

STATE BOARD OF REGENTS MEETING
SOUTHERN UTAH UNIVERSITY, CEDAR CITY, UTAH
R. HAZE HUNTER CONFERENCE CENTER
FRIDAY, JULY 18, 2014

AGENDA

7:30 – 8:50 AM **BREAKFAST MEETING – STATE BOARD OF REGENTS, SOUTHERN UTAH UNIVERSITY BOARD OF TRUSTEES, PRESIDENT WYATT, COMMISSIONER BUHLER**
Location: Charles Hunter

9:00 – 9:50 AM **INFORMAL DISCUSSION (Presidents & Regents)**
Location: Charles Hunter

9:30 – 10:00 AM **CONTINENTAL BREAKFAST**
Location: Yankee Meadows

10:00 – 11:30 AM **MEETINGS OF BOARD COMMITTEES**

ACADEMIC AND STUDENT AFFAIRS COMMITTEE
Regent Robert W. Prince, Chair
Location: Shooting Star

CONSENT:
Please see the General Consent Calendar at Tab R.

INFORMATION:

- | | |
|-----------------------------------------------------------|-------|
| 1. USHE Completion Grants | TAB A |
| 2. State Systems Transformation Co-creation Participation | TAB B |
| 3. Utah Data Alliance (UDA) – Update Report | TAB C |

FINANCE/FACILITIES COMMITTEE
Regent Robert S. Marquardt, Chair
Location: Charles Hunter

ACTION:

- | | |
|------------------------------------------------------------------------------------------------------------------|-------|
| 1. Southern Utah University – Campus Master Plan Approval | TAB D |
| 2. Southern Utah University – Ratification of Property Gifts for the Beverly Taylor Sorenson Center for the Arts | TAB E |
| 3. Adoption of Policy R611, Veterans Tuition Gap Program | TAB F |
| 4. Utah State University – Brigham City Regional Campus Ground Lease for the New Academic Building | TAB G |
| 5. Utah State University – Innovation Campus (Research Park) Lease-purchase Agreement | TAB H |
| 6. Weber State University – Approval of Station Park Property Lease in Farmington, Utah | TAB I |
| 7. University of Utah – Property Purchase | TAB J |
| 8. University of Utah – Energy Efficiency Project Approval | TAB K |
| 9. University of Utah – Approval to Remodel the Biomedical Polymers Research Building Remodel | TAB L |
| 10. University of Utah – Farmington Ambulatory Care Center Project Approval | TAB M |
| 11. Salt Lake Community College – Westpointe Center Property Acquisition | TAB N |
| 12. Salt Lake Community College – West Valley City Property Lease | TAB O |
| 13. USHE Budget Framework for FY 16 | TAB P |

CONSENT:

Please see the General Consent Calendar at Tab R.

INFORMATION:

1. University of Utah – Series 2014A General Revenue and Refunding Bonds Sale TAB Q

11:30 AM – 12:00 PM **STATE OF THE UNIVERSITY – PRESIDENT WYATT**
Location: Great Hall

12:00 – 12:45 PM **LUNCH**
Location: Yankee Meadows, Vermillion Cliffs & Outdoor Patio

12:45 – 4:30 PM **COMMITTEE OF THE WHOLE**
Location: Great Hall

- | | |
|--------------------------------------------------------|-------|
| 1. General Consent Calendar | TAB R |
| 2. Reports of Board Committees | |
| 3. 2014-15 Mission Based Funding – Distinctive Mission | TAB S |
| 4. 2014-15 Mission Based Funding – Acute Equity | TAB T |
| 5. 2013-14 USHE Performance Funding Allocations | TAB U |
| 6. 2014-15 USHE Performance Funding Measures | TAB V |
| 7. Completion Initiatives and Goals for 2015 | TAB W |
| 8. Resolution of Appreciation | |

2:15 – 2:30 PM *BREAK*

9. USHE – Institutional State-funded Capital Development Projects for 2015-16 TAB X

4:30 – 5:30 PM **EXECUTIVE SESSION (If needed) (Closed Meeting – State Board of Regents)**
Location: Charles Hunter

Projected times for the various meetings are estimates only. The Board Chair retains the right to take action at any time. In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify ADA Coordinator, 60 South 400 West, Salt Lake City, UT 84180 (801-321-7124), at least three working days prior to the meeting. TDD # 801-321-7130.

July 9, 2014

MEMORANDUM

TO: State Board of Regents
FROM: David L. Buhler
SUBJECT: University of Utah - Property Purchase

Issue

The University of Utah is requesting authorization to purchase a property located at 525 East 100 South in Salt Lake City, Utah, for relocation of University departments.

Background

The proposed acquisition will provide approximately 53,000 square feet of more economical space for University departments currently leasing space in other locations. It will also provide space to assist the University by relocating Health Sciences departments out of the School of Medicine Building that is scheduled for demolition and replacement.

The proposed purchase price of the facility is \$5,950,000, and will be financed internally with a loan from University non-state funded working capital reserves to be repaid over a 15 year period with rents paid by the occupying departments and legacy leases. In addition, the University departments moving into the facility will realize estimated annual savings from existing leases of approximately \$262,000.

The University is in the process of completing the necessary due-diligence items, which are disclosed in the request letter. Completion of these items is anticipated prior to the July 18, 2014 meeting. A copy of the request letter is attached. Officials from the University will be in attendance at the meeting to provide additional information and respond to questions from the Regents.

Commissioner's Recommendation

The Commissioner recommends that the Regents review this request and if they determine approval is warranted, that it be granted subject to the following conditions:

1. The final purchase price does not exceed the appraised value.
2. Verification of compliance with all other due diligence items listed in the University's proposal.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment



Office of the Vice President
for Administrative Services

June 25, 2014

Mr. David Buhler
Commissioner
Board of Regents Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

Dear Dave:

The University of Utah would like to receive approval to proceed with the purchase of the land and office building located at 525 East 100 South in Salt Lake City, Utah, subject to the satisfactory completion of all due diligence related to the property. The building provides approximately 53,000 square feet of office space and the acquisition will provide more economical space for some University departments currently leasing space in other locations. This would result in annual savings to these University departments of approximately \$262,000. Additionally, it has been determined that this property will assist the University's Health Sciences in relocating departments out of the School of Medicine building so that it can be demolished and replaced.

The following due diligence items have been or will be satisfactorily completed prior to finalizing the purchase:

1. Appraisal – pending
2. Proof of clear title
3. Phase I environmental assessment
4. Code and requirements review
5. Engineering assessment of mechanical and structural integrity
6. Review of past maintenance and operational expenses
7. Alta/ACSM land title survey

The proposed purchase price is \$5,950,000 and the project will be funded by better leveraging the University's non-State funded working capital reserves. This purchase will be subject to the completion of an acceptable appraisal. Based on the pro forma financial analysis for this project, the loan will be repaid over a 15 year period from the proposed rents to be paid by the occupying departments and legacy leases.

University of Utah
201 South Presidents Circle, Room 209
Salt Lake City, Utah 84112-9012
Office Phone (801) 581-6404
Fax (801) 581-4972

Mr. David Buhler
June 25, 2014
Page Two

Jonathon Bates, Director of Real Estate Administration, would appreciate an opportunity to present this project to the Finance and Facilities Committee at the July 18, 2014 Board of Regents Meeting.

Thanks, as always, for your consideration and support.

Sincerely,



Arnold B. Combe,
Vice President

c: Dr. David W. Pershing
Dr. Gregory L. Stauffer
Ralph Hardy
John E. Nixon
Jonathon Bates

July 9, 2014

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: University of Utah – Energy Efficiency Project Approval

Issue

The University of Utah is requesting approval of a \$7,865,000 energy efficiency project for three energy-intensive major research buildings. This project will be funded from internal sources that will be repaid from projected energy savings.

Background

This project was developed based on the University's positive experience with multiple previous Energy Conservation Measures projects, including Energy Performance Contract projects with outside contractors, and other paid-from-savings energy projects completed by the University's Facilities Management Department. The project has been endorsed by the State Division of Facilities & Construction Management (DFCM).

The three facilities selected for the project are the Henry Eyring Chemistry, Skaggs Biology, and Biology Buildings. The project will include mechanical system improvements, ongoing retro-commissioning, and a behavioral program (working with building occupants to identify and implement conservation and awareness) in order to achieve and sustain reductions in energy consumption.

The anticipated energy savings resulting from the project are estimated to be \$677,000 in year one, escalating as future utility rates increase. These energy savings are projected to be at least 20% for the entire southwest quadrant of the campus. Funding for the \$7,865,000 estimated cost of the project will be provided by a loan from University non-state funded working capital reserves and is to be repaid from the resulting energy cost savings.

The attached letter from the University provides additional information about the proposed project. University officials will be present at the meeting to provide additional information and respond to questions from the Regents.

Commissioner's Recommendation

The Commissioner recommends Board authorization of this energy efficiency project with the understanding that it will be submitted to the Utah State Building Board for construction authorization without legislative approval.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment

July 18, 2014

David Buhler
Commissioner
Board of Regents Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

**RE: University of Utah
Henry Eyring Chemistry, Skaggs Biology and Biology Buildings
Heating, Ventilation and Air Conditioning Systems Upgrades**

Dear Commissioner Buhler,

Resulting from escalating utility rates the University of Utah's energy costs have increased, a trend that is forecasted to continue into the foreseeable future. A way to mitigate these costs is through increased energy efficiency as this will also have a direct and positive impact on emissions, helping the University advance toward meeting its goal of reducing the impact on air quality.

Understanding that research buildings are the biggest energy consumers on campus, the Energy Management Office within Facilities Management has identified three (3) primary research buildings that are being bundled into one large energy project involving focused mechanical improvements, ongoing retro-commissioning and a behavioral program (working with building occupants to identify and implement conservation and awareness) to achieve and sustain reductions to energy consumption.

Analysis of an initial list of 14 buildings was conducted by engineers that resulted in the selection of 3 buildings for this project: Henry Eyring Chemistry (0085), Skaggs Biology (0082), and the Biology (0084) buildings.

The scope of work includes mechanical system upgrades and retrofits designed to reduce airflow rates (within safe and allowable limits) in these three energy intensive lab buildings. Lower airflow is synonymous with lower fan and pump speeds which in turn means greatly reduced energy consumption. Engineering analysis shows that this will yield at least a 20% energy savings for the entire southwest quadrant of campus.

The anticipated energy cost savings from this project is currently estimated at \$677,000 in year one and will escalate as energy rates increase. The estimated project cost of \$7,865,000 will be funded by internal University sources that will be paid back by the energy savings.

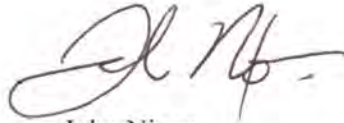
The project will be funded by better leveraging the university's non-state funded working capital reserves. The University is highly confident in the ability of these projects to generate the required amount of savings to repay the loans. This project has been discussed with and received endorsement by DFCM.

The strategy was developed based upon the University's experience with multiple phases of Energy Performance Contract (ESCO) projects and with many paid-from-savings energy improvement projects completed by Facilities Management. There will be no increase to annual O&M.

The University of Utah respectfully seeks your support of this request and the opportunity to present this project, seeking approval, to the Finance and Facilities Committee at the July 18, 2014 Board of Regents meeting.

Thank you for your consideration and support.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Nixon', with a stylized flourish at the end.

John Nixon
Chief Business Officer

Cc: Dr. David W. Pershing
Dr. Gregory L. Stauffer
Ralph Hardy
Brian Shuppy
Michael G. Perez
David Browdy

C:/university/regents/2014/Energy Efficiency July 2014.doc

July 9, 2014

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: University of Utah – Approval to Remodel the Biomedical Polymers Research Building Remodel

Issue

The University of Utah is requesting approval of a project to remodel the Biomedical Polymers Research Building located on the Health Sciences Campus.

Background

The proposed project is designed to accommodate multiple researchers currently located in other areas on the Health Sciences Campus. The work to be performed is summarized in the attached letter from the University. The \$3,885,318 estimated project costs will be paid from funds derived from research activities and other non-state funding sources. Additional O&M funds will not be needed for this existing building.

University officials will be present at the meeting to provide additional information and respond to questions from the Regents.

Commissioner's Recommendation

The Commissioner recommends Board authorization of this non-state funded project with the understanding that it will be submitted to the Utah State Building Board for construction authorization without legislative approval.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment

July 18, 2014

David Buhler
Commissioner
Board of Regents Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

**RE: University of Utah
Biomedical Polymers Remodel**

Dear Commissioner Buhler,

The University of Utah, as part of a strategic effort to reorganize, realign and reinforce research activities is seeking approval for the remodel at the Biomedical Polymers Research Building located in the Health Sciences Campus.

The proposed project will remodel existing space within the building to accommodate multiple researchers currently located in other areas on the Health Sciences Campus. Work includes remodeling several spaces which include a majority of research laboratories, common areas, offices, and conference and equipment space. Lab benches and flooring will be removed and replaced. Equipment and furnishing costs as well as new mechanical and electrical in most areas are included. New ceilings, carpet, flooring and finishes are also included.

The proposed total project budget is \$3,885,318 and will be paid by funds derived from research activities and other operations that do not involve state appropriated funds. As an existing building with current research, there will be no increase to annual O&M.

The University of Utah respectfully seeks your support of this request and the opportunity to present this project, seeking approval, to the Finance and Facilities Committee at the July 18, 2014 Board of Regents meeting.

Thanks for your consideration and support.

Sincerely,



John Nixon
Chief Business Officer

Cc: Michael G. Perez, University of Utah

Attachment: Biomedical Polymers Research Building - Powerpoint
C:/university/regents/2014/Biomedical Polymers July 2014.doc

July 9, 2014

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: University of Utah – Farmington Ambulatory Care Center Project Approval

Issue

The University of Utah is requesting approval to design and build an Ambulatory Care Center Facility on a property in Farmington, Utah that was approved for purchase by the Regents on November 16, 2012.

Background

The proposed facility is based on the University of Utah Health Sciences master plan strategy of providing accessible health care to patients by creating Ambulatory Care Centers. The initial center, located in South Jordan, has been a huge success in this regard. The proposed new \$63 million facility will be funded entirely by operating revenues and cash balances saved over time in anticipation of this project. All O&M costs will be paid by clinical revenues.

The letter from the University requesting this approval is attached. In addition, an executive summary describing the project is attached, which provides significant additional detail. University officials will be present at the meeting to provide additional information and respond to questions from the Regents. Because the capital and O&M costs of the project will not require any state funding, and because it will not require revenue bonding, it can be authorized for design and construction by the State Building Board without legislative authorization.

Commissioner's Recommendation

The Commissioner recommends Board authorization of this project for presentation to the Building Board for final design and construction approval.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment

June 27, 2014

David Buhler
Commissioner
Board of Regents Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

**RE: *Farmington Ambulatory Care Center
Design and Construction Services***

Dear Commissioner Buhler,

As mentioned at the May 16, 2014 Board of Regents meeting during the University's Campus Master Plan presentation, the University of Utah Health System (UUHS) has developed a strategy of providing accessible health care to patients by the creation of Ambulatory Care Centers. This, in part, allows for the decanting of a segment of ambulatory visits on our main campus, allowing for the eventual demolition of the School of Medicine Building and replacing it with a smaller structure – The Medical Education and Discovery Building.

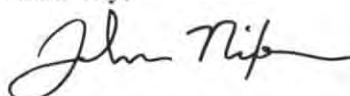
The initial Ambulatory Care Center, located in South Jordan, has been a huge success in providing exceptional primary and specialty care to the residents located in this western corridor, a growing population where limited health care is available. The business and physical models for the Farmington Ambulatory Care Center very closely resembles the South Jordan facility.

The Board of Regents along with the University's Board of Trustees approved the land purchase last year valued at \$8,000,000. Additionally, the UUHS is budgeting \$5,000,000 for startup costs. Apart from these costs, the project budget (full design, construction – including soft costs), seeking Board of Regent approval, is estimated at \$63,000,000. All costs will be funded by operating revenues and cash balances saved over time in anticipation of this strategy. As an auxiliary operation, O&M will be paid by clinical revenues.

The University of Utah respectfully seeks your support of this request and the opportunity to present this project, seeking approval, to the Finance and Facilities Committee at the July 18, 2014 Board of Regents meeting.

Thanks, as always, for your consideration and support.

Sincerely,



John Nixon
Chief Business Officer

Cc: Dr. David W. Pershing
Dr. Gregory L. Stauffer
Ralph Hardy
Brian Shuppy
Michael G. Perez
David Browdy

Attachment: *Farmington Ambulatory Care Center*
C:/university/regents/2014/Farmington Care Center.doc

Farmington Ambulatory Care Center

Why Ambulatory care centers? Ambulatory Care Centers (ACCs) are vital to our long-term success. They make the University of Utah Health System (UUHS) more accessible to patients, sustain our market share in a competitive environment and position us to deliver population management along the Wasatch Front.

Why Farmington? We have the fortune of running our business in a growing market. It is important we establish ourselves in pockets of greatest opportunity. Three features of Farmington make it particularly desirable: (1) population growth, (2) physician shortages, and (3) geographic location.

How does this fit with our business? The Farmington Clinic will provide a convenient location and range of services for current and new patients and will create capacity for the advanced specialty services offered by the U on the hill by moving lower acuity visits to the community. The multispecialty ACC model is well-suited to current and future health care payment models, which is critical for financial sustainability.

Building Specs, Cost and Capacity. At 128K ft², Farmington will be designed to maximize utilization without sacrificing patient experience. Total cost is \$76M: \$40M for the building, \$23M for equipment, \$8M for land, and \$5M in startup costs. The space can accommodate 50 full-time clinicians, which will be evenly split between primary and secondary care.

Financing. The components of the health system are contributing operating revenues and cash balanc-

Figure 1. Ambulatory Care Center

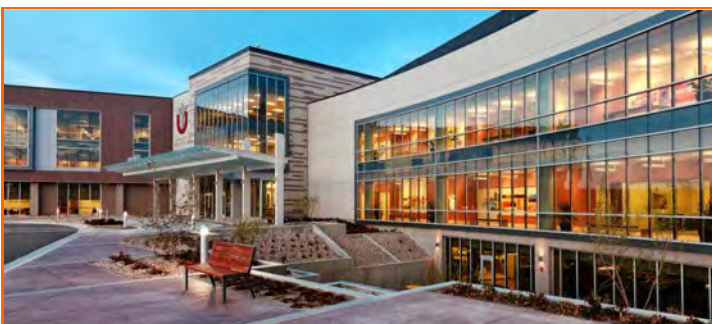


Figure 2. Location of UUHS 14-acre plot in Farmington³



es saved in anticipation of this strategy. We will seek low-rate commercial lending to finance the equipment.

Business Model. Our value proposition for our Farmington ACC is patient-focused primary care and secondary care available at convenient hours with minimal-to-no access lag. Clinicians whose passion is clinical care will staff our Farmington ACC and a full complement of ancillary services will be available on-site. We will integrate practices and reward high performers in order to ensure high utilization and a maximum return on investment.

Education and Research. Farmington will generate patient volumes needed to sustain our educational and research programs and in turn ensures that we deliver on our single, unified mission of advancing health. Research will inform clinical care delivered on site and clinical margins will help support research. Similarly, Farmington will serve as a training ground for students who will help us deliver care in a setting closer to where many of them will ultimately spend their careers.

July 9, 2014

MEMORANDUM

TO: State Board of Regents
FROM: David L. Buhler
SUBJECT: Salt Lake Community College – Westpointe Center Property Acquisition

Issue

Salt Lake Community College (SLCC) is requesting authorization to proceed with the purchase of property located at 1120 North 2200 West, Salt Lake City Utah.

Background

This property was presented to the Regents at the May 16, 2014 meeting to inform the Board that SLCC was pursuing it for purchase. SLCC has now completed its due diligence and wishes to proceed with its purchase.

The property is located in the Northwest quadrant of Salt Lake City, an area identified in the Campus Master Plan for location of a future campus. SLCC is currently using a leased building called the Westpointe Center for this purpose. The available property is contiguous to this leased property. It consists of 9.96 acres of vacant land for which SLCC has made an offer of \$2,060,824, which has been accepted by the seller. A copy of the appraisal (attached) values the property at \$2,280,000. SLCC proposes to make the purchase using institutional plant fund reserves.

This property will become the site for the Career and Technical Education (CTE) and Learning Resource Building that is SLCC's Capital Development project request for FY 2016 funding consideration.

A copy of SLCC's letter further explaining the project is attached. Officials from SLCC will be present at the meeting to provide additional information and respond to questions from the Board.

Commissioner's Recommendation

The Commissioner recommends approval of Salt Lake Community College's request to purchase this Westpointe Center property at the \$2,060,824 offer price that is pending.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment

30 June 2014

Board of Regents
c/o Commissioner David L. Buhler
Board of Regents Building, Two Gateway
60 South 400 West
Salt Lake City, UT 84101-1284

RE: Acquisition of 9.96 acres located at approximately 1120 North 2200 West, Salt Lake City, UT

Commissioner:

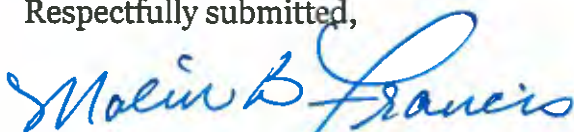
In accordance with the R710, Capital Facilities Policy; SLCC requests the following item to be placed on the Board of Regents meeting as action item for approval.

- 1) Action Item - The property acquisition of 9.96 acres that is located at 1120 North 2200 West, Salt Lake City, UT and is:
 - (1) Contiguous to SLCC's current Westpointe Center leased property
 - (2) The property appraised for \$2,280,000
 - (3) Accepted offer \$2,060,824
 - (4) Institutional Plant Reserves will be utilized for the purchase of the land

The acquisition of this property supports the Master Plan and the establishment of a campus in the Northwest quadrant of the Valley. In the event that this transaction occurs, this property will become the site for the CTE building project which will be the College's #1 Capital Development priority submitted to the Regents, Building Board and Legislature for funding consideration for 2015/2016 fiscal year.

Thank you for your continued attention to the College's mission of providing great accommodations for our student body. Let me know if there is anything else you need regarding this proposal.

Respectfully submitted,



Malin B. Francis
Director, Planning & Design

Taylorsville Redwood Campus



APPRAISAL REPORT

**LOTS 8 THROUGH 11
ONE AIRPORT PHASE II**

**LOCATED AT
~2175 WEST 1120 NORTH
SALT LAKE CITY, SALT LAKE COUNTY, UT**

PREPARED FOR:

Mr. Greg Gardner
THE BOYER COMPANY
90 South 400 West, #200
Salt Lake City, UT 84101

Submitted by:
J Philip Cook, MAI, CRE
Travis E. Reeves, MAI
J Philip Cook, LLC
7090 S Union Park Avenue, Suite 425
Salt Lake City, UT 84070

FILE NUMBER: 14-05-26TR
Case Code: boyer-12669

EFFECTIVE APPRAISAL DATE:

May 29, 2014



May 30, 2014

Mr. Greg Gardner
The Boyer Company
90 South 400 West, #200
Salt Lake City, UT 84101

Re: Appraisal Report: Lots 8 through 11, One Airport Phase II, located at ~2175 West 1120 North, Salt Lake City, UT.

Dear Mr. Gardner:

At your request, we have completed an appraisal addressing market value of the fee-simple interest of the above-referenced property. The intended use of the appraisal is to assist with internal planning matters.

This appraisal report presents only a summary discussion of the data, reasoning, and analyses that are used in the appraisal process to develop an opinion of value. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within this report.

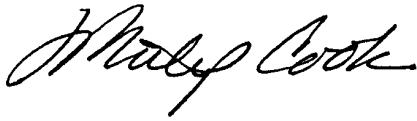
This report conforms with Title XI of the Financial Institution Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP).

The subject lots were inspected on May 29, 2014, which is the valuation date. After careful consideration of available information, we are of the opinion "as is" market value of each lot, is:

LOT 8	\$570,000
LOT 9	\$570,000
LOT 10	\$570,000
LOT 11	\$570,000

The value estimates are subject to assumptions and limiting conditions contained in the report. We trust this is sufficient to accomplish its intended function. Please call if we can be of further assistance.

Respectfully submitted,



J. Philip Cook, MAI CRE
J. Philip Cook, LLC
Utah State - Certified General Appraiser
Certificate 5451057-CG00 Expires 06-30-15



Travis E. Reeves, MAI
J. Philip Cook, LLC
Utah State - Certified General Appraiser
Certificate 6075610-CG00 Expires 10-31-15

July 9, 2014

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Salt Lake Community College – West Valley City Property Lease

Issue

Salt Lake Community College (SLCC) is requesting authorization to lease 27,756 square feet of space located at 3460 South 5600 West in West Valley City, Utah for the establishment of a Community Learning Center.

Background

Leasing this property will provide space for SLCC to better serve the needs of the underrepresented populations in that area. The annual rent of \$208,448 will be paid with \$177,706 reallocated from the Highland Center rented facility that was recently closed, and the balance will come from SLCC operating revenue. The attached letter from SLCC provides additional information about the programmatic emphasis for the site. Officials from SLCC will be in attendance at the meeting to provide additional information and respond to questions from the Board.

Commissioner's Recommendation

The Commissioner recommends approval of Salt Lake Community College's West Valley City Community Learning Center lease.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment

30 June 2014

Board of Regents
c/o Commissioner David L. Buhler
Board of Regents Building, Two Gateway
60 South 400 West
Salt Lake City, UT 84101-1284

RE: Leasing of Property at 3460 South 5600 West in West Valley City, UT

Commissioner:

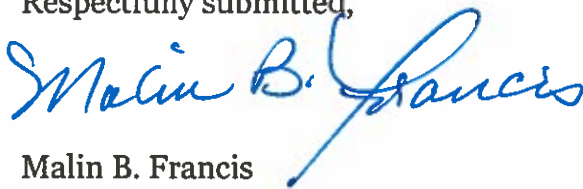
In accordance with the R710, Capital Facilities Policy; SLCC requests the following item to be placed on the Board of Regents meeting as action item for approval.

- 1) Action Item - A property lease of 27,756 square feet of space located at 3460 South 5600 West in West Valley City for the establishment of a Community Learning Center:
 - (1) The money that was allocated for the recently closed Highland Center will be re-distributed to the West Valley Center.
 - (2) Highland lease was \$177,706 and the West Valley Center lease will be \$208,448
 - (3) Differential cost in lease will be institutionally funded
 - (4) Lease term will be 5 years with renewal options
 - (5) Supported programs will consist of ABE, ESL, and Developmental Reading & Writing with Community engagement and interaction

Leasing this property will assist the College to better serve the needs of the underrepresented populations in that area. This will prepare students to have an easier transition to the College.

Thank you for your continued attention to the College's mission of providing great accommodations for our student body. Let me know if there is anything else you need regarding this proposal.

Respectfully submitted,



Malin B. Francis
Director, Planning & Design

July 9, 2014

MEMORANDUM

TO: State Board of Regents
FROM: David L. Buhler
SUBJECT: USHE Budget Framework for FY 16

Issue

One of the statutory responsibilities of the Board of Regents is to recommend a unified budget to the Governor and Legislature for the Utah System of Higher Education. This budget request is to meet the "dual objective" of being consistent in meeting the needs of higher education institutions and within "the financial ability of the state" (U.C.A. 53B-7-101-4b). At the March 2014 meeting the Board directed the Commissioner, after consulting with the Presidents, to bring to the May 2014 meeting a preliminary framework for the 2015-16 operating budget recommendation, including three elements:

1. Per-student funding at each institution based on its mission and role with a goal of each institution reaching its benchmark over time.
2. Funding of statewide strategic priorities as established by the Board.
3. Post-performance funding.

The Board reviewed a draft budget framework for Fiscal Year 2016 at its May meeting. The attached framework is identical to what was reviewed by the Board in May with the exception of slight modifications to the section on per-student funding in order to provide some additional flexibility in how to best address this need. This framework is intended to guide the formulation of the Commissioner's recommendation for the FY 2016 budget request, to be considered by the Board at the September 2014 meeting.

Commissioner's Recommendation

The Commissioner recommends the Board approve the updated Draft Budget Framework for the Utah System of Higher Education operating budget request for fiscal year 2015-16.

David L. Buhler
Commissioner of Higher Education

DLB
Attachment

DRAFT—July 9, 2014
UTAH SYSTEM OF HIGHER EDUCATION
BUDGET FRAMEWORK
FISCAL YEAR 2015-16

Background

The Board of Regents and the Utah System of Higher Education support Utah's statewide attainment goal of 66 percent of Utah adults (with a focus on ages 25-35) with a college degree or certificate by the year 2020. In support of this goal the Board adopted on January 24, 2014 a seven-year budget projection to identify the resources necessary to increase capacity within the system to accommodate the number of students required to reach the 2020 goal. This projection estimates that an annual operating budget increase of \$128.5 million per year in appropriations (tax funds and tuition) will be needed. The statutory authority for the Board of Regents in recommending a unified budget to the Governor and Legislature provides that the request shall meet a "dual objective" of being consistent with the needs of higher education institutions and within "the financial ability of the state" (U.C.A. 53B-7-101-4b).

Introduction

The Board of Regents directed the Commissioner, after consulting with the Presidents, to bring forward to the May 2014 Board meeting a preliminary framework for the 2015-16 operating budget recommendation, including the following elements:

- 1) Per-student funding at each institution based on its mission and role with a goal of each institution reaching its benchmark median over time.
- 2) Funding of statewide strategic priorities as established by the Board; and
- 3) Post-performance funding.

This framework is in response to that direction. It was reviewed with the Council of Presidents on April 29, 2014. Much of the data needed to prepare the budget request is available between mid-June and early August (see table of important dates at the end of this document). This document will be presented to the Board's Finance and Facilities Committee in May for their consideration and feedback. A final recommendation will be made to the Board at their July meeting. This framework will then be used in preparing the Utah System of Higher Education unified budget request, to be presented at the September Board of Regents meeting.

Framework FY 2015-16

The major components of the 2015-16 budget request will be: Employee Compensation and Mission Based Funding--the latter comprised of Student Support, Distinctive Mission, and Post-Performance Funding. Other items will also be included in the request such as state scholarships and other statewide programs. These budget request components are detailed below.

I- Compensation

Total compensation comprises base salary, medical benefits (health and dental), and salary related benefits (unemployment, Social Security, retirement, workers compensation, disability and basic life insurance). By agreement with the Utah Legislature, 75 percent of incremental increases in salaries and salary-related benefits are funded with tax funds; the remaining 25 percent is funded through tuition. (Medical benefit increases are typically benchmarked to increases in the State PEHP plan.) A high priority of the Utah System of Higher Education is to have the resources to provide fair and competitive compensation for employees, whether faculty or staff. It is expected that this will be the top priority in the 2015-16 budget request.

II- Mission Based Funding – Student Support

For 2014-15 the Mission Based Funding Acute Equity request was determined by using 90 percent of the Carnegie regional average (\$4,800) per student FTE as the benchmark for ALL USHE institutions, comparing this \$4,800 value to individual USHE institutional averages, and then multiplying by budget-related resident FTE for the total gap amount. An allocation for participating institutions was agreed to, and this allocation was used for distribution of the funding provided by the Legislature. When this approach was approved by the Board in September 2013 it was noted that each USHE institution, when compared with its own set of comparable peers, is funded on a per-student basis at less than its peers and that this would be addressed in the future, once acute equity was initially addressed.

For 2015-16 it is proposed that Student Support be a part of Mission Based Funding. This will reflect institutional mission type. The exact approach is yet to be determined, however, consideration will be given to per-student cost of attendance and/or state and local funding of Carnegie peer institutions as compared to USHE institutional funding levels. Some of the data needed by this model to set the benchmarks will not be available until August 1, 2014.

III- Mission Based Funding – Distinctive Mission

Distinctive Mission Funding is used to assist institutions in achieving statewide goals and objectives (participation, completion or economic development) as approved by the Board of Regents. Consideration may be given to refining or updating the strategic objectives. For Distinctive Mission, each President proposes the specific uses and outcome measures for funds allocated. The allocation is based on 1/3 annualized budget related resident FTE enrollment, and 2/3 appropriated on-going tax funds. A portion of the data needed to compute the allocations used by this model is not available until August 1, 2014.

IV- Mission Based Funding—Performance Funding

During the 2013 legislative session, \$1 million in one-time funding was allocated for performance, to be focused on efforts to increase completions to reach the state's 66 percent by 2020 goal. In the 2014 legislative session, \$1.5 million in one-time funding was allocated for performance, and metrics for measurement will be similar to the first year. For 2015-16, however, it is proposed that on-going funding be

sought and that performance funding metrics be further developed as an important component of new funding as part of the system budget. A working group on performance funding chaired by President Charles Wight, with President David Pershing and President Scott Wyatt as members, with staff assistance from Associate Commissioner Greg Stauffer, is working on recommendations to the Commissioner, Council of Presidents, and the Board of Regents.

V- Statewide Programs

Statewide programs (including state scholarships), and collaborations (such as UDA and UALC) will also be considered. However most of the budget request will be included in compensation and the three components of Mission Based Funding.

Conclusion

Once the budget framework is approved by the Board of Regents, the Commissioner, in consultation with the Presidents, and as necessary data becomes available, will fashion a budget recommendation for consideration by the Board in September. This recommendation will be consistent with the strategic objectives of the Board including building capacity for the 66 percent goal and advancing post-secondary participation and completion.

Important Dates—Data Availability

Available Now – IPEDS FY13 enrollment provisional

May 31, 2014 – IPEDS FY13 finance provisional available

June 20, 2014 – USHE FY15 budgeted employee salary and benefits available

June 20, 2014 – USHE FY15 final budgeted state appropriations (tax & tuition) available

July 16, 2014 – PEHP FY16 health and dental increases available

August 1, 2014 – USHE FY14 annualized end of term FTE enrollments available

October 1, 2014 – URS FY16 increase available

Important Dates—Budget Process

April 29, 2014 – Council of Presidents considers and provides input on FY15-16 Budget Framework

May 16, 2014 – Board of Regents review and adopt FY15-16 Budget Framework

August 8 and Sept. 9, 2014 – Council of Presidents considers and provides input on proposed FY 15-16 unified budget

September 26, 2014 – FY16 USHE budget request approved by Board of Regents

July 9, 2014

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: University of Utah – Series 2014A General Revenue Refunding Bonds Sale

Issue

On May 16, 2014 the Board authorized the University of Utah to issue up to \$200 million of revenue bonds to provide funding for approved new projects and refund some of its existing long-term debt. The following information summarizes the results of the negotiated sale of bonds that was completed on June 12, 2014:

- \$39.350 million of new project funding was provided for the Lassonde Living Learning Center.
- \$18 million of funding was provided for replacement of Auxiliary Utilities Infrastructure. \$14 million of the amount authorized was deferred for issue in 2015.
- The \$19.8 million authorized for a Health Sciences Parking Structure was deferred for issue in 2015.
- \$23.825 million of Series 2006A Hospital Revenue Bonds were advance-refunded with a total savings of nearly \$8.2 million (net-present-value savings of slightly more than \$3.2 million, nearly 13.5% of refunded bonds). Because the new “General Revenue Bond” structure of the University doesn’t require a debt service reserve fund, \$1,191,250 of freed up debt service reserve monies became available for transfer to the refunding escrow as a cash contribution, thereby reducing the par value of this component of the issue.
- None of the commercial paper refinance authorized was included in this bond issue.

The attached Financing Summary provides the Board with the additional details of the bond sale that will be closed on July 15, 2014. The issue had an aggregate True-Interest-Cost of 3.47% and was well within the parameters approved by the Board.

A “Sources and Uses of Funds” summary is also attached that provides additional detail. It is noteworthy that these bonds were sold at a premium with investors paying a total of \$11,699,015 into this bond transaction.

Commissioner's Recommendation

This is an information item. No action is required.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment



FINANCING SUMMARY For

State Board of Regents of the State of Utah UNIVERSITY OF UTAH General Revenue and Refunding Bonds Series 2014B ("Series 2014B Bonds")

FINAL PRICING RESULTS

Purpose:	To finance all or a portion of three projects on the campus of the University of Utah (the "University"), as noted below. The University is also seeking approval from the Regents to (i) refund all or a portion of its Series 2013B Taxable Commercial Paper Refunding Notes, currently outstanding in the amount of \$100 million and (ii) extend for approximately one year the period for the University to refund any of its currently outstanding prior lien revenue bonds for savings purposes, both designed to take advantage of the low current interest rate environment.
Not-to-Exceed Par Amount (New Money Projects):	<ol style="list-style-type: none">1. Infrastructure Project: Not-to-exceed \$32 million (\$18 million was financed in Series 2014B Bond issue with remaining \$14 million to come 2Q'2015)2. Lassonde Project: Not-to-exceed \$45.238 million (\$39.350 million was actual amount deposited to construction fund)3. Parking Project: Not-to-exceed \$19.98 million (Deferred to 2Q'2015)
Not-to-Exceed Par Amount (Refunding of Commercial Paper Notes):	Not-to-exceed \$105 million (No Commercial Paper Notes were refunded in the Series 2014B Bond issue.)
Not-to-Exceed Maturity:	<ol style="list-style-type: none">1. Infrastructure Project: Not-to-exceed 10-years (8/1/23 final maturity—slightly over 9-years)

2. Lassonde Project: Not-to-exceed 25-years (8/1/38 final maturity—slightly over 24-years)
3. Parking Project: Not-to-exceed 25-years (not financed)

Security:	The Series 2014B Bonds will be payable from and secured by a General Revenue pledge which consists of substantially all of the income and revenues of the University authorized to be pledged.
Ratings:	'Aa1' and 'AA' ratings, recently reaffirmed by Moody's Investors Service and Standard and Poor's Corporation, respectively, are expected. (These ratings were confirmed)
Method of Sale:	Negotiated public offering
Refunding Savings:	The inclusion of prior lien refunding revenue bonds in the proposed transaction will depend upon market rates at the time the bonds are issued and the net-present-value savings projected to be achieved. (A remaining callable portion of the University's Series 2006A Hospital Revenue Bonds -- \$23.825 million -- were advance-refunded in the Series 2014B transaction. Total savings achieved totaled nearly \$8.2 million which, on a net-present-value basis were slightly more than \$3.2 million, or nearly 13.5% of refunded bonds)
All-in True Interest Cost:	TBD (3.47%--down from 3.48% at time of pricing call)
Underwriters:	To be selected from University's pool of underwriters (The University selected JP Morgan, Wells Fargo Securities and Zions Bank as underwriters for the transaction)
Sale Date:	TBD (The bonds were sold on Thursday, June 12, 2014)
Closing Date:	TBD (Tuesday, July 15, 2014)
Principal Payment Dates:	August 1
Interest Payment Dates:	August 1 and February 1
Interest Basis:	30/360
Optional Redemption:	May be non-callable or subject to redemption as determined at the time of sale. (The University negotiated a 9-year par call on the Series 2014B Bond issue at no pricing premium. A 10-year par call is standard).



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Other Not-to-Exceed Parameters:

Coupon: 6.00% (5.00%)
U/W Discount: 0.5% of the par amount (\$5.00/\$1000)
(\$2.75/\$1000 was the final negotiated amount)
Final Maturity: 25-years (Slightly more than 24-years)

University Contacts:

Mr. Gordon Crabtree, Chief Financial Officer
University of Utah Hospitals and Clinics (801-581-7164)

Mr. Arnold Combe, Vice President for Administrative
Services (801-581-6404)

Mr. John Nixon, Chief Business Officer (801-585-0806)

Bond Counsel:

Mr. Blake Wade, Ballard Spahr LLP (801-531-3000)

Financial Advisor:

Mr. Kelly Murdock, RBC Capital Markets (801-656-2928)

SOURCES AND USES OF FUNDS

State Board of Regents of the State of Utah
 University of Utah
 General Revenue and Refunding Bonds, Series 2014B
 Aa1/AA | Escrow = SLGS | Optional Call Date 08/01/2023 @ 100
 06/12/2014 Final Numbers

Sources:	Infrastructure Project	Lassonde Project	Refunding of Series 2006A HRBs	Total
Bond Proceeds:				
Par Amount	15,685,000.00	38,800,000.00	21,715,000.00	76,200,000.00
Premium	<u>2,405,316.25</u>	<u>5,491,561.90</u>	<u>3,802,136.70</u>	<u>11,699,014.85</u>
	18,090,316.25	44,291,561.90	25,517,136.70	87,899,014.85
Other Sources of Funds:				
DSRF Contribution			1,191,250.00	1,191,250.00
	<u>18,090,316.25</u>	<u>44,291,561.90</u>	<u>26,708,386.70</u>	<u>89,090,264.85</u>

Uses:	Infrastructure Project	Lassonde Project	Refunding of Series 2006A HRBs	Total
Project Fund Deposits:				
Infrastructure Project	18,000,000.00			18,000,000.00
Lassonde Project		<u>39,350,000.00</u>		<u>39,350,000.00</u>
	18,000,000.00	39,350,000.00		57,350,000.00
Refunding Escrow Deposits:				
Cash Deposit			5.81	5.81
SLGS Purchases			<u>26,580,906.00</u>	<u>26,580,906.00</u>
			26,580,911.81	26,580,911.81
Other Fund Deposits:				
Capitalized Interest Fund		4,709,120.35		4,709,120.35
Delivery Date Expenses:				
Cost of Issuance	49,478.76	122,395.67	68,500.57	240,375.00
Underwriter's Discount	<u>40,637.95</u>	<u>108,110.49</u>	<u>60,505.64</u>	<u>209,254.08</u>
	90,116.71	230,506.16	129,006.21	449,629.08
Other Uses of Funds:				
Rounding Amount	199.54	1,935.39	-1,531.32	603.61
	<u>18,090,316.25</u>	<u>44,291,561.90</u>	<u>26,708,386.70</u>	<u>89,090,264.85</u>