflows of resources as lessor. The provisions of the statement were effective for fiscal years beginning after December 15, 2019 (fiscal year 2021). Due to the COVID-19 pandemic, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extending the provisions of this statement by 18 months to fiscal year 2022. Please see Note 15 Leases for additional details.

The University adopted GASB Statement no. 96, *Subscription-Based Information Technology Arrangements*, effective for the fiscal year ended June 30, 2023. This statement enhances the relevance and reliability of the University's financial statements by requiring the University to report a subscription asset and subscription liability for a subscription-based information technology arrangement (SBITA) and to disclose essential information about the arrangement. The disclosures allow users to understand the scale and important aspects of the university's SBITA activities and evaluate the university's obligations and assets resulting from SBITAs.

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting requires recognition of revenues when earned and expenses when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

In March 2009 issued GASB Statement no. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. In December 2010, GASB issued Statement no. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. These statements brought the authoritative accounting and financial reporting literature together in one place, with the guidance modified as necessary. GASB Statement no. 56 was effective upon issuance and GASB Statement no. 62 was effective for the year ended June 30, 2013. In June 2015, GASB issued Statement no. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement was effective for the year ended June 30, 2016 and established the order of priority of pronouncements and other sources of accounting and financial reporting guidance that should be applied. The University will ensure accuracy of reporting in accordance with the guidelines discussed in these statements.

Cash Equivalents: For purposes of the *Statement of Cash Flows*, the University considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. These include demand deposits and cash on deposit with the State Treasury.

Investments: The University states its investments at fair market value in accordance with GASB Statement no. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the *Statement of Revenues, Expenses and Changes in Net Position*.



NOTE 2: Summary of Significant Accounting Policies: (Continued)

Investments (Continued)

GASB Statement no. 52, *Land and Other Real Estate Held as Investments by Endowments*, aims to improve the quality of financial reporting by requiring state and local government endowments to report their land and other real estate investments at fair value, with changes in fair value reported in investment income; previously, the assets were stated at their historical cost. The University has previously adopted this policy and land and real estate investments are reported at their fair value.

GASB Statement no. 53, *Accounting and Financial Reporting for Derivative Instruments*, was issued in June 2008. The requirements of this statement are effective for financial statements for periods after June 15, 2009. This statement requires that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, are to be reported at fair value instead of the typical historical prices. This statement was further amended by GASB Statement no. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. As of June 30, 2024, the University had no funds invested in derivative instruments.

GASB Statement no. 72, *Fair Value Measurement and Application*, was issued in February 2015. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. This statement requires investments to be measured at fair value, and specifically defines an investment "as security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash." The statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. The University has adopted this policy and applicable investments are reported at their fair value in note 3.

Accounts Receivable: Accounts receivable consist of tuition and fee charges to students and of auxiliary enterprise services provided to the students, faculty, and staff. Accounts receivable also include amounts due from federal, state and local governments, and/or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. The University determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the University's previous loss history, and the condition of the general economy and the industry as a whole. The University writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. Accounts receivable were reduced by an allowance of \$2,763,243 and \$2,259,590 on June 30, 2024 and June 30, 2023, respectively.

Capital Gifts Receivable: Capital gifts receivable are valued at amount pledged.

Inventories: Inventories are valued at cost, as determined on a first-in, first-out basis.

Noncurrent Investments: Investments of the endowment and annuity funds are classified as noncurrent assets in the Statement of Net Position.

It is the University's policy to report all endowment funds, including those administered by other parties for investment purposes, as investments in the financial statements.



NOTE 2: Summary of Significant Accounting Policies: (Continued)

Capital Assets: Capital assets are recorded at cost on the date of acquisition, or at acquisition value on the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and with an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value, adapt to a new or different use, and/or better, restore, or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets:

<u>Asset Classification</u>	<u>Estimated Life (Years)</u>
Furniture	10
Computer, Printers, etc.	5
Electrical-Mechanical	10
Maintenance	10
Fine Arts Equipment	10
Athletic and Recreational	5
Scientific	10
Transportation	10
Media Equipment	5
Library Holdings	10*
Library CD Rom Holdings	10*
Field Service	10
Audio Visual Holdings	10
Buildings, E&G, Instruc, Aux	30
Houses	20
Residence Halls	15
Infrastructure	10/20

*Note: Prior to fiscal year 2014-15, library holdings were depreciated over 15 years. A change to depreciate these items over 10 years was made in 2014-2015 fiscal year for items purchased in current and future fiscal periods. Items added prior to the 2014-15 year will continue to be depreciated over 15 years.

The University previously capitalized interest expense involving qualifying assets, if material. The amount of interest cost capitalized was interest cost on borrowings netted against any interest earned on temporary investments of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings were ready for their intended use. GASB Statement no. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued by GASB in June 2018. The University elected to adopt the Statement early, making it effective prospectively for the year ended June 30, 2019. For the year ended June 30, 2019 and periods ending thereafter, the University will no longer capitalize interest expense.



NOTE 2 Summary of Significant Accounting Policies: (Continued)

Capital Assets: (Continued)

GASB Statement no. 51, *Accounting and Financial Reporting for Intangible Assets*, was issued by GASB in June 2007. The statement requires that all intangible assets not specifically excluded by its provisions be classified as capital assets. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009, but when applied, the requirements are applied retroactively.

The University has adopted the following capitalization policy for future intangible assets.

Intangible Asset	Capitalization Threshold	Amortization (years)
Internally developed Software	\$ 1,000,000	10
Purchased Software	500,000	5
Easements, land use, trademarks, copyrights & patents	250,000	15-20*
*Patents are amortized over 20 years.		

At the time of adoption, the University reclassified certain assets that were previously classified as Infrastructure to Intangible Assets. The accumulated depreciation and annual depreciation expense after adoption was also reclassified to amortization. However, the University continued to amortize these assets over the original useful life of 20 years.

Deferred Outflows of Resources: Deferred outflows include the deferred gains and losses on debt refinancing (debt refunding) and certain transactions related to pensions.

Unearned Revenues: Unearned revenues include amounts received for tuition and fees and for certain auxiliary activities prior to the end of the fiscal year but related to a subsequent accounting period.

Compensated Absences: Employee vacation, sick leave, and compensatory time are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation, comp, and/or sick leave payable in the *Statement of Net Position*, and as a component of the compensation and benefit expense in the *Statement of Revenues, Expenses and Changes in Net Position*.

Determination of the current liability portion for vacation, sick leave, and compensatory time pay is based on the average of the last two fiscal years' actual experience for those employees who have terminated their services.

During the regular session of 2005, the Legislature of the State of Arkansas passed Act 1288 which became effective for the fiscal year 2005-2006. This allowed for compensation to be paid at the time of retirement or death for accrued sick leave, based upon the guidelines listed below. Prior to fiscal year 2011, this applied only to classified positions. Effective June 1, 2011, this now applies to both classified and non-classified employees. The amount paid is not to exceed \$7,500.



NOTE 2: Summary of Significant Accounting Policies: (Continued)

Compensated Absences: (Continued)

Number of days (hours) accumulated (rounded to nearest day)	% of Days		% of Daily Salary
50 days (400 hours) through 59 days (472 hours)	50%	X	50%
60 days (480 hours) through 69 days (552 hours)	60%	X	60%
70 days (560 hours) through 79 days (632 hours)	70%	X	70%
80 days (640 hours) or more	80%	X	80%

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

In 2007, GASB issued Statement no. 50, *Pension Disclosures – an Amendment of GASB Statements no. 25 and 27*. The statement requires defined benefit pension plans and sole and agent employers to present additional note disclosures on the funded status of the plan, the aggregate actuarial cost method, and a reference to link the funded status disclosure to the notes to the financial statement. A disclosure should be made of the legal or contractual maximum contribution rates and if an actuarial assumption is different for successive years then the initial and the ultimate rates should be disclosed. The University does not maintain a defined benefit pension plan since those are State of Arkansas plans.

See Note 17 for additional information regarding Pensions.

Noncurrent Liabilities: Noncurrent liabilities include (1) principal amounts of bonds and notes payable, with contractual maturities greater than one year, and (2) accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Deferred Inflows of Resources: Deferred inflows include certain transactions related to pensions, other postemployment benefits and leases.



NOTE 2: Summary of Significant Accounting Policies: (Continued)

Net Position: The University's net position is classified as follows:

Net Investment in Capital Assets– This represents the University's total investment in capital assets, net of outstanding debt related to those capital assets.

Restricted-non-expendable – This includes endowment and similar type funds in which donors or other outside sources have stipulated certain amounts to be retained in perpetuity.

Restricted-expendable – This includes resources the University is legally and contractually obligated to use in accordance with restrictions imposed by third parties.

Unrestricted – This represents resources derived from student tuition and fees, state appropriations, sales and services of educational departments, and auxiliary enterprises. These sources may be used at the discretion of the Board of Trustees to meet current expenses for a variety of purposes. When an expense is incurred that can be paid using either restricted or unrestricted sources, the University's policy is first to apply the expense toward the unrestricted resources, and then toward the restricted resources.

Income Taxes: The University is tax exempt from state income taxes under Arkansas law. It is also tax exempt under Internal Revenue Service Code (Section 115(1)), except for unrelated business income tax. No provision for this tax is made in the financial statements due to materiality.

Classification of Revenues: The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) other receipts, which include sales and services of educational activities.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating by GASB Statement no. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement no. 34, such as state appropriations, investment income, and grants received for student financial assistance.

Scholarship Discounts and Allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the *Statement of Revenues, Expenses and Changes in Net Position*. Scholarship discounts are the difference between the stated charge for goods and services provided by the University and the amount that is paid by the students and/or third parties making payment on behalf of the students.

Refundable Federal Advances: For reporting purposes, the University has shown the federal portion of the Perkins Loan Program fund balance as a noncurrent liability on the Statement of Net Position. The amount refundable to the Federal government upon cessation of the program was \$1,788,519 as of June 30, 2024.



NOTE 2: Summary of Significant Accounting Policies: (Continued)

Pollution Remediation: In 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement establishes standards for accounting and financial reporting for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. There were no outstanding pollution remediation issues at June 30, 2024 or June 30, 2023 and therefore, there was no impact on the financial statements.

NOTE 3: Cash, Cash Equivalents, and Investments:

The University uses commercial banks for its daily cash deposits, and these are carried at cost.

Deposits are exposed to custodial risk if they are not covered by depository insurance (FDIC) and are uncollateralized or collateralized with securities held by the pledging institution, not in the University's name. All University deposits in commercial banks were either insured or collateralized by securities held by third parties in the University's name or a letter of credit at June 30, 2024.

At June 30, 2024, the University's deposits with trustees totaled \$3,840 and were invested as follows:

- Federated Government Obligations Fund 395, a money market treasury fund rated AAAM by Standard & Poor's and Aaa-mf by Moody's Investors Service consisting of U.S. Treasuries, government agency securities and repurchase agreements. The weighted average maturity was 36 days.

The commercial bank deposits noted below do not include cash on hand in the amount of \$16,155.

Note: Holdings in Stephens Incorporated Trust's Equity Funds are not regulated by GASB Statement No. 40.

*The University's Deposits with Trustees were invested as detailed below:

DEPOSITS WITH TRUSTEES			June 30, 2024	
Fund Name	Fair Value	Moody's	S & P	
Federated Government Obligations #395	3,292	Aaa-mf	AAAm	
Federated Government Obligations IS #068	548	Aaa-mf	AAAm	

Note: The Weighted Average Maturity for fund #395 was 28 days.
The Weighted Average Maturity for fund #068 was 32 days.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



NOTE 3: Cash, Cash Equivalents, and Investments: (Continued)

Statement of Cash/Invested Assets	
TOTAL PLAN	JUNE 30, 2024
Cash Equivalent/Investment Type	Fair Value
Commercial Bank Deposits	\$ 85,463,587
Insured (FDIC)	500,000
Uninsured, Collateralized	84,963,587
Deposits with Trustees*	\$ 3,840
Bank of the Ozarks	
Federated Government Obligations Fund 5	3,840
UCA Foundation, Inc.	\$ 10,601,603
Stephens Inc.-STIB Fund-Cash	28,322
Stephens Inc.-Equities	9,306,393
Stephens Inc.-Fixed Income	1,266,888

The Federated Government Obligations Fund #395 was valued using quoted market prices (Level 1 inputs).

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University of Central Arkansas's investments summarized by credit risk, as defined by GASB Statement no. 40, are displayed below:

Credit Risk-S & P Quality Ratings					
TOTAL PLAN	JUNE 30, 2024				
Investment Type	Fair Value	NR*	AAA	A/AA	BBB/A
Fixed Income	1,266,888				
Vanguard ST Corp Bond	280,895	280,895			
Invesco Variable Rate Preferred	232,651				232,651
Ishares 1-3 years Treasury Bond ETF	47,357		47,357		
Ishares Barclays Short Term Corp	705,985				705,985

*No Rating

Credit Risk Concentration		
TOTAL PLAN	JUNE 30, 2024	
Issuer Name	Fair Value	% of Assets
NONE		



NOTE 3: Cash, Cash Equivalents, and Investments: (Continued)

Effective June 30, 2005, the University was required under GASB Statement no. 40 to provide investment risk disclosures for all invested funds. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investments of the University of Central Arkansas summarized by interest risk are displayed below:

Interest Rate Risk				
Effective Duration (yrs)				
TOTAL PLAN		JUNE 30, 2024		
Investment Type	Fair Value	1 - 5	6 - 10	25+
Stephens Trust-Fixed Income	1,266,888	1,266,888	-	-

Investments are recorded at fair value. The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The University has the following recurring fair value measurements as of June 30, 2024:

- Corporate securities of \$9,547,125 are valued using quoted market prices (Level 1 inputs).
- The valuation method for investments measured at the net asset value (NAV) per share, totaling \$1,054,478 is presented on the following table:

Investment Type	Fair Value	Redemption Frequency
Money Market Funds	28,322	N/A
Mutual equity	803,414	Monthly; Quarterly
Mutal bond	222,742	Monthly
Total investments at NAV	<u>\$1,054,478</u>	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**



NOTE 4: Disaggregation of Receivable and Payable Balances:

Accounts receivable consisted of the following at June 30, 2024:

Student tuition and fees	\$ 2,456,574
Auxiliary enterprises	647,098
Loans	2,110,334
State of Arkansas	410,435
UCA Foundation*	62,268
Federal and private grants and contracts	4,888,286
Leases	1,757,510
Other	<u>1,333,761</u>
Totals	<u>\$ 13,666,266</u>

*Note. Windgate Performing Arts building consists of \$62,268

Accounts payable consisted of the following at June 30, 2024:

Vendor accounts	\$ 3,253,444
Payroll	4,369,778
Accrued interest	<u>1,651,516</u>
Totals	<u>\$ 9,274,738</u>

NOTE 5: Inventories:

Inventories consisted of the following at June 30, 2024:

Maintenance	\$ 474,021
Postage	30,480
Central Duplicating	652
Technology Learning Center	3,150
Laptop Grant	<u>17,250</u>
Totals	<u>\$ 525,553</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



NOTE 6: Capital Assets:

Capital assets are stated as follows at cost or, if contributed, at acquisition value on the date of gift:

INVESTMENT IN CAPITAL ASSETS

	July 1, 2023			June 30, 2024
	Balance*	Additions	Deductions	Balance
Capital Assets not Being Depreciated				
Land	\$ 19,008,593	\$ -	\$ -	\$ 19,008,593
Construction in Progress	5,370,308	6,176,605	4,544,959	7,001,954
Works of Art	23,960	-	-	23,960
Archives	777,232	-	25,000	752,232
Total Capital Assets not Being Depreciated	25,180,093	6,176,605	4,569,959	26,786,739
Other Capital Assets				
Infrastructure	36,925,820	1,607,289	33,621	38,499,488
Buildings	407,335,017	4,539,999	3,779,166	408,095,850
Furniture and Equipment	25,282,243	1,835,352	195,656	26,921,939
Intangibles	5,290,741	-	-	5,290,741
Library Holdings	25,711,353	851,067	463,196	26,099,224
Right to use-Leases and SBITAs	657,744	588,641	302,066	944,319
Total Other Capital Assets	501,202,918	9,422,348	4,773,705	505,851,561
Less Accumulated Depr & Amort for:				
Intangibles	4,382,384	264,537	-	4,646,921
Infrastructure	23,331,906	1,250,871	10,639	24,572,138
Buildings	214,474,991	13,999,734	3,087,005	225,387,720
Furniture and equipment	18,498,890	1,725,831	172,778	20,051,943
Library holdings	18,747,392	1,581,700	463,195	19,865,897
Right to use-Leases and SBITAs	492,625	317,589	302,066	508,148
Total Accumulated Depreciation	279,928,188	19,140,262	4,035,683	295,032,767
Total Other Capital Assets, net	221,274,730	(9,717,914)	738,022	210,818,794
Capital Assets Summary:				
Capital Assets not being depreciated	25,180,093	6,176,605	4,569,959	26,786,739
Other capital assets, at cost	501,202,918	9,422,348	4,773,705	505,851,561
Less: Accumulated Depreciation	279,928,188	19,140,262	4,035,683	295,032,767
Total Other Capital Assets, net	221,274,730	(9,717,914)	738,022	210,818,794
Capital Assets, net	\$ 246,454,823	\$ (3,541,309)	\$ 5,307,981	\$ 237,605,533



NOTE 7: Student Loans Receivable:

Student loans made through the Federal Perkins Loan Program comprise substantially all of the loans receivable at June 30, 2024. Under this program, the federal government provided a federal capital contribution to the University which the University matched at 33%. The University has not received a federal capital contribution since 2006.

Prior to September 30, 2017, the University provided low interest (5%) loans to eligible students. The authority for schools to make new Perkins Loans ended on this date with final disbursements allowed through June 30, 2018. Under certain conditions the loans can be forgiven at annual rates of 15% to 30% of the original balance up to the maximum of 50% to 100%. On forgiven loans, the University receives a percentage of the original forgiven loan as reimbursement from the federal government. The last reimbursement the University received from this fund was during the 2009-2010 fiscal year.

As the University determines the loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University is not obligated to repay the federal portion of the uncollected student loans.

The University began the liquidation process on July 26, 2021, for the Perkins Loan program.

NOTE 8: Deferred Outflows and Inflows of Resources:

In March 2012, the GASB issued *GASB Statement No. 65 – Items Previously Reported as Assets or Liabilities* (GASB 65), effective for periods beginning after December 15, 2012. GASB 65 requires the reclassification of certain items on the Statement of Net Position to new categories: Deferred Inflows or Resources, and Deferred Outflows of Resources.

Deferred outflows of resources consist of unamortized debt refunding costs of \$3,062,718, outflows related to pensions of \$7,270,222, and outflows related to other postemployment benefits of \$664,361 at June 30, 2024.

Deferred inflows of resources consist of inflows related to pensions of \$2,369,219, inflows to other postemployment benefits of \$1,954,614, and inflows related to leases of \$1,602,359 at June 30, 2024.

NOTE 9: Unearned Revenue:

Unearned revenue consists of the following at June 30, 2024:

Prepaid tuition and fees	\$ 1,262,538
Other deferred income	<u>865,648</u>
Totals	<u>\$ 2,128,186</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



NOTE 10: Noncurrent Liabilities:

A summary of noncurrent liabilities as of June 30, 2024, follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
Bonds payable						
Bonds	\$ 198,580,000	\$ -	\$ 8,720,000	\$ 189,860,000	\$ 8,715,000	\$ 181,145,000
Bond Premium	5,427,137	-	289,240	5,137,897	288,874	4,849,023
Bond Discount	(63,470)	-	(3,726)	(59,744)	(3,727)	(56,017)
Total bonds payable	203,943,667	-	9,005,514	194,938,153	9,000,147	185,938,006
Other Liabilities						
Accrued compensated absences	4,424,677	4,166,129	3,833,641	4,757,165	703,332	4,053,833
Installment Purchase Agreement	6,571,276	-	137,901	6,433,375	134,264	6,299,111
Leases	167,903	588,641	329,331	427,213	220,039	207,174
Note Payable	1,109,803	-	208,402	901,401	-	901,401
OPEB liability	3,789,702	-	341,402	3,448,300	389,789	3,058,511
Refundable federal advances	1,788,519	-	-	1,788,519	-	1,788,519
Unearned revenue	1,824,773	4,929,386	4,625,973	2,128,186	1,988,186	140,000
Deposits and funds held in trust	1,751,943	270,585,783	270,156,402	2,161,324	742,050	1,419,274
Pension Liability	22,791,549	-	534,531.00	22,257,018	-	22,257,018
Total other liabilities	44,220,145	280,249,939	280,167,583	44,302,501	4,177,660	40,124,841
Total	\$ 248,163,812	\$ 280,249,939	\$ 289,173,087	\$ 239,240,654	\$ 13,177,807	\$ 226,062,847

Additional information regarding bonds payable is included in note 11.

Additional information regarding the note payable is included in note 13.

Additional information regarding the installment purchase agreement payable is included in note 14.

Additional information regarding the leases payable is included in note 15.

Additional information regarding the pension liability is included in note 17.

Additional information regarding the OPEB liability is included in note 21.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



NOTE 11: Bonds Payable:

A summary of the principal and interest payments due on all bonds payable follows:

Fiscal Year	Total Principal	Interest	Total Payments
2025	\$ 8,715,000	\$ 6,445,630	\$ 15,160,630
2026	8,970,000	6,131,865	15,101,865
2027	8,270,000	5,810,850	14,080,850
2028	7,725,000	5,542,783	13,267,783
2029	7,550,000	5,289,779	12,839,779
2030-2034	44,035,000	22,287,212	66,322,212
2035-2039	43,705,000	14,602,018	58,307,018
2040-2044	37,840,000	7,277,449	45,117,449
2045-2049	22,010,000	2,152,662	24,162,662
2050	1,040,000	15,600	1,055,600
Total Bonds	\$ 189,860,000	\$ 75,555,848	\$ 265,415,848
Net prem/disc	5,078,153	-	5,078,153
Totals	\$ 194,938,153	\$ 75,555,848	\$ 270,494,001

The amount of interest due for fiscal year 2024 includes total accrued interest payable of \$1,505,286.

A summary of changes in bonds payable per bond issue follows:

Date of Issue	Date of Maturity	Interest Rate	Amount Issued	Debt O/S June 30, 2024	Maturities as of June 30, 2024
2006B	2026	5.40-6.125	\$ 4,180,000	\$ 670,000	\$ 3,510,000
2006C	2026	5.40-6.125	4,180,000	670,000	3,510,000
2012A	2041	1.00-4.00	15,500,000	8,970,000	6,530,000
2015A	2044	2.50-4.00	14,000,000	13,930,000	70,000
2015B	2025	3.00-3.50	3,500,000	675,000	2,825,000
2015 AuxRef	2034	2.95	6,915,000	2,685,000	4,230,000
2015 StuRef	2036	2.00-4.00	18,245,000	11,280,000	6,965,000
2017A	2046	3.00-5.00	27,460,000	18,510,000	8,950,000
2017B	2029	3.00-5.00	3,795,000	2,580,000	1,215,000
2019A	2048	3.80 - 5.00	33,615,000	33,615,000	-
2019B	2029	2.88 - 3.72	11,555,000	6,250,000	5,305,000
2019C	2048	3.00 - 5.00	12,145,000	11,230,000	915,000
2020A	2049	3.00 - 5.00	20,000,000	18,815,000	1,185,000
2020B	2043	2.375-3.00	29,840,000	29,840,000	-
2020C	2031	0.991-2.328	13,365,000	11,030,000	2,335,000
2020D	2033	2.000-3.000	9,530,000	7,755,000	1,775,000
2020E	2043	0.551-3.150	12,515,000	11,355,000	1,160,000
Total Bonds			\$ 240,340,000	\$ 189,860,000	\$ 50,480,000
Net unamortized premium/discount			6,748,050	5,078,153	1,669,897
Totals			\$ 247,088,050	\$ 194,938,153	\$ 52,149,897

The University did maintain Housing System Reserves as required by bond covenants aggregating \$5,280,154 in 2024.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**



NOTE 12: Sales and Pledges of Receivables and Future Revenues:

The University has pledged future Student Fee revenue to repay \$89,740,000 in Student Fee revenue bonds. Proceeds from the bonds provided financing for construction, renovation, and implementation of Educational and General facilities and projects, and the refunding of existing Student Fee debt issues. The bonds are payable from pledged Student Fee revenues and are payable through 2026 to 2049. Pledged revenues are gross tuition and fees less Educational and General scholarships. Annual principal and interest payments on the bonds are expected to require approximately 8.08% of gross revenues and 10.94% of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$130,029,760. Principal and interest paid for the current year was \$7,072,068. Gross revenues and pledged revenues were \$87,561,094 and \$64,662,790, respectively.

The University has pledged future Housing System revenue to repay \$85,215,000 in Housing System revenue bonds. Proceeds from the bonds provided financing for the construction of University student housing and the refunding of existing Housing System debt issues. The bonds are payable from Housing System revenues and are payable through 2025 to 2048. Pledged revenues are gross housing system revenues less gross housing system expenses. Annual principal and interest payments on the bonds are expected to require approximately 18.58% of gross revenues and 47.27% of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$115,627,280. Principal and interest paid for the current year was \$6,130,871. Gross revenues and pledged revenues were \$32,996,963 and \$12,970,605, respectively.

The University has pledged future Other Auxiliary revenue to repay \$14,905,000 in Other Auxiliary revenue bonds. Proceeds from the bonds provided financing for the construction and renovation of existing Other Auxiliary debt issues. The bonds are payable from Other Auxiliary revenues and are payable through 2026 to 2041. Pledged revenues are the same as gross revenues. Annual principal and interest payments on the bonds are expected to require approximately 15.86% of gross and pledged revenues. The total principal and interest remaining to be paid on the bonds is \$19,758,808. Principal and interest paid for the current year was \$2,272,023. Gross and pledged revenues were \$14,325,350.

NOTE 13: Note Payable:

On May 28, 2013, the University entered into an agreement with First Security Bank for a loan of \$2,810,072. The proceeds were used to purchase the 5th Floor Sky Boxes at Bear Hall and the Weight Room addition on the indoor practice facility from the UCA Foundation, Inc. The term of the loan is fifteen years with interest-only due monthly, based upon the debt outstanding at a fixed rate of 3.94%. No principal payments are required until the end of the loan. Voluntary principal payments of \$208,402 and interest of \$40,647 were paid as of June 30, 2024. The principal outstanding at June 30, 2024 was \$901,401. The total principal and interest remaining to be paid on the note is \$1,044,052, including \$1,479 in accrued interest as of June 30, 2024.

Fiscal Year	Total Principal	Interest	Total Payments
2025		\$ 36,008	\$ 36,008
2026		36,008	36,008
2027		36,008	36,008
2028	\$ 901,401	34,627	936,028
Totals	\$ 901,401	\$ 142,651	\$ 1,044,052

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**



NOTE 14: Installment Purchase Agreement:

A memorandum of understanding was signed on July 15, 2019, between the University and the University of Central Arkansas Foundation, Inc. (the Foundation) to construct housing facilities known as Greek Village Phase II. UCA was responsible for expenses related to site preparation, while the Foundation was responsible for expenses related to construction of the facilities. The facilities are owned by the Foundation and financed to the University, with the University assuming ownership of the buildings at the end of the finance term.

On June 1, 2019, a ground lease agreement between the University and the Foundation was finalized for the Foundation to lease land owned by the University for the purpose of construction of Greek Village Phase II. The Foundation agreed to pay \$1 per annum to the University, for the lease term of June 1, 2019 through June 30, 2050. Payment of \$31 for the entire lease term was received March 4, 2021.

On July 16, 2019, an installment purchase agreement between the University and the Foundation was finalized for the University to lease the housing facilities from July 1, 2019 through June 30, 2050. Beginning July 1, 2020, the University agreed to pay \$226,725 on a semi-annual basis until July 1, 2024, at which time the payment decreases to \$211,136 on a semi-annual basis until January 1, 2050.

The facilities were capitalized at a total cost of \$8,343,286 during the year ended June 30, 2021. Depreciation expense of \$504,458 for the facilities was recorded during the year ended June 30, 2024. Accumulated depreciation is \$1,765,604 as of June 30, 2024.

Principal and interest paid during the year ended June 30, 2024 were \$137,901 and \$315,548, respectively. The principal outstanding at June 30, 2024 was \$6,433,375. The total principal and interest remaining to be paid on the agreement is \$10,979,065, including \$144,751 in accrued interest as of June 30, 2024.

Fiscal Year	Total Principal		Interest	Total Payments	
2025	\$	134,264	\$	288,008	\$ 422,272
2026		140,373		281,898	422,271
2027		146,761		275,511	422,272
2028		153,440		268,832	422,272
2029		160,422		261,850	422,272
2030-2050		5,898,115		3,169,591	8,867,706
Totals	\$	6,433,375	\$	4,545,690	\$ 10,979,065

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



NOTE 15: GASB 87-Leases:

GASB Statement No. 87 was adopted on July 1, 2021. It requires the University to recognize a lease liability and intangible right-to-use lease asset. As a result, these leases are reported at present value using the Federal Bank prime rate unless otherwise noted in the contract. Leases are amortized using the straight-line method. As of June 30, 2024, the right-to-use lease asset value was \$461,479.

Lease Description	Role	Classification	Right-To-Use Lease Asset	Accumulated Amortization	Net Asset
2125 College (Office Space)	Lessee	Building	\$ 213,656	\$ 156,348	\$ 57,308
Buffalo Alumni Hall	Lessee	Building	232,527	203,461	29,066
501 Woodlane (Little Rock)	Lessee	Building	15,296	7,648	7,648
			<u>\$ 461,479</u>	<u>\$ 367,457</u>	<u>\$ 94,022</u>

Principal and interest paid during the year ended June 30, 2024, were \$176,279 and \$12,479, respectively. The principal outstanding at June 30, 2024 was \$97,424. The total principal and interest remaining to be paid on the leases is \$101,121 as of June 30, 2024.

Fiscal Year	Principal	Interest	Total
2025	\$ 92,682	\$ 3,663	\$ 96,345
2026	4,742	34	4,776
Total	<u>\$ 97,424</u>	<u>\$ 3,697</u>	<u>\$ 101,121</u>

NOTE 16: Commitments.

The University was contractually obligated for the following at June 30, 2024:

Project Name	Estimated Completion Date	Contract Balance
Burdick Hall	August 2025	\$ 9,696,825
Renovation of Snow Fine Arts	August 2024	1,857,471
Student Center Lobby Renovation	August 2024	1,160,856
Stone Dam Creek Pedestrian Bridge	November 2024	452,926
Baridon Hall Concrete Polishing	July 2024	301,263
Campus HVAC Controls Refresh	December 2025	209,147
Major Maintenance - E&G/Campus Construction Projects	June 2025	86,932
		<u>\$ 13,785,420</u>



NOTE 17: Retirement and Pension Plans:

The University provides eligible employees the opportunity to participate in an alternate retirement plan, TIAA, two defined benefit plans, the Arkansas Teachers Retirement System and Arkansas Public Employees Retirement System, and three supplemental Retirement Account options with TIAA.

Alternate Retirement Plan: The plan is administered by Teachers' Insurance and Annuity Association (TIAA).

Plan Description: The University's Alternate Plan through TIAA is a defined contribution plan. The plan is a 403 (b) program as defined by Internal Revenue Service Code of 1986 as amended. TIAA is an insurance company offering participants a traditional annuity with guaranteed principal and a specific interest rate plus the opportunity for additional growth through dividends and a variable annuity. Arkansas Code Annotated authorized participation in the plan.

Funding Policy: The Alternate Plan is a contributory plan in which members must contribute at least 6% of their earnings to the plan. The University contributes an amount equal to 10% of earnings for members.

Schedule of Employer and Employee Contributions

Fiscal Year Ended	Employer Annual Contributions	Employee Annual Contributions
June 30, 2022	\$ 6,223,397	\$ 4,179,303
June 30, 2023	\$ 6,415,484	\$ 4,234,959
June 30, 2024	\$ 6,757,827	\$ 4,307,897

Arkansas Teacher Retirement System:

Plan Description: The University contributes to the Arkansas Teacher Retirement (ATRS), a cost-sharing multiple-employer defined benefit pension plan. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-501-682-1517. The report is also available on the ATRS website, www.artrs.gov.



NOTE 17: Retirement and Pension Plans: (Continued)

Arkansas Teacher Retirement System: (Continued)

Benefits Provided: ATRS provides retirement, disability, and death benefits. Retirement benefits are determined as a percentage of the member's final average salary (computed using the average of the annual salaries paid during the period of 5 years of credited service producing the highest annual average) times the member's years of service. The percentage used is based upon whether a member is contributory or non-contributory, as follows:

Contributory	2.15%
Non-Contributory	1.39%

Members are eligible to retire with a full benefit under the following conditions: (1) at age 60 with five years of actual and reciprocal service, or (2) at any age with 28 years credited service. Members with 25 years of actual and reciprocal service who have not attained age 60 may retire with a reduced benefit.

Members are eligible for disability benefits with five years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Survivor benefits are payable to qualified survivors upon the death of an active member with five years of service. The monthly benefit paid to eligible spouse survivors is computed as if the member had retired and elected the 100% Survivor Annuity option. Minor child survivors receive a percentage of the member's highest salary earned. ATRS also provides a lump sum death benefit for active and retired members with 10 years of actual service. The amount for contributory members will be up to \$10,000 and up to \$6,667 for non-contributory members. A cost-of-living adjustment of 3% of the current benefit is added each year.

Effective July 1, 2011, new employees of the University are no longer eligible to participate in ATRS unless the new employee has 5 years of vested service with ATRS prior to becoming hired at the University. Existing University employees which enrolled in ATRS are allowed to continue participation.

Funding Policy: ATRS has contributory and non-contributory plans. The contributory plan has been in effect since the beginning of ATRS. The non-contributory plan became available July 1, 1986. Act 81 of 1999, effective July 1, 1999, requires all new members to be contributory and allowed active members as of July 1, 1999, until July 1, 2000, to make an irrevocable choice to be contributory or non-contributory. Act 93 of 2007 allows any non-contributory member to make an irrevocable election to become contributory on July 1 of each fiscal year.

Contributory members are required by code to contribute 7% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. Prior to July 1, 2019, the University contributed 14% for the ATRS Plan members. The fiscal year 2022, 2023 and 2024 employer rates were 14.75%, 15.00% and 15.00%, respectively.



NOTE 17. Retirement and Pension Plans: (Continued)

Arkansas Teacher Retirement System: (Continued)

Schedule of Employer Contributions for ATRS

Fiscal Year Ended	Employer Annual Contributions	Employee Annual Contributions
June 30, 2022	\$ 1,163,330	\$ 525,789
June 30, 2023	\$ 1,322,035	\$ 612,272
June 30, 2024	\$ 1,285,073	\$ 580,730

Prior to July 1, 2019, the University contributed 14.00% for the ATRS T-Drop Plan members. The fiscal year 2022, 2023 and 2024 employer rates were 14.75%, 15.00%, and 15.00%, respectively.

Schedule of Employer Contributions for ATRS T-Drop

Fiscal Year Ended	Employer Annual Contributions
June 30, 2022	\$ 65,612
June 30, 2023	\$ 101,672
June 30, 2024	\$ 132,854

At June 30, 2024, the University reported a liability of \$13,774,620 for its proportionate share of ATRS's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was based on the University's contributions received by ATRS during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of ATRS's participating employers. At June 30, 2023, the University's proportion was 0.265%.

For the year ended June 30, 2024, the University recognized pension expense of \$2,387,254.

At June 30, 2024, the University reported its proportionate share of ATRS's deferred outflows of resources and deferred inflows of resources from the following sources:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



NOTE 17: Retirement and Pension Plans: (Continued)

Arkansas Teacher Retirement System: (Continued)

Deferred Outflows and Deferred Inflows - June 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 500,929	\$ 16,117
Changes in actuarial assumptions	1,002,899	-
Difference between employer contributions and proportionate share	628,238	452,596
Difference between projected and actual investment earnings	907,138	-
University contributions subsequent to the measurement date	1,417,927	
Total	\$ 4,457,131	\$ 468,713

The \$1,417,927 reported as deferred outflows of resources related to pensions resulting from University contributions to ATRS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to ATRS pensions will be recognized in pension expense as follows:

Fiscal Year Ended	Pension Expense Amount
2025	\$ 691,292
2026	(20,452)
2027	1,828,880
2028	70,771
Total	\$ 2,570,491

Actuarial Assumptions

The total liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Wage Inflation Rate	2.75%
Salary increases	2.75-5.75%
Investment rate of return	7.25%

Mortality rates were based on the Pub-2010 Healthy Retired, General Disabled, and General Employee Mortality for males and females.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2020.



NOTE 17: Retirement and Pension Plans: (Continued)

Arkansas Teacher Retirement System: (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 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. Best estimates of geometric real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

Asset Target Allocation

Asset Allocation	Target Allocation	Long-Term Expected Real Rate of Return
Total Equity	53.00%	5.0%
Fixed Income	15.00%	1.8%
Alternatives	5.00%	4.8%
Real Assets	15.00%	4.5%
Private Equity	12.00%	7.3%
Cash Equivalents	0.00%	1.0%
Total	100.00%	

Single Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability based on the expected rate of return on pension plan investments. The current member and employer contribution rates are 7% and 15% of active member payroll, respectively. The projection of cash flows used to determine this single discount rate assumed that member and employer contributions will be made in accordance with this schedule. Based on these assumptions, the pension plan's fiduciary net position was 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.

The following presents the University's proportionate share of the net pension liability, calculated using a single discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

Sensitivity of the Net Pension Liability to the Single Discount Rate

Discount Rate			
1% Decrease (6.25%)	(7.25%)	1% Increase (8.25%)	
\$ 22,372,285	\$ 13,774,620	\$ 6,646,494	



NOTE 17: Retirement and Pension Plans: (Continued)

Arkansas Public Employees Retirement System:

Plan Description: The University contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan. Employees may elect coverage under APERS as a qualified retirement system. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201-3704 or by calling 1-800-682-7377. The report is also available on the APERS website, www.apers.org.

Benefits Provided: APERS provides retirement, disability, and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or non-contributory as follows:

Contributory, prior to 7/1/05	2.07%
Contributory, on or after 7/1/05 but prior to 7/1/07	2.03%
Contributory, on or after 7/1/07	2.00%
Non-Contributory	1.72%

Members are eligible to retire with a full benefit under the following conditions: (1) at age 65 with five years of actual service; (2) at any age with 28 years of actual service; (3) at age 60 with 20 years of actual service if under the old contributory plan (prior to 7/1/05); or (4) at age 55 with 35 years of credited service for elected or public safety officials. Members may retire with a reduced benefit at age 55 with at least five years of actual service or at any age with 25 years of actual service.

Members are eligible for disability benefits with five years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had five years of service and the monthly benefit is computed as if the member had retired and elected the Joint and 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Effective September 1, 2016, the University eliminated the option for benefits-eligible employees who start work on or after September 1, 2016, to select the Arkansas Public Retirement System (APERS) as part of the University's retirement program.

Funding Policy: APERS has contributory and non-contributory plans. Members are required to contribute 5.50% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of APERS, based on the annual actuarial valuation. For the fiscal year 2024, the current statutory employer rate was 15.32% of the annual covered payroll.



NOTE 17: Retirement and Pension Plans: (Continued)

Arkansas Public Employees Retirement System: (Continued)

Schedule of Employer Contributions for APERS

Fiscal Year Ended	Employer Annual Contributions	Employee Annual Contributions
June 30, 2022	\$ 1,043,521	\$ 222,880
June 30, 2023	\$ 950,423	\$ 203,240
June 30, 2024	\$ 803,493	\$ 190,359

The University contributes 15.32% for the APERS Drop Plan members.

Schedule of Employer Contributions for APERS Drop
Employer Annual Contributions

Fiscal Year Ended	Employer Annual Contributions
June 30, 2022	\$ 80,373
June 30, 2023	\$ 48,842
June 30, 2024	\$ 76,252

On June 30, 2024, the University reported a liability of \$8,482,398 for its proportionate share of APERS's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was based on the University's contributions received by APERS during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of APERS's participating employers. On June 30, 2023, the University's proportion was 0.291%.

For the year ending June 30, 2024, the University recognized a pension expense of \$211,988. On June 30, 2024, the University reported its proportionate share of APERS's deferred outflows of resources and deferred inflows of resources from the following sources:

Deferred Outflows and Deferred Inflows – June 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 478,814	\$ 46,599
Changes in actuarial assumptions	398,778	-
Difference between employer contributions and proportionate share	-	1,853,907
Difference between projected and actual investment earnings	1,055,754	-
University contributions subsequent to the measurement date	879,745	
Total	\$ 2,813,091	\$ 1,900,506

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**



NOTE 17: Retirement and Pension Plans: (Continued)

Arkansas Public Employees Retirement System: (Continued)

The \$879,745 reported as deferred outflows of resources related to pensions resulting from University contributions to APERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to APERS pensions will be recognized in pension expense as follows:

Fiscal Year Ended	Pension Expense Amount
2025	\$ (510,900)
2026	(367,217)
2027	982,212
2028	(71,255)
Total	\$ 32,840

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of Percent of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Salary Increases	3.25-11.00%
Inflation Rate	3.25% wage, 2.50% price
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality Table	Based on PubG-2010 Amount-Weighted Below-Median Income General Retiree Mortality tables males and females. Mortality rates are multiplied by 114% for males and 132% for females.
Average Service Life of All Members	3.7241



NOTE 17: Retirement and Pension Plans: (Continued)

Arkansas Public Employees Retirement System: (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2023-2032 were based upon critical market assumptions provided by the plan's investment consultant. Each major asset class included in the plan's target asset allocation as of June 30, 2023, is summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37.00%	6.19%
International Equity	24.00%	6.77%
Real Assets	16.00%	3.34%
Absolute Return	5.00%	3.36%
Domestic Fixed	18.00%	1.79%
Total	100.00%	

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was 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.

The following presents the University's proportionate share of the net pension liability using the current discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

Discount Rate		
1% Decrease (6.00%)	(7.00%)	1% Increase (8.00%)
\$ 13,520,180	\$ 8,482,398	\$ 4,331,743



NOTE 17: Retirement and Pension Plans: (Continued)

Supplemental Retirement Accounts

Plan Description: The University provides all employees with the voluntary option of participating in a supplemental account with TIAA. In addition, employees have the option of participating in a Roth plan offered through TIAA.

The University previously provided all employees with the voluntary option of participating in a supplemental account with VALIC. Effective November 30, 2018, the University eliminated the option for employees to contribute to VALIC through payroll.

The vendors provide or provided contracts to the participants upon participation and all contributions are the property of the participants.

Funding Policy: Participants' contributions are tax-sheltered, except for the TIAA Roth plan, and contribution limits are based upon annual pre-tax calculations. The University makes no contributions to supplemental accounts.

Schedule of Annual Employee Contributions for Supplemental Retirement Accounts:

Fiscal Year Ended	TIAA Pre-Tax	TIAA Roth	TIAA-457
June 30, 2022	\$ 1,224,872	\$ 359,343	\$ 80,150
June 30, 2023	\$ 1,175,372	\$ 398,649	\$ 48,600
June 30, 2024	\$ 1,250,251	\$ 531,563	\$ 18,300

Voluntary Employee Retirement Incentive Plan

At the meeting of the UCA Board of Trustees on August 12, 2022, approval was given for a Voluntary Employee Retirement Incentive plan. Employees who were age 59.5 or older and had at least 4 years of total full-time employment at the University as of December 31, 2022 or employees with at least 28 years of service with UCA or the State of Arkansas, were eligible to participate in the plan. Those who elected to participate received a \$5,000 payout, 10% of their base salary as of December 31, 2022, along with 0.5% of their base salary for each year of continuous service, up to a maximum of 20% of the employee's base salary as of December 31, 2022. Payments were and will be made as contributions to TIAA accounts. The effective retirement date for participants in the program was either December 31, 2022, or May 15, 2023. Total payments of \$890,123 to a total of 67 eligible employees will be made related to the plan. Payments of \$418,390 were made in the fiscal year ending June 30, 2023; additional payments of \$471,733 were made in the fiscal year ending June 30, 2024.

Additional payments related to the Voluntary Employee Retirement Incentive Plan are discussed in Note 21.

Funding Policy: Contributions are tax-sheltered, and contribution limits are based upon annual pre-tax calculations.



NOTE 17: Retirement and Pension Plans: (Continued)

Voluntary Employee Retirement Incentive Plan (Continued)

Schedule of Annual Employer Contributions for Supplemental Retirement Accounts related to Voluntary Employment Retirement Incentive Plan

Fiscal Year Ended		TIAA
June 30, 2022	\$	173,559
June 30, 2023	\$	418,390
June 30, 2024	\$	471,733

NOTE 18: Claims and Judgments/Contingencies:

The following claims and potential judgments/contingencies existed as of June 30, 2024, and subsequently.

Equal Employment Opportunity Commission (EEOC) Complaints

A former employee filed an EEOC complaint on May 29, 2018, alleging unlawful termination based on race, sex, and pregnancy. The University is contesting the allegations and filed a response on July 10, 2018. The EEOC issued its right-to-sue letter on August 31, 2018. The former employee has not filed and served a suit as of the date of the financial statements.

A former employee filed an EEOC complaint on February 28, 2020, alleging denial of a reasonable accommodation and discharge because of a disability. The University contested the allegations and filed a response to the EEOC complaint on March 20, 2020. The EEOC issued its notice of rights letter on August 27, 2020. The former employee has not filed and served a suit as of the date of the financial statements.

A former part-time employee filed an EEOC complaint in July 2020 alleging that she was discharged and harassed based on race. The complaint was dismissed on the basis that her charge was not filed timely with EEOC. The EEOC issued its right-to-sue letter on December 21, 2020. The employee filed a complaint in the United States District Court, Eastern District of Arkansas, on April 12, 2021, alleging employment discrimination on the basis of race and disability. The court dismissed the case on April 20, 2021, for failure to timely file. The employee filed a petition in October 2021 in the United States Supreme Court, which was subsequently denied by the Court in December 2021. The employee also filed a claim with the Arkansas Claims Commission in July 2020 seeking payment for two hours of work allegedly performed in October 2019. In January 2021, the Claims Commission awarded the employee \$37 for one hour of pay and \$2.22 in interest. The employee filed an appeal with the Arkansas General Assembly, and the decision of the Commission was accepted.

A former employee filed an EEOC complaint on November 2, 2021, alleging constructive discharge based on racial discrimination. The University is contesting the allegations and filed a response on November 19, 2021. The EEOC issued its notice of rights letter on August 31, 2022.

A former employee filed an EEOC complaint on February 17, 2022, alleging unlawful termination based on disability and age. The University is contesting the allegations and filed a response on March 15, 2022. The EEOC issued its notice of rights letter on August 22, 2022. The former employee has not filed and served a suit as of the date of the financial statements.



NOTE 18: Claims and Judgments/Contingencies: (Continued)

A current employee filed an EEOC complaint on March 21, 2023, alleging discrimination based on race and disability. The University contested the allegations and filed a response on April 26, 2023. The EEOC issued its notice of rights letter on September 7, 2023. The employee has not filed and served a suit as of the date of the financial statements.

A current employee filed an EEOC complaint in May 2024, alleging discrimination based on race. The University contested the allegations and filed a response in June 2024. The EEOC issued its notice of rights letter on April 9, 2025. The employee has not filed and served a suit as of the date of the financial statements.

A former employee filed an EEOC complaint in February 2025, alleging discrimination based on disability. The University contested the allegations and filed a response in March 2025. The EEOC has not provided a final decision related to the complaint as of the date of the financial statements.

Petition for Declaratory Judgement

A person filed a petition for declaratory judgment on July 2, 2020, seeking to invalidate a gift deed transferring approximately five acres of land in Perry County from the Rosenwald Community to the Board of Trustees of UCA. The person alleges that the Rosenwald Community did not properly transfer the five acres of land. The person seeks to invalidate the transfer, but there are no allegations of wrongdoing on the part of the university. The Attorney General's office is representing the University. The University contested the allegations and filed a response to the petition on August 10, 2020. The Court set aside the deed on July 5, 2022.

NOTE 19: Related Party Transactions:

UCA/CRHS Healthcare Education Foundation, Inc.

UCA/CRHS Healthcare Education Foundation, Inc. is a non-profit entity created for the purpose of building and maintaining a healthcare education facility to be used by the University's Department of Nursing as well as the Conway Regional Health System (CRHS) for training and education of its nursing staff. A 50-year ground lease began on January 1, 2012, and an application for 501(c)(3) status was filed with the Internal Revenue Service in September 2011.

In fiscal year 2013, it was determined that this entity will only collaborate on programming related to the Department of Nursing and on programming benefitting the public.

Rev. Cornell Maltbia is a former member of the UCA Board of Trustees, and is also a member of the CRHS Board of Directors.

Dr. Michael Stanton was appointed to the UCA Board of Trustees by Arkansas Governor Asa Hutchinson for a seven-year term beginning January 15, 2022. Dr. Stanton is the chief of staff at Conway Regional Health Systems. The University has previously entered into contracts with CRHS to provide billing services for its on-campus clinics.



NOTE 19: Related Party Transactions: (Continued)

Wideworld

It was discovered in August 2011 that the University had been paying amounts due to Wideworld, a graphic design company, owned by the spouse of a University employee. Paulette Walter, an assistant professor in the department of Mass Communication/Theatre, was the contact person in the vendor file for Wideworld. Ms. Walter admitted to working for the company, but stated that she did not own it.

An advisory opinion was sought and received by Ms. Walter which was dated October 19, 2011 from Richard Weiss, the Director of the Department of Finance and Administration. He stated that, in his opinion, no conflict of interest existed in this instance since Ms. Walter had no participation in the procurement process that led to her husband's company being hired to perform the work, nor was there a breach of the contemporaneous employment prohibition. Based upon this opinion, the University is not prohibited from contracting with Wideworld. The opinion did stress that she have no current or future involvement in procurement actions involving Wideworld and she must perform her part-time consulting duties on her own time and not while on state time and without the use of any of the University's equipment or supplies to perform this work.

Lease of 1105 Oak

At the meeting of the UCA Board of Trustees on August 21, 2015, approval was given to lease space owned by Robert Adcock, Jr. for the purpose of establishing a physical presence for the University in downtown Conway, Arkansas. The lease term was for three years beginning December 1, 2015, starting at \$2,500 per month for the first year and increasing by 2% annually. The lease was renewed as of December 1, 2018, for an additional three years. The lease was again renewed for three years as of December 1, 2021. The Arkansas Department of Finance & Administration prepared the lease and signed as agent for UCA. The lease was terminated by mutual agreement effective May 31, 2023.

On December 23, 2015, the Governor of Arkansas, Mr. Asa Hutchinson, appointed Mr. Adcock to the UCA Board of Trustees. His term began January 15, 2016. Mr. Adcock's term ended February 7, 2023.

Centennial Bank/Investment Contract

On July 1, 2017, the University began a contract with Centennial Bank to provide a short term investment vehicle for University funds. Centennial Bank is owned by Home Bancshares, Inc. The contract was for one year, with an option to renew annually for up to seven years total, and was subsequently renewed on July 1, 2018, July 1, 2019, July 1, 2020, and July 1, 2021. A Request for Proposals was issued related to this contract on February 21, 2017, and an evaluation committee recommended Centennial Bank out of four proposals submitted. The Board of Trustees authorized the contract at its May 12, 2017 meeting, with trustees Robert Adcock, Jr., Kay Hinkle, and Brad Lacy abstaining from the vote.

Mr. Adcock is on the Home Bancshares Board of Directors and holds a minority ownership stake. Mrs. Hinkle's spouse, James Hinkle, is on the Home Bancshares board of directors and holds a minority ownership stake. Mr. Lacy is a shareholder in Home Bancshares. Mr. Lacy's UCA Board term ended January 15, 2019. Mr. Adcock's UCA Board term ended February 7, 2023.



NOTE 19: Related Party Transactions: (Continued)

Centennial Bank/Investment Contract (Continued)

In addition, former University Board of Trustees member Randy Sims is a Bank Officer for Centennial Bank, with a minority ownership stake, and Vice Chairman of the Home Bancshares Board of Directors.

A Request for Proposal was issued related to this investment contract in 2024, and an evaluation committee recommended Centennial Bank. The contract begins on July 1, 2024. Mr. Jim Rankin, Jr., who was appointed to the UCA Board of Trustees in 2023 is on the Home Bancshares board of directors and hold a minority ownership stake.

Conductor

On July 28, 2015, the University of Central Arkansas entered into a contract with Startup Junkie Consulting, for the period August 24, 2015 to June 30, 2016, with an option for extensions to June 30, 2020, to evaluate University programs in innovation and entrepreneurship and to develop start-up opportunities for the UCA community via an initiative called Conductor. The contract was later amended, in September 2016, to run from October 1, 2016 to September 30, 2019, at a contracted amount of \$1.378 million. The contract was again amended, in April 2019, to run from October 1, 2019 to June 30, 2022, at a contracted amount of \$1.306 million. On May 26, 2022, the Board of Trustees approved a new three-year agreement starting July 1, 2022, for \$250,000 per year.

The contract is part of a larger public-private partnership between the University, Startup Junkie Consulting, and the Community Venture Foundation (collectively, the Central Arkansas Venture Team) to deliver mentoring, counseling, training, capital readiness, and technical assistance to startups, small business, and emerging investors in Central Arkansas, via an initiative called Conductor. The initiative was announced November 26, 2016.

Blue Cross Blue Shield / USABLE

The University entered into multiple contracts with Blue Cross/Blue Shield and USABLE Corporation on January 1, 2010 to provide dental insurance, life insurance, and long-term disability insurance. All contracts were for one year, with an option to renew annually up to seven years total, and were subsequently renewed on January 1, 2017 with similar terms.

On January 1, 2023, Blue Advantage became the administrator of the UCA health insurance plan.

Curtis Barnett was appointed to the UCA Board of Trustees by Arkansas Governor Asa Hutchinson for a seven-year term beginning January 15, 2020. Mr. Barnett is the current president and chief executive officer for Arkansas Blue Cross and Blue Shield, and was president and CEO of USABLE Corporation from 2008 to 2016.



NOTE 19: Related Party Transactions: (Continued)

Oxford American

For several years, the University has had a contractual relationship with the Oxford American Literary Project, Inc. (OA). The OA publishes a magazine known as *The Oxford American*. Pursuant to an earlier agreement, the University provided annual operating support to the OA in the amount of \$50,000 and provided the OA with two offices in Old Main on the University's campus.

A memorandum of understanding was signed on October 12, 2012, between the University and Oxford American. The agreement obligated the University to continue providing two offices to house the editorial staff with reasonable accommodations and an approximate \$50,000 annual operating budget for purchases in compliance with University purchasing requirements and periodic University review. An addendum to the memorandum of understanding was executed on October 28, 2014, modifying parts of the October 12, 2012 agreement.

A second addendum was signed on October 24, 2018, between the University and Oxford American. The agreement replaced the original memorandum, and obligates the University to provide one office to house the editorial staff with reasonable accommodations and an approximate \$40,000 annual operating budget for purchases in compliance with University purchasing requirements and periodic University review; \$11,000 annual operating budget for a graduate assistant; and an additional \$24,000 for various other programs.

A third addendum to the memorandum of understanding was executed on June 6, 2019. The addendum modified parts of the October 24, 2018 agreement. This agreement states that the third addendum modifies and amends the Second Addendum, effective October 24, 2018 as follows: \$90,000 per year to fund the contributing author and artist series curated and presented by OA and related to the author series and residency programs. The funds may come from either UCA or the University of Central Arkansas Foundation. The parties agree that UCA shall, from time-to-time, review such expenditures of the OA under this provision to ensure that such expenditures are consistent with the operation of the OA and its relationship with UCA.

On May 25, 2023, the Board of Trustees approved a five-year extension of the prior agreement for with Oxford American, effective July 1, 2023 to June 30, 2028. The extension allows for a maximum of \$165,000 per year to fund the programs. The funds may come from either UCA or the University of Central Arkansas Foundation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



NOTE 20: Natural Classifications with Functional Classifications:

The University operating expenses by functional classification were as follows.

Functional Classification	Personal Services	Scholarships	Supplies	Depreciation and Amortization	TOTAL
Instruction	\$ 63,915,847		\$ 11,069,167		\$ 74,985,014
Research	2,596,354		986,978		3,583,332
Public service	2,357,899		4,294,161		6,652,060
Academic support	8,169,894		4,048,652		12,218,546
Student services	6,028,308		2,038,301		8,066,609
Institutional support	12,889,475		5,412,131		18,301,606
Operation of plant	8,505,482		6,582,219		15,087,701
Scholarships		\$ 18,059,271			18,059,271
Auxiliary enterprises	13,487,904	5,186,948	24,205,312		42,880,164
Depreciation and amortization				\$ 19,140,262	19,140,262
Total Expenses	\$ 117,951,163	\$ 23,246,219	\$ 58,637,121	\$ 19,140,262	\$ 218,974,765

NOTE 21: Other Postemployment Benefits (OPEB):

The University adopted GASB Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective with the fiscal year ended June 30, 2018. This statement replaces the requirements of GASB Statements no. 43 and no. 45, which were adopted in the fiscal years ended June 30, 2007 and June 30, 2008, respectively. The new statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures related to other post-retirement benefits (OPEB).

The University offers postemployment benefits through the University's Retiree Benefits Plan (the Plan) to all employees who officially retire from the University and meet certain requirements. Full-time employees are eligible for the postemployment benefits if they have completed 10 or more years of continuous benefits-eligible employment at UCA or at an Arkansas public higher education institution or state agency and who are age 59 ½ or older or full-time employees who have completed 28 or more years of benefits-eligible employment at UCA or at an Arkansas public higher education institution or state agency at any age shall be eligible for basic benefits-eligible retirement. As an additional requirement, the last five years of employment must be completed at UCA.

Qualified retirees shall be eligible to continue participation in health, dental, and life insurance plans. The Plan is considered to be a single-employer plan and consists of health, dental, and life insurance benefits. Life insurance coverage can continue until members' age 80, depending on classification. The authority under which the Plan's benefit provisions are established or amended is the Board of Trustees. The Plan does not issue a stand-alone financial report. For inquiries relating to the Plan, please contact the University of Central Arkansas Human Resources Department, Wingo Hall, Suite 106, 201 Donaghey Avenue, Conway, Arkansas, 72035.



NOTE 21: Other Postemployment Benefits (OPEB): (Continued)

Retirees may purchase health insurance for themselves and their eligible dependents. The retiree will pay the difference between the University's contribution and the cost of the plan as selected by the retiree. For those employees retiring prior to January 1, 2009, the University's maximum monthly contribution for a single plan is \$283 and the University's maximum monthly contribution for a family plan is \$400. For those employees retiring after December 31, 2008, the retiree will pay the difference between the University's contribution of \$150 per month and the cost of the full premium based on their enrollment status (single, family, etc.). At the members' age 65, health insurance coverage for retirees and their dependents will cease.

Current retirees or those in phased retirement as of June 30, 2008 who reach age 65 after December 31, 2008 are granted a stipend for supplemental medical insurance of \$73 per month from members' age 65 to 70.

Retirees may purchase dental insurance for themselves and their eligible dependents. The retiree will pay the difference between the University's contribution and the cost of the plan as selected by the retiree. For those employees retiring prior to January 1, 2010, the University's maximum monthly contribution is the lesser of \$25 or the current year's monthly premium for single coverage. Employees retiring after December 31, 2009 may purchase dental insurance for themselves and their eligible dependents by payment of the full premium. At the members' age 65, dental insurance coverage for retirees and their dependents will cease.

Retirees may purchase life insurance through the University plan if they are in one of the two following classifications. Class 4 contains retired employees hired prior to January 1, 1999. These retirees are provided with \$15,000 of life insurance. For those who retired prior to January 1, 2009, the retiree will pay the difference between the University's contribution of \$10.00 and the cost of the plan. For those who retired on or after January 1, 2009, the retiree will pay the full cost of the plan. Class 5 is a closed class of retirees who had already retired or met certain requirements as of December 31, 1998. These retirees are provided with coverage equal to the coverage provided when the retiree retired at no cost to retiree. At age 65, coverage is reduced to 65% at no cost to retiree. At age 70, coverage remains at 65% and is provided at 100% cost to the retiree. At age 80, life insurance coverage for retirees will cease.

Participants included in the actuarial valuation include active employees and retirees who are eligible to participate in the Plan upon retirement and their spouses, if spousal coverage is currently elected. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	42
Active employees	1,167
	<u>1,209</u>

The University's total OPEB liability of \$3,448,300 was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.



NOTE 21: Other Postemployment Benefits (OPEB): (Continued)

Actuarial Assumptions and Other Inputs:

The estimation of the retiree benefit obligation is generally based on per participant contributions developed from recent periods for which claims experience is available. The University provided actual per participant premiums for 2024. The amounts contributed by the University will not change in future years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Calculations are based on the types of benefits provided under the terms of the Plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation year	July 1, 2023 – June 30, 2024
Discount Rate	4.21% per annum; the plan is not funded in an irrevocable trust maintained by the University, as plan sponsor.
Inflation	3.0% per annum
Mortality	Pri-2012 Mortality Table with Improvement Scale MP-2021
Marriage assumptions	Three-year spousal age difference with females assumed three years younger than males. Assumed for active employee spousal coverage, as well as for any retired members for whom spousal dates of birth were not provided.
Assumed Utilization	25% of eligible future retirees are assumed to elect plan benefits.
Active Participation Rate	Active members are assumed to elect the same retiree medical coverage as they elected while active.



NOTE 21: Other Postemployment Benefits (OPEB): (Continued)

Actuarial Assumptions and Other Inputs: (Continued)

Termination (Sample Rates per 1,000 Members)

Age	Male	Female
25	46.0	48.4
30	39.4	44.0
35	32.0	31.0
40	27.0	22.0
45	20.8	20.0
50	16.2	17.0
55	15.0	15.0
60	15.0	15.0
65	15.0	15.0
70	15.0	15.0
75	N/A	N/A

In addition, a select and ultimate assumption that total termination in the first year is 32%, in the second year is 15%, in the third year is 11%, in the fourth year is 7.5%, and 5% in the fifth year.

Retirement Rates

Percentage of eligible members at age shown who retire during the year.

Age	Percentage	
	0-27 years	28 years and after
48-49	0%	50%
50	2	13
51	2	10
52	3	9
53-54	4	9
55	6	9
56	9	12
57	9	10
58	9	11
59	9	14
60-61	100	14
62	100	28
63-64	100	17
65	100	27
66-74	100	30
75 & older	100	100

Changes in assumptions

The discount rate has been increased to reflect the movement in interest rates. In addition, the mortality table has been changed from the RP-2014 Mortality Table to the Pri-2012 Mortality Table.

Actuarial cost method

Entry age normal actuarial cost method, market value

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



NOTE 21: Other Postemployment Benefits (OPEB): (Continued)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2023	\$ 3,789,702
Changes for the year:	
Service cost	286,535
Interest	149,370
Differences between expected and actual experience	(714,606)
Change in actuarial assumptions	(21,231)
Employer contributions	(41,470)
Net changes	(341,402)
Balance at June 30, 2024	<u>\$ 3,448,300</u>

The following presents the total OPEB liability for the University using the current discount rate of 4.21%, as well as what the University's total liability would be if it were calculated using a discount rate that is 1% lower and 1% higher than the current assumed rate:

Sensitivity of the Total OPEB Liability to the Discount Rate

1% Decrease	Discount Rate	1% Increase
\$ 3,726,750	\$ 3,448,300	\$ 3,197,430

The following presents the total OPEB liability for the University using the medical trend rates, as well as what the University's total liability would be if it were calculated using trend rates that are 1% lower and 1% higher than the current assumed rates:

Sensitivity of the Total OPEB Liability to the Medical Trend Rates

1% Decrease	Current Rates	1% Increase
\$ 3,147,471	\$ 3,448,300	\$ 3,799,387

OPEB Expense and Deferred Outflows & Inflows of Resources

For the year ended June 30, 2024, the University recognized OPEB expense of \$285,518.

Service cost	\$ 286,535
Interest on TOL = $4.13\% \times \$3,789,702 - 4.13\% \times 0.5 \times \$345,990$	149,370
Amortization of inflows	(246,544)
Amortization of outflows	96,157
OPEB Expense	<u>\$ 285,518</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



NOTE 21: Other Postemployment Benefits (OPEB): (Continued)

At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows and Deferred Inflows - June 30, 2024

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Difference between expected and actual economic experience	\$	431,591	\$	1,326,320
Changes in actuarial assumptions		232,770		628,294
Total	\$	664,361	\$	1,954,614

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization of Deferred Outflows/Inflows

Fiscal Year Ended	OPEB Expense
2025	\$ (150,387)
2026	(150,387)
2027	(150,387)
2028	(150,387)
2029	(150,387)
Thereafter	(538,318)
Total	\$ (1,290,253)

Voluntary Employee Retirement Incentive Plan

At the meeting of the UCA Board of Trustees on November 6, 2020, approval was given for a Voluntary Employee Retirement Incentive plan. Additional information regarding eligibility for the program is included in Note 17.

Those who elected to participate received a \$300 per month contribution into a health reimbursement arrangement (HRA) for 36 months beginning the month following the effective retirement date. Contributions totaling \$294,000 were made during the year ended June 30, 2024.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**



NOTE 22: Gap Plan-Self Insured:

The University began a Gap Plan in January 2006. The Gap Plan is designed to offset the employee's health insurance deductible applied from the UCA group health insurance.

The University offers two group health insurance plans, the Point of Service (POS) and the High Deductible plan, to all benefits-eligible employees. The annual deductible for the POS plan increased in January 2017 from \$1,000 to \$1,500 for individual coverage. The POS plan has a cap of 2 deductibles per calendar year for coverage tiers different than individual coverage. The annual deductible for the High Deductible plan remains \$2,000 for individual coverage. The High Deductible plan has a \$4,000 annual deductible per calendar year for coverage tiers different than individual coverage. The deductible is the employee's financial responsibility to medical providers. Employees with individual coverage are eligible for a gap reimbursement of \$500 and coverage tiers different than individual coverage are eligible for a reimbursement of \$1,000 per calendar year after the full deductible has been applied to the health insurance claims.

The University offers the self-insured Gap Plan to the employees who have elected to participate in the group health insurance and may choose individual, employee/spouse, employee/child(ren), or family coverage. However, no family member will be covered by the Gap Plan if not covered by the group health plan. The University contributes monthly to the gap plan as follows:

\$16.55 - single coverage
\$20.12 - employee/spouse or employee/child(ren) coverage
\$30.76 - family coverage

The employee contributes \$10 monthly to the Gap Plan for employee/spouse, employee/child(ren), and family coverage.

Fiscal Year Ended	Employer Contributions	Employee Contributions
June 30, 2022	\$ 281,856	\$ 43,049
June 30, 2023	\$ 275,165	\$ 43,038
June 30, 2024	\$ 266,276	\$ 39,823

Schedule of Claims	
Fiscal Year Ended	Claims Reimbursed
June 30, 2022	\$ 70,087
June 30, 2023	\$ 75,171
June 30, 2024	\$ 53,060

During the fiscal year ended June 30, 2024, 1,491 employees elected Gap Plan coverage.



NOTE 23: Risk Management:

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. In that regard, the University carries the following policies:

The University carries an Errors and Omissions policy covering Trustees and Officers. The policy limits are \$1,000,000 each claim and \$2,000,000 aggregate. The University pays an annual premium for this coverage.

The University carries Excess Auto liability coverage on the fleet of vehicles covered under the state policy. The liability limit is \$4,000,000 for each occurrence and \$4,000,000 aggregate. The University pays an annual premium for this coverage.

The University carries a Professional Liability insurance policy for students in a clinical environment. The liability limits are \$2,000,000 each claim and \$5,000,000 aggregate. The University pays an annual premium for this coverage.

The University pays individual Professional Liability policies for Nurse Practitioners. The liability limits for full time Nurse Practitioners \$1,000,000 each claim and \$6,000,000 aggregate. The liability limits for part-time Nurse Practitioners are \$1,000,000 each claim and \$3,000,000 aggregate. The University pays an annual premium for this coverage.

The University pays a portion of the premium for liability coverage for the physician on campus. The liability limits are \$1,000,000 each claim and \$3,000,000 aggregate. The University pays the premium annually.

The University pays individual liability policies for Athletic Trainers. The liability limits are \$1,000,000 each claim and \$3,000,000 aggregate. The University pays an annual premium for this coverage.

The University carries a liability policy on College Square Independent Living Facility. The limits for this policy are \$1,000,000 each claim and \$3,000,000 aggregate. The University pays an annual premium for this coverage.

The University is self-insured for all athletic medical claims. The University has an agreement with Occunet which contracts with Medical providers for services. A third party administrator pays all claims up to \$90,000. The University pays a premium for services to Occunet.

The University carries a liability insurance policy on the fifth floor skyboxes for Bear Hall. The liability policy is \$5,000,000 aggregate limit and \$5,000,000 for each occurrence.

For worker's compensation purposes, the University of Central Arkansas participates in the State of Arkansas' self-insured program for state agencies and public colleges and universities. This program is administered by the Arkansas Public Employees Claims Division. In its administrative capacity, the Division is responsible for managing claims, and where appropriate, negotiating settlements thereof.

The University participates in the Arkansas Multi-Agency Insurance Trust (AMAIT) for insurance coverage for property and vehicles. In its administrative capacity, AMAIT is responsible for monitoring, negotiating and settling claims that have been filed against its members. The University pays annual premiums for buildings, contents and vehicles.



NOTE 23: Risk Management: (Continued)

The University carries insurance for the Postal Station. The insurance is a Commercial Surety Bond and the University pays an annual premium for this insurance.

The University participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$300,000 with a \$2,500 deductible. Premiums are contributed annually.

The University previously carried a liability insurance policy on 1105 Oak Street UCA Downtown. The liability limits are \$1,000,000 each occurrence and \$2,000,000 aggregate. The University pays an annual premium for this coverage.

Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years. Except for the Excess Auto liability coverage, which was reduced from \$9,000,000 to \$4,000,000 per occurrence and in aggregate, there were no significant reductions in insurance coverage from the prior year in the major categories of risk.

NOTE 24: Endowment and Annuity Funds:

The University has donor-restricted endowment and annuity funds. Such funds include investments reported at fair value. The endowment and annuity net position at June 30, 2024 were \$13,456,153. Of this amount, \$3,370,035 was reported as restricted – nonexpendable other and the remaining \$10,086,118 was reported as restricted – expendable.

A.C.A. § 28-69-804 states, "Subject to the intent of a donor expressed in the gift instrument, an institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution."

It is the University's general policy to limit annual expenses to actual income generated by the fund assets.

NOTE 25: COVID-19 Impact:

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19).

In the fiscal year ended June 30, 2020, the University issued refunds totaling \$2,788,648 related to closures of housing and food service facilities. Of this amount, \$54,923 was included in accounts payable and accrued liabilities on the Statement of Net Position at June 30, 2020. Additional refunds totaling \$53,377 were issued in the fiscal year ended June 30, 2021.

On March 23, 2020, the University was informed of expected reductions in state appropriations for the fiscal year ending June 30, 2020, totaling \$2,906,828 in FY20. On June 30, 2020, this funding was restored, and the funds were included in cash and cash equivalents on the Statement of Net Position at June 30, 2020.



NOTE 25: COVID-19 Impact: (Continued)

The University applied for and was allocated \$9,604,924 in relief from the Higher Education Emergency Relief Fund as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress in March 2020. At least half (\$4,802,462) of these funds were required to be provided as emergency financial aid grants to students. Additional CARES funds totaling \$475,012 were allocated to the University in April 2020.

For the fiscal year ended June 30, 2021 and June 30, 2020, the University provided emergency financial aid grants to students totaling \$2,246,627 and \$2,734,070, respectively; reimbursed the University for allowed COVID-related expenditures totaling \$1,890,157 and \$2,734,070, respectively; reimbursed the University for lost revenue totaling \$5,479 and \$469,533, respectively, and recorded CARES funds totaling \$4,142,264 and \$5,937,672, respectively, in nonoperating revenue.

The University was allocated \$15,456,600 in relief from the Higher Education Relief Fund II as part of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) which was signed into law in December 2020. \$4,802,462 of these funds were required to be provided as emergency financial aid grants to students. Additional CRRSAA funds totaling \$656,525 were subsequently allocated to the University.

For the fiscal year ended June 30, 2021, the University provided emergency financial aid grants to students totaling \$6,056,162; provided additional student aid totaling \$700,753; reimbursed the University for allowed COVID-related expenditures totaling \$458,834; reimbursed the University for lost revenue totaling \$4,253,864, and recorded CRRSAA funds totaling \$11,469,613 in nonoperating revenue. The final use of the remaining funds has not been yet determined.

For the fiscal year ended June 30, 2022, the University has provided emergency financial aid grants to students totaling \$996,098; reimbursed the University for allowed COVID-related expenditures totaling \$46,837; reimbursed the University for lost revenue totaling \$3,600,577.

The University was allocated \$26,933,734 in relief from the Higher Education Relief Fund III as part of the American Rescue Plan Act (ARP) which was signed into law in March 2021. \$13,544,120 of these funds were required to be provided as emergency financial grants to students. As of June 30, 2022, the University provided emergency financial aid grants to students totaling \$12,012,440; reimbursed the University for lost revenue total \$5,545,640; reimbursed the University for COVID-19 related HVAC Air Quality upgrades totaling \$125,812; and reimbursed for other COVID-related expenditures totaling \$1,664. Additional ARP funds totaling \$1,189,717 were subsequently allocated to the University and reimbursed the University for lost revenue totaling \$1,189,717.

For the fiscal year ended June 30, 2023, the University provided emergency financial aid grants to students totaling \$1,531,680 and reimbursed the University for COVID-19 related HVAC Air Quality upgrades totaling \$3,891,777.

For the fiscal year ended June 30, 2024, the University was reimbursed for COVID-19 related HVAC Air Quality upgrades totaling \$3,824,721.

Additional funds totaling \$977,366 received and administered by the State of Arkansas related to the CARES Act were allocated to the University in June 2020. Of this amount, \$811,010 was used to reimburse the University for allowed COVID-related expenditures. The remaining \$166,356 was used by the State of Arkansas for direct purchases of COVID-related supplies on behalf of the University.



NOTE 25: COVID-19 Impact: (Continued)

The University also received an allocation of \$135,202 from the Arkansas Department of Health to reimburse expenditures related to COVID-19 testing, and \$37,846 from the Arkansas Department of Human Services to supplement cleaning expenses and additional labor costs for the UCA Child Study Center.

NOTE 26: Impairment of Capital Assets

Burdick Hall Fire Damage

A fire began in Burdick Hall on the evening of May 4, 2022, which caused extensive damage to the building. The fire was contained to the first floor, but there was significant smoke damage throughout the building. Burdick Hall was constructed in 1974 at a cost of \$1,766,766. The University completed subsequent upgrades to the building; in 2012 for \$195,123, in 2015 for \$14,735, and in 2018 additions of infrastructure for \$33,622, which brings the total historical cost of the building and infrastructure to \$2,010,246. The accumulated depreciation for Burdick Hall is \$1,702,210, making the carrying value \$308,036.

On May 10, 2024, the University finalized an insurance settlement related to the damage to Burdick Hall for a final payment of \$5,507,808, bringing total insurance proceeds for the damage to \$8,510,949. All funds had been received at June 30, 2024.

At June 30, 2024, the University has recognized an impairment loss for the full amount of the carrying value of \$308,036, and an impairment gain for insurance proceeds of \$8,510,949. The net gain totaling \$8,202,913 is reported on the Statement of Revenues, Expenses and Changes in Net Position as other revenues, expenses, gains or losses-extraordinary item-impairment gain, net of insurance recovery of \$6,748,145 for the year ended June 30, 2024, and \$1,454,768 for the year ended June 30, 2023, respectively. See note 28 for additional detail.

NOTE 27: Subscription-Based Information Technology Arrangements

The University has entered into Subscription Based Information Technology Arrangements (SBITA) that meet the capitalization criteria as determined by GASB Statement Number 96. A SBITA is defined as a contract that conveys control of the right-to-use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The term, annual cost, and accumulated amortization at June 30, 2024, are as follows:

Software Product	Description	Agreement Term (Years)	Agreement Amount	Initial Subscription Asset	Accumulated Amortization	Net Subscription Asset	Annual Cost	Subscription Liability
Medical	Electronic Health Records System	3	\$ 109,190	\$ 100,820	\$ 33,607	\$ 67,213	\$ 34,636	\$ 66,183
NetXposure	Branding Communications Toolkit	7	134,036	106,340	15,161	91,149	19,148	87,192
Microsoft 365	Office Productivity License	3	297,800	275,680	91,893	183,787	99,267	176,414
Totals			\$ 541,026	\$ 482,840	\$ 140,661	\$ 342,149	\$ 153,051	\$ 329,789

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



NOTE 27: Subscription-Based Information Technology Arrangements (Continued)

A summary of the changes in the subscription IT liabilities during the year ended June 30, 2024 is as follows:

	Balance beginning of year July 1, 2023	Additions	Re- measurements	Deductions	Balance end of year June 30, 2024	Current	Non-Current
Medical	\$ -	\$ 100,820	\$ -	\$ 34,636	\$ 86,184	\$ 30,908	\$ 35,276
NetXposure	-	106,340	-	19,148	87,192	11,737	75,455
Microsoft 365	-	275,680	-	99,267	176,413	84,712	91,701
Total Liabilities	\$ -	\$ 482,840	\$ -	\$ 153,051	\$ 329,789	\$ 127,357	\$ 202,432

A summary of the remaining principal and interest due at June 30, 2024 is as follows:

	PRINCIPAL					
	FY25	FY26	FY27	FY28	FY29	FY30
Medical	\$ 30,908	\$ 35,276	\$ -	\$ -	\$ -	\$ -
NetXposure	11,737	12,734	13,817	14,991	16,265	17,648
Microsoft 365	84,712	91,701	-	-	-	-
Total Principal	127,357	139,711	13,817	14,991	16,265	17,648

	INTEREST					
	FY25	FY26	FY27	FY28	FY29	FY30
Medical	\$ 5,460	\$ 2,910	\$ -	\$ -	\$ -	\$ -
NetXposure	7,411	6,414	5,331	4,157	2,883	1,500
Microsoft 365	14,554	7,565	-	-	-	-
Total Interest	27,425	16,889	5,331	4,157	2,883	1,500

Total P&I Payments	\$ 154,782	\$ 156,600	\$ 19,148	\$ 19,148	\$ 19,148	\$ 19,148
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NOTE 28: Prior Period Restatement

Scholarship Allowances

Student tuition and fees, auxiliary enterprises-athletics, auxiliary enterprises-housing, auxiliary enterprises-food service, auxiliary enterprises-student center, auxiliary enterprises-recreational facilities, auxiliary enterprises-other auxiliary enterprises, and scholarships and fellowships, as reported on the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows, have been restated to correct an error in the calculation of scholarship allowances. The restatement resulted in: a decrease in student tuition and fees of \$4,131,601; a decrease in auxiliary enterprises-athletics of \$241,974; a decrease in auxiliary enterprises-housing of \$888,993; a decrease in auxiliary enterprises-food service of \$469,176; a decrease in auxiliary enterprises-student center of \$48,171; a decrease in auxiliary enterprises-recreational facilities of \$110,373; a decrease in auxiliary enterprises-other auxiliary enterprises of \$91,275; and a corresponding decrease in scholarships and fellowships of \$5,981,563.



NOTE 28: Prior Period Restatement (Continued)

Burdick Hall Fire Damage

Non-operating revenues-other income as reported on the Statement of Revenues, Expenses and Changes in Net Position have been restated due to the recognition of a gain on impairment related the damage to Burdick Hall. See Note 26 for additional detail. The restatement resulted in a decrease in non-operating revenues-other income and an increase other revenues, expenses, gains or losses-extraordinary item-impairment gain, net of insurance recovery of \$1,454,768.

NOTE 29: Subsequent Events

Purchase of 2003-2005 Martin

At the meeting of the UCA Board of Trustees on December 6, 2024, approval was given to purchase the properties at 2003 Martin Street and 2005 Martin Street in Conway, Arkansas, for the sum of \$240,000. The closing occurred on January 7, 2025, for a total purchase price of \$247,780.

Purchase of 306-312 Farris

At the meeting of the UCA Board of Trustees on February 28, 2025, approval was given to purchase the properties at 306, 308, 310, and 312 Farris Road in Conway, Arkansas, for the sum of \$1,310,000. The closing occurred on March 4, 2025, for a total purchase price of \$1,311,534.

Campus District Loop and Hydronics Refresh

At the meeting of the UCA Board of Trustees on August 8, 2025, the Board authorized a feasibility study for the issuance of bonds, in an amount not to exceed \$10,520,000. The bond proceeds will support the planning, design, and construction of a new chiller plant on the north side of campus, installing new underground district chilled water lines to connect with existing district cooling piping and buildings, and refreshing existing facilities through the installation of high-efficiency water-cooled chillers and new cooling towers, at an estimated cost of \$10,000,000.

**UNIVERSITY OF CENTRAL ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
OTHER POST EMPLOYMENT BENEFITS (OPEB)
JUNE 30, 2024**

Summary of Key Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Valuation year	July 1, 2023 – June 30, 2024
Discount Rate	4.21% per annum; the plan is not funded in an irrevocable trust maintained by the University, as plan sponsor.
Inflation	3.0% per annum
Mortality	Pri-2012 Mortality Table with Improvement Scale MP-2021
Marriage assumptions	Three-year spousal age difference with females assumed three years younger than males. Assumed for active employee spousal coverage, as well as for any retired members for whom spousal dates of birth were not provided.
Assumed Utilization	25% of eligible future retirees are assumed to elect plan benefits.
Active Participation Rate	Active members are assumed to elect the same retiree medical coverage as they elected while active.

Termination (Sample Rates per 1,000 Members)

Age	Male	Female
25	46.0	48.4
30	39.4	44.0
35	32.0	31.0
40	27.0	22.0
45	20.8	20.0
50	16.2	17.0
55	15.0	15.0
60	15.0	15.0
65	15.0	15.0
70	15.0	15.0
75	N/A	N/A

In addition, a select and ultimate assumption that total termination in the first year is 32%, in the second year is 15%, in the third year is 11%, in the fourth year is 7.5%, and 5% in the fifth year.

**UNIVERSITY OF CENTRAL ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
OTHER POST EMPLOYMENT BENEFITS (OPEB)
JUNE 30, 2024**

Summary of Key Actuarial Methods and Assumptions (Continued)

Retirement Rates

Percentage of eligible members at age shown who retire during the year.

Age	Percentage	
	0-27 years	28 years and after
48-49	0%	50%
50	2	13
51	2	10
52	3	9
53-54	4	9
55	6	9
56	9	12
57	9	10
58	9	11
59	9	14
60-61	100	14
62	100	28
63-64	100	17
65	100	27
66-74	100	30
75 & older	100	100

The discount rate used to measure the Total OPEB Liability (TOL) as of June 30, 2024, was 4.21%; the unfunded rate was determined as of June 30, 2024.

**UNIVERSITY OF CENTRAL ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
OTHER POST EMPLOYMENT BENEFITS (OPEB)
JUNE 30, 2024**

Schedule of Changes in the University's Total OPEB Liability & Related Ratios for the Last 10 Years*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 286,535	\$ 232,762	\$ 313,251	\$ 325,828	\$ 254,476	\$ 204,142	\$ 198,196
Interest	149,370	115,721	82,907	81,669	106,428	85,403	85,477
Differences between expected and actual experience	(714,606)	286,030	(657,852)	(109,333)	(3,203)	407,203	(191,456)
Change in actuarial assumptions	(21,231)	(166,360)	(409,733)	42,433	369,137	(491,601)	-
Benefit payments	(41,470)	(68,339)	(48,784)	(65,488)	(56,053)	(49,473)	(61,357)
Net change in total OPEB liability	\$ (341,402)	\$ 399,814	\$ (720,211)	\$ 276,109	\$ 670,785	\$ 155,674	\$ 30,860
TOTAL OPEB Liability - beginning	\$ 3,789,702	\$ 3,389,888	\$ 4,110,099	\$ 3,833,990	\$ 3,163,205	\$ 3,006,531	\$ 2,975,671
TOTAL OPEB Liability - ending	\$ 3,448,300	\$ 3,789,702	\$ 3,389,888	\$ 4,110,099	\$ 3,833,990	\$ 3,163,205	\$ 3,006,531
 Covered employee payroll	 \$ 81,778,925	 \$ 80,196,340	 \$ 77,893,955	 \$ 77,340,849	 \$ 78,962,848	 \$ 79,580,251	 \$ 82,107,164
 Total OPEB liability as a percentage of covered employee payroll	 4.22%	 4.73%	 4.35%	 5.31%	 4.86%	 3.97%	 3.66%

*Fiscal year 2018 was the 1st year of implementation, therefore only seven years are shown.

Notes to Schedule

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in assumptions The discount rate has been changed to reflect the movement in interest rates. In addition, the mortality table has been changed from the RP-2014 Mortality Table to the Pri-2012 Mortality Table.

Actuarial cost method Entry age normal actuarial cost method, market value

**UNIVERSITY OF CENTRAL ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
PENSION PLANS
JUNE 30, 2024**

Prepared for Arkansas Teacher Retirement System (ATRS), a Cost Sharing Defined Benefit Pension Plan, As of June 30, 2024
Last 10 Years

Schedule of the University's Proportional Share of the Net Pension Liability

	2024**	2023**	2022**	2021**	2020**	2019**	2018**	2017**	2016**	2015**
Proportion of the net pension liability	0.265%	0.245%	0.248%	0.261%	0.276%	0.279%	0.299%	0.329%	0.344%	0.363%
Proportionate share of the net pension liability	\$13,774,620	\$12,934,382	\$6,880,362	\$14,750,548	\$11,493,327	\$10,136,245	\$12,559,018	\$14,509,308	\$11,209,952	\$9,537,668
Covered payroll*	\$9,491,380	\$8,331,810	\$8,098,572	\$8,159,551	\$8,479,700	\$8,445,728	\$8,855,321	\$9,639,942	\$10,083,793	\$10,357,175
Proportionate share of the net pension liability as a percentage of covered payroll	145.13%	155.24%	84.96%	180.78%	135.54%	120.02%	141.82%	150.51%	111.17%	92.09%
Plan fiduciary net position as a percentage of the total pension liability	79.94%	78.85%	88.58%	74.91%	80.96%	82.78%	79.48%	76.75%	82.20%	84.98%

*Covered payroll figures for 2016, 2017, and 2018 have been restated.

**The amounts presented for each fiscal year were determined as of June 30 of the previous year.

Schedule of Contributions

	2024**	2023**	2022**	2021**	2020**	2019**	2018**	2017**	2016**	2015**
Contractually required contribution (actuarially determined)	\$1,417,927	\$1,423,707	\$1,228,942	\$1,174,293	\$1,162,736	\$1,187,158	\$1,182,402	\$1,239,745	\$1,349,592	\$1,411,731
Contributions in relation to the actuarially determined contributions	<u>(1,417,927)</u>	<u>(1,423,707)</u>	<u>(1,228,942)</u>	<u>(1,174,293)</u>	<u>(1,162,736)</u>	<u>(1,187,158)</u>	<u>(1,182,402)</u>	<u>(1,239,745)</u>	<u>(1,349,592)</u>	<u>(1,411,731)</u>
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll*	\$9,452,847	\$9,491,380	\$8,331,810	\$8,098,572	\$8,159,551	\$8,479,700	\$8,445,728	\$8,855,321	\$9,639,942	\$10,083,793
Contributions as a percentage of covered payroll	15.00%	15.00%	14.75%	14.50%	14.25%	14.00%	14.00%	14.00%	14.00%	14.00%

**UNIVERSITY OF CENTRAL ARKANSAS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
PENSION PLANS
JUNE 30, 2024**

Prepared for Arkansas Public Employees Retirement System (APERS), a Cost Sharing Defined Benefit Pension Plan, As of June 30, 2024
Last 10 Years

Schedule of the University's Proportional Share of the Net Pension Liability

	2024**	2023**	2022**	2021**	2020**	2019**	2018**	2017**	2016**	2015**
Proportion of the net pension liability	0.291%	0.366%	0.403%	0.454%	0.503%	0.561%	0.620%	0.634%	0.607%	0.585%
Proportionate share of the net pension liability	\$8,482,398	\$9,857,167	\$3,099,653	\$13,000,472	\$12,139,799	\$12,385,719	\$16,028,022	\$15,150,795	\$11,172,397	\$8,307,056
Covered payroll*	\$6,522,617	\$7,336,123	\$8,053,884	\$8,858,198	\$9,629,413	\$10,698,276	\$11,215,648	\$11,480,269	\$10,765,820	\$10,417,763
Proportionate share of the net pension liability as a percentage of covered payroll	130.05%	134.36%	38.49%	146.76%	126.07%	115.77%	142.91%	131.97%	103.78%	79.74%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

*Covered payroll figures for 2016, 2017, and 2018 have been restated.

**The amounts presented for each fiscal year were determined as of June 30 of the previous year.

Schedule of Contributions

	2024**	2023**	2022**	2021**	2020**	2019**	2018**	2017**	2016**	2015**
Contractually required contribution (actuarially determined)	\$879,745	\$999,265	\$1,123,894	\$1,233,855	\$1,357,076	\$1,475,226	\$1,551,250	\$1,626,269	\$1,664,639	\$1,589,035
Contributions in relation to the actuarially determined contributions	<u>(879,745)</u>	<u>(999,265)</u>	<u>(1,123,894)</u>	<u>(1,233,855)</u>	<u>(1,357,076)</u>	<u>(1,475,226)</u>	<u>(1,551,250)</u>	<u>(1,626,269)</u>	<u>(1,664,639)</u>	<u>(1,589,035)</u>
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll*	\$5,742,461	\$6,522,617	\$7,336,123	\$8,053,884	\$8,858,198	\$9,629,413	\$10,698,276	\$11,215,648	\$11,480,269	\$10,765,820
Contributions as a percentage of covered payroll	15.32%	15.32%	15.32%	15.32%	15.32%	15.32%	14.50%	14.50%	14.50%	14.76%

UNIVERSITY OF CENTRAL ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS
FOR THE YEAR ENDED JUNE 30, 2024
(Unaudited)

Schedule 1

	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets and Deferred Outflows	\$ 361,888,700	\$ 371,892,177	\$ 379,760,202	\$ 391,682,420	\$ 387,325,496
Total Liabilities and Deferred Inflows	254,441,584	264,362,476	274,787,401	289,992,326	289,399,860
Total Net Position	107,447,116	107,529,701	104,972,801	101,690,094	97,925,636
Total Operating Revenues	103,894,636	99,065,307	91,018,392	86,650,566	92,787,107
Total Operating Expenses	218,974,765	205,019,684	203,751,693	195,756,607	195,284,090
Total Net Non-Operating Revenues	108,289,556	106,543,283	116,100,290	110,869,582	98,418,563
Total Other Revenues, Expenses, Gains or Losses	6,707,988	1,967,994	(84,282)	1,927,013	20,219,662

