



R590, Issuance of Revenue Bonds for Facilities Construction, Facilities Acquisition, or Equipment¹

R590-1. Purpose: To provide policy and procedural guidelines for the issuance of revenue bonds within the USHE for construction projects, facilities acquisition, or equipment purchases.

R590-2. References

- 2.1. Utah Code §53B-21 (Revenue Bonds)
- 2.2. Utah Code §11-17 (Utah Industrial Facilities and Development Act)
- 2.3. Utah Code §63G-6 (Utah Procurement Code)
- 2.4. Policy and Procedures R220, Delegation of Responsibility to the Presidents and Institutional Boards of Trustees
- 2.5. Policy and Procedures R710, Capital Facilities
- 2.6. Policy and Procedures R587, Contract or Lease-purchase Financing

R590.3. General Provisions: Except as provided by 3.1 and 3.2 below, the Utah State Board of Regents may not issue revenue bonds without prior approval from the Legislature.

3.1. Refunding of bonds previously approved by the Legislature are exempt from Legislative authorization if:

- 3.1.1. The bonds are issued to reduce debt service costs; and
- 3.1.2. The refunding bonds mature during the same time frame as the original obligation.

3.2. The Board may issue bonds, on behalf of the University of Utah and Utah State University, in an amount not to exceed \$10,000,000 in any one fiscal year on behalf of either institution without prior approval from the Legislature.

R590-4. Policy

4.1. Availability of Office of the Commissioner: When requested by the institution, the Office of the Commissioner shall assist in the development of institutional revenue bonding proposals for construction projects, facility acquisition, or equipment purchases. At the discretion of institution officials, institutions may proceed independently to develop revenue bonding proposals provided the proposals are developed in accordance with Regent policies R220, R710 and applicable procedures contained in this policy.

¹ Adopted June 28, 1991, amended January 16, 2004 and March 28, 2014.

4.2. Procedural Requirements for Institutions Obtaining Specific Legislative Authority Consistent with Utah Code Title 53B, Chapter 21 to Issue Revenue Bonds: Institutions obtaining specific legislative authority consistent with Utah Code §53B-21 to issue revenue bonds shall:

4.2.1. Obtain Board approval in concept of each construction project or facility acquisition for which bonding will be requested through the Finance and Facilities Committee of the Board based on documentation of the need for the project and its compatibility with and inclusion in the current institutional facilities master plan. This approval may be sought and obtained prior to or simultaneously with approval to seek legislative authority to issue the bonds.

4.2.2. Obtain Board approval to seek legislative authority to issue revenue bonds for the construction project, facility acquisition, or equipment purchase through the Finance and Facilities Committee of the Board based on a description of the proposal.

4.2.3. Request legislative authority, through the Office of the Commissioner, to issue the revenue bonds for the proposal.

4.3. Procedural Requirements for Institutions Issuing Bonds Pursuant to Utah Code Title 11, Chapter 17, Industrial Facilities and Development Act: Institutions issuing bonds pursuant to Utah Code §11-17, Utah Industrial Facilities and Development Act, shall:

4.3.1. Obtain Board approval in concept of each construction project or facility acquisition that is exempt from legislative authorization (see section R590.3, General Provisions) through the Finance and Facilities Committee of the Board based on documentation of the need for the project and its compatibility with and inclusion in the current institutional facilities master plan. This approval must be sought and obtained prior to or simultaneously with approval to seek financing.

4.3.2. Obtain Board approval through the Finance and Facilities Committee of the Board to seek revenue bond financing for bonding proposals authorized by the Legislature or exempt from legislative authorization (see section R590.3., General Provisions), providing a description of the proposal and an initial plan for debt servicing. When scheduling permits, approval to seek financing shall be obtained prior to the steps set forth in 4.3.2. When scheduling requirements are urgent, steps set forth in 4.3.2. may be initiated prior to obtaining Board approval to seek financing.

4.3.3. Request, through the Office of the Commissioner, appointment of bond counsel by the Attorney General and select an underwriter or underwriting team through a request for proposal process.

4.3.4. Obtain a Board resolution through the Finance and Facilities Committee authorizing issuance of the bonds. The authorizing resolution shall be prepared by bond counsel and shall include the provisions necessary to complete the transaction and issue the bonds. The authorizing resolution shall include the parameters for principal amounts, terms, discounts and timing. The institution shall submit to the Board current plans for debt service and up-to-date financial feasibility analysis with the proposed authorizing resolution. When possible, the authorizing resolutions, related bond documentation, and financial feasibility data shall be submitted to the Office of the Commissioner for review at least 15 days prior to Board consideration of the resolution.

4.4. Procurement of Financial Services: Institutional procurement of all financial services relating to bond issues shall be made in compliance with Utah Code §63G-6, Utah Procurement Code.

4.5. Responsibility of the Office of the Commissioner to Review Bond Documentation: Prior to Board consideration of any authorizing resolution the Office of the Commissioner shall review the applicable bond documentation. The Office of the Commissioner shall also evaluate up-to-date financial data, provisions for renewal and replacement, provisions for sinking fund reserve, parameters on principal amounts, terms, discounts and timing, and other issues relating to the financial feasibility of the proposed bond issue. The Office of the Commissioner shall be available to address any financial concerns the Board may have.

4.6. Office of the Commissioner to Seek Attorney's General Opinion: The Office of the Commissioner shall request an opinion from the Attorney General regarding the legality of the bond issue and related contracts and provisions.

4.7. Office of the Commissioner to Submit an Annual Report of Bond Debt. The Office of the Commissioner shall prepare and submit to the Board an annual report which summarizes institutional and system bonded indebtedness, relative to nationally recognized standards for financial strength, associated with institutional or system revenue bonds.