

Questions and Responses Regarding USU NMTC Financing Proposal for the Development of Facilities on Monument Valley Campus

1. What is the New Markets Tax Credit (NMTC) Program?

The New Markets Tax Credit (NMTC) Program incentivizes community development and economic growth through the use of tax credits that attract private investment to distressed communities.

The NMTC Program attracts private capital into low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in specialized financial intermediaries called Community Development Entities.

2. Why do you need to use Aggie Sandstone Foundation?

Aggie Sandstone Foundation will be a 501(c)3 and a Qualified Active Low Income Community Business (QUALICB) established with the purpose of being “operated exclusively for the benefit of, to perform the functions of, and/or to carry out the purposes of Utah State University.” Expert legal counsel with years of NMTC experience will recommend the organizational structure and processes to ensure investors, the Community Development Entity, and Aggie Sandstone Foundation remain qualified for the New Markets Tax Credit (NMTC) Program.

3. What is the ground and building leases term details?

Aggie Sandstone Foundation will enter into a 40-year ground lease from USU at fair market value, and USU will enter into a building lease with Aggie Sandstone Foundation to use the building for its educational purposes. Notwithstanding the length of the lease agreements, the expectation is that this structure will be in place for seven years, ending when the tax credits are fully utilized.

4. What potential liabilities, financial or otherwise, does USU incur in this deal?

The risks associated with this transaction are that we default on our obligations to build the project, or we change the use of the facility to a prohibited business. These risks are remote and highly controlled by USU. Our potential liability for either of these risks would be the inexecutable tax credits.

5. What is the overriding value of this project?

This USU educational facility will be built on San Juan School District land and supported in collaboration with the San Juan School District and Monument Valley Utah High School. Monument Valley residents will benefit through the following features:

- Delivery of education through face-to-face, online, and broadcast classes for career technical training and higher education degrees, including:
 - 28 certificate programs
 - 10 associate degrees
 - 29 bachelor’s degrees

- 27 master's degrees
 - 3 doctoral degrees
 - 3 professional education licensures
- Assistance to students from locally hired staff who are located in the same building, providing skill assessment, career guidance, goal setting, tracking progress and follow-through, as well as qualitative forms of support such as mentoring, encouragement, and coaching.
- Expansion of USU's collaboration with the San Juan School District, providing high school concurrent enrollment courses and career technical education programs, which help high school students gain employment skills and experiences at an extremely important developmental stage of their lives.
- Creation of a facility that allows the entire community to engage in and witness the progress of students. As such, students become peer role models for other community members, especially the youth.
- Expansion of USU Extension Services that will increase resources, training, and education for community residents in the areas of husbandry and agriculture.