



State Board of Regents
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May 7, 2014

MEMORANDUM

TO: State Board of Regents
 FROM: David L. Buhler
 SUBJECT: UHEAA – Authorizing Resolution, SBR Student Loan Revenue Bonds

Issue

Board of Regents adoption of an authorizing resolution for the issuance of student loan revenue backed notes is necessary for the purpose of refinancing bonds issued under expiring Letters of Credit with the Royal Bank of Canada.

Background

Since October 2010, the Board of Regents has issued approximately \$1.3 billion of student loan notes and bonds to restructure its then outstanding debt. This proposed financing, Student Loan Backed Notes, Series 2014-1, is the final piece of this restructuring process and will be used to retire bonds supported by existing Letters of Credit with the Royal Bank of Canada. Upon completion of this issuance, all debt secured by the Board of Regents legacy FFELP portfolio will have been replaced by permanent financing.

The Student Finance Subcommittee has reviewed this proposed financing with UHEAA staff and the financing team and voted unanimously to recommend approval by the Board of Regents of the attached Authorizing Resolution.

Proposed Structure

It is proposed that the student loan bonds be issued as taxable Libor-Indexed notes under a new 2014 Trust Indenture as follows:

	<u>Expected Rating</u>	<u>Proposed Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
Series 2014-1	AAA	\$ 325,000,000	1M Libor+1/25%	35 Years



Proposed Not To Exceed Parameters

	<u>Not To Exceed Parameters</u>	<u>Resolution Reference</u>
• Total Principal Amount	\$325,000,000	Section 5
• Interest Rate In any event, not to exceed:	1M Libor + 1.25% 25%	Exhibit A
• Discount from Par	3.0%	Exhibit A
• Maximum Maturity	35 Years	Exhibit A
• Underwriters Discount	.70%	Section 7

Basic Documents Requiring Approval

The Authorizing Resolution provided with this report is in final draft form. Its approval by the Board will authorize the purchase of the student loan portfolio described above, the issuance of student loan revenue bonds, and the execution of the necessary documents and agreements pursuant to an Indenture of Trust between the Board of Regents and The Bank of New York Mellon Trust Company, N.A., as trustee, in an aggregate principal amount not to exceed \$325,000,000.

The Authorizing Resolution delegates authority to the Board's Chair, Vice Chair, and/or Chair of the Finance, Facilities, and Accountability Committee to approve final versions of the bond documents, consistent with parameters contained in the Authorizing Resolution, and along with designated Officers of the Board, to execute other necessary implementing agreements (see Resolution Sections 5 through 13).

UHEAA staff, representatives of the Attorney General's Office, and Bond Counsel will be at the Board of Regents meeting on May 16 to review the proposed transaction and answer questions.

Commissioner's Recommendation

The Commissioner recommends that the Regents approve the attached Authorizing Resolution approving issuance of the Student Loan Backed Notes, Series 2014-1.



David L. Buhler
Commissioner of Higher Education

Ogden, Utah

May 16, 2014

The State Board of Regents of the State of Utah (the "Board") met in regular session (including by electronic means) at Weber State University in Ogden, Utah on May 16, 2014, commencing at 9:00 a.m. The following members were present:

Bonnie Jean Beesley	Chair
Daniel W. Campbell	Vice Chair
Jessellie B. Anderson	Member
Nina Barnes	Member
Keith Buswell*	Member
Leslie Castle*	Member
Wilford Clyde	Member
France A. Davis	Member
James T. Evans*	Member
Marlin Jensen	Member
Robert S. Marquardt	Member
Erik Mikkelsen	Member
Jed H. Pitcher	Member
Robert W. Prince	Member
Harris H. Simmons	Member
Mark Stoddard	Member
Teresa L. Theurer	Member
Joyce P. Valdez	Member
John H. Zenger	Member

Absent:

Also Present:

David L. Buhler	Commissioner of Higher Education
Kirsten Schroeder	Secretary

* Non-voting member

After the meeting had been duly convened and called to order by the Chair, the roll had been called with the above result and after other matters not pertinent to this Resolution had been discussed, the Chair announced that one of the purposes of the meeting was the consideration of various matters with respect to the issuance and sale of the State Board of Regents of the State of Utah, Student Loan Backed Notes, Series 2014-1.

The following resolution was introduced in written form and after full discussion, pursuant to motion made by _____ and seconded by _____, was adopted by the following vote:

AYE:

NAY:

The resolution (the "Resolution") is as follows:

RESOLUTION

A RESOLUTION OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH AUTHORIZING THE ISSUANCE AND SALE OF ITS STUDENT LOAN BACKED NOTES, SERIES 2014-1 IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$325,000,000 TO BE ISSUED IN ONE OR MORE SERIES; AUTHORIZING THE EXECUTION OF AN INDENTURE OF TRUST AND NOTE PURCHASE AGREEMENT AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AUTHORIZING THE PREPARATION, USE, AND EXECUTION OF A PRELIMINARY OFFERING MEMORANDUM AND AN OFFERING MEMORANDUM; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the State Board of Regents of the State of Utah (the "Board") is established and exists under and pursuant to Section 53B-1-103, Utah Code Annotated 1953, as amended; and

WHEREAS, pursuant to Chapter 13, Title 53B, Utah Code Annotated 1953, as amended (the "Act"), the Board is empowered to make or purchase student loan notes and other debt obligations reflecting loans to students under its Student Loan Program; and

WHEREAS, in order to provide funds for such purposes, the Board is duly authorized to issue and sell bonds and notes pursuant to the provisions of the Act; and

WHEREAS, the Board has previously financed certain eligible loans through the issuance and sale of its (i) Student Loan Revenue Bonds, Senior Series 2011A and (ii) Student Loan Revenue Bonds, Senior Series 2014A (Taxable) (collectively, the "Refunded Bonds") pursuant to a Trust Indenture dated as of September 1, 2011 (as amended and supplemented, the "2011 Indenture"); and

WHEREAS, the Board owns certain loans which are currently held in the Board's Short Term Note Fund (the "Short Term Note Fund"); and

WHEREAS, the Board desires to refinance certain loans held under the 2011 Indenture and in the Short Term Note Fund in order to restructure the Board's student loan debt portfolio in an effort to reduce interest rate risk; and

WHEREAS, in furtherance thereof, the Board considers it desirable and necessary for the benefit of the residents of the State of Utah to authorize and approve the issuance and sale of the State Board of Regents of the State of Utah, Student Loan Backed Notes, Series 2014-1 (to be issued in one or more series, which may include both senior and subordinate notes, and with such other series designations that may be determined) (the "Series 2014-1 Notes") in an aggregate principal amount of not to exceed \$325,000,000

pursuant to an Indenture of Trust (the "Indenture") between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and

WHEREAS, the Board desires to use the proceeds of the Series 2014-1 Notes to (i) refinance certain loans held under the 2011 Indenture and in the Short Term Note Fund, (ii) fund capitalized interest and any required deposit to debt service reserves and (iii) pay costs of issuance of the Series 2014-1 Notes; and

WHEREAS, the Series 2014-1 Notes and the Board's obligations thereunder shall be payable solely from revenues and other moneys pledged therefor in the Indenture and shall not constitute nor give rise to a general obligation or liability of the Board or the State of Utah or constitute a charge against their general credit; and

WHEREAS, RBC Capital Markets, LLC (the "Underwriter") has offered to purchase the Series 2014-1 Notes and there has been presented to the Board at this meeting a form of the Note Purchase Agreement to be entered into between the Board and the Underwriter (the "Note Purchase Agreement"), a form of the Indenture, and a form of the Preliminary Offering Memorandum (the "Preliminary Offering Memorandum") for use in the marketing of the Series 2014-1 Notes; and

WHEREAS, pursuant to Section 53B-13-104(9) of the Act, the Board desires to grant to the Chair, Vice Chair and/or the Chair of the Finance, Facilities and Accountability Committee of the Board the authority to approve the final principal amounts, terms, maturities, interest rates, redemption provisions and purchase prices at which the Series 2014-1 Notes shall be sold and any changes with respect thereto from those terms which were before the Board at the time of adoption of this Resolution, provided such terms do not exceed the parameters set forth in this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOARD OF REGENTS OF THE STATE OF UTAH, AS FOLLOWS:

Section 1. All terms defined in the foregoing recitals hereto shall have the same meanings when used herein.

Section 2. All action heretofore taken (not inconsistent with the provisions of this resolution) by the Board and the officers of the Board directed toward the issuance of the Series 2014-1 Notes are hereby ratified, approved and confirmed.

Section 3. The Board hereby authorizes, approves and directs the use and distribution of the Preliminary Offering Memorandum in substantially the form before the Board at this meeting in connection with the offering and sale of the Series 2014-1 Notes. The Chair, Vice Chair and/or Chair of the Finance, Facilities and Accountability Committee and the Secretary of the Board are hereby authorized to execute and deliver on behalf of the Board a final Offering Memorandum (the "Offering Memorandum") in substantially the same form and with substantially the same content as the form of the Preliminary Offering Memorandum before the Board at this meeting with any such alterations, changes or additions as may be necessary to finalize the Offering Memorandum. The preparation, use and distribution of the Offering Memorandum are also hereby authorized.

Section 4. The Indenture in substantially the form presented to this meeting is in all respects authorized, approved and confirmed. The Chair, Vice Chair and/or Chair of the Finance, Facilities and Accountability Committee and the Secretary of the Board are hereby authorized to execute and deliver the Indenture in substantially the same form and with substantially the same content as the form of such document presented to this meeting for and on behalf of the Board with such alterations, changes or additions as may be authorized by Section 9 hereof.

Section 5. For the purpose of providing funds to (i) refinance certain loans held under the 2011 Indenture and in the Short Term Note Fund, (ii) fund capitalized interest and any required deposits to debt service reserves and (iii) pay costs of issuance of the Series 2014-1 Notes, the Board hereby authorizes the issuance of the Series 2014-1 Notes in the aggregate principal amount of not to exceed \$325,000,000. The Series 2014-1 Notes may be issued in one or more series, including both senior and subordinate notes, and with such other series designations that may be determined. The Series 2014-1 Notes shall mature on such date or dates, be subject to redemption and bear interest at the rates, as shall be approved by the Chair, Vice Chair and/or Chair of the Finance, Facilities and Accountability Committee of the Board, all within the parameters set forth on Exhibit A attached hereto and incorporated herein by reference. The issuance of the Series 2014-1 Notes shall be subject to the final advice of Note Counsel and to the approval of the office of the Attorney General of the State of Utah.

Section 6. The form, terms and provisions of the Series 2014-1 Notes and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption and number shall be as set forth in the Indenture. The Chair, Vice Chair and/or Chair of the Finance, Facilities and Accountability Committee and the Secretary of the Board are hereby authorized to execute and seal by manual or facsimile signature the Series 2014-1 Notes and to deliver the Series 2014-1 Notes to the Trustee for authentication. All terms and provisions of the Indenture and the Series 2014-1 Notes are hereby incorporated in this Resolution. The appropriate officials of the Board are hereby authorized to execute and deliver to the Trustee the written order of the Board for authentication and delivery of the Series 2014-1 Notes in accordance with the provisions of the Indenture.

Section 7. The Series 2014-1 Notes shall be sold to the Underwriter with an Underwriter's discount of not to exceed seven-tenths of one percent (0.7%) (as a discount or fee) of the face amount of the Series 2014-1 Notes. The Chair, Vice Chair and/or Chair of the Finance, Facilities and Accountability Committee of the Board are hereby authorized to execute and deliver the Note Purchase Agreement, in substantially the form and with substantially the same content as presented at this meeting for and on behalf of the Board with final terms as may be established for the Series 2014-1 Notes and such alterations, changes or additions as may be authorized by Section 9 hereof. Pursuant to Section 53B-13-104(9) of the Act, the Chair, Vice-Chair and/or Chair of the Finance, Facilities and Accountability Committee of the Board, are each hereby authorized to specify and agree as to the final principal amounts, terms, discounts, maturities, interest rates, rate determination methods and purchase price (including Notes sold at a premium or discount) with respect to the Series 2014-1 Notes for and on behalf of the Board by the execution of the Note Purchase Agreement and the Indenture and any changes with

respect thereto from those terms which were before the Board at the time of adoption of this Resolution, provided such terms are within the parameters set by this Resolution.

Section 8. The appropriate officers of the Board, including without limitation the Chair, Vice Chair, Chair of the Finance, Facilities and Accountability Committee, Commissioner of Higher Education, Associate Commissioner for Student Financial Aid, Executive Director of UHEAA, Deputy Executive Director of UHEAA and Secretary are hereby authorized to (i) take all action necessary or reasonably required by the Note Purchase Agreement and the Indenture to carry out, give effect to and consummate the transactions as contemplated thereby and are authorized to take all action necessary in conformity with the Act, and (ii) execute and deliver for and on behalf of the Board any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein.

Section 9. The appropriate officials of the Board, including without limitation the Chair, Vice Chair and/or Chair of the Finance, Facilities and Accountability Committee are authorized to make any alterations, changes or additions to the Indenture, the Series 2014-1 Notes, the Note Purchase Agreement, the Preliminary Offering Memorandum, the Offering Memorandum, or any other document herein authorized and approved which may be necessary to correct errors or omissions therein, to complete the same, to remove ambiguities therefrom, to conform the same to other provisions of said instruments, to the provisions of this Resolution or any resolution adopted by the Board or the provisions of the laws of the State of Utah or the United States, all within the parameters established herein.

Section 10. Upon their issuance, the Series 2014-1 Notes and the obligations of the Board under the Indenture will constitute special limited obligations of the Board payable solely from and to the extent of the sources set forth in the Indenture and such Series 2014-1 Notes. No provision of this Resolution, the Series 2014-1 Notes, the Indenture, the Note Purchase Agreement, or any other instrument authorized hereby, shall be construed as creating a general obligation of the Board, or of creating a general obligation of the State of Utah or any political subdivision thereof, nor as incurring or creating a charge upon the general credit of the Board, the State of Utah or any political subdivision thereof.

Section 11. After any of the Series 2014-1 Notes are delivered by the Trustee to or for the account of the Underwriter and upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Series 2014-1 Notes are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 12. If any provisions of this Resolution should be held invalid, the invalidity of such provisions shall not affect the validity of any of the other provisions of this Resolution.

Section 13. All resolutions of the Board or parts thereof inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance or part thereof.

Section 14. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE STATE BOARD OF REGENTS OF THE
STATE OF UTAH THIS 16TH DAY OF MAY, 2014.

STATE BOARD OF REGENTS OF THE
STATE OF UTAH

(SEAL)

Chair

ATTEST:

Secretary

After the conduct of other business not pertinent to the above, the meeting was, on motion duly made and seconded, adjourned.

(SEAL)

Chair

ATTEST:

Secretary

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

I, Kirsten Schroeder, do hereby certify that I am the duly qualified and acting Secretary of the State Board of Regents of the State of Utah.

I further certify that the above and foregoing constitutes a true and correct copy of an excerpt of the minutes of a meeting of said Board held on May 16, 2014 and of a resolution adopted at said meeting, as said minutes and resolution are officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of said Board this 16th day of May, 2014.

Secretary

(SEAL)

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

I, Kirsten Schroeder, the undersigned, the duly qualified and acting Secretary of the State Board of Regents of the State of Utah, do hereby certify, according to the records of said State Board of Regents in my official possession, and upon my own knowledge and belief, that:

(a) in accordance with the requirements of Section 52-4-202, Utah Code Annotated 1953, as amended, public notice was given of the agenda, date, time and place of the May 16, 2014 public meeting held by the Members of the State Board of Regents by causing a Notice of Public Meeting, in the form attached hereto as Schedule 1, to be: (i) posted at the principal office of the State Board of Regents at 60 South 400 West, Salt Lake City, Utah, on May ____, 2014, said Notice of Public Meeting having continuously remained so posted and available for public inspection during the regular office hours of the State Board of Regents until the convening of the meeting; (ii) published on the Utah Public Notice Website (<http://pmn.utah.gov>), at least 24 hours prior to the convening of such meeting; and (iii) provided at least 24 hours prior to the convening of such meeting, to the Deseret News and The Salt Lake Tribune, newspapers of general circulation within the geographic jurisdiction of the State Board of Regents, and to each local media correspondent, newspaper, radio station or television station which has requested notification of meetings of the State Board of Regents;

(b) in accordance with the requirements of Section 52-4-202, Utah Code Annotated 1953, as amended, public notice of the 2013-2014 Annual Meeting Schedule of the State Board of Regents was given, specifying the date, time and place of the regular meetings of the State Board of Regents scheduled to be held during the year, by causing a Notice of Annual Meeting Schedule for the State Board of Regents, in the form attached hereto as Schedule 2, to be (i) posted at the principal office of the State Board of Regents at 60 South 400 West, Salt Lake City, Utah in June 2013, (ii) provided in June 2013 to a newspaper of general circulation within the geographic jurisdiction of the State Board of Regents and (iii) published on the Utah Public Notice Website (<http://pmn.utah.gov>) during the current calendar year; and

(c) the State Board of Regents has adopted written procedures governing the holding of electronic meetings in accordance with Section 52-4-207 Utah Code Annotated 1953, as amended (a copy of which is attached hereto as Schedule 3). In accordance with said Section and the aforementioned procedures, notice was given to each member of the State Board of Regents and to members of the public at least 24 hours before the meeting to allow members of the State Board of Regents and the public to participate in the meeting, including a description of how they could be connected to the meeting. The State Board of Regents held the meeting (the anchor location) in the building where it normally meets and provided space and facilities at the anchor location so that interested persons and the public could attend and participate.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of the State Board of Regents of the State of Utah, this 16th day of May, 2014.

(SEAL)

Secretary

SCHEDULE 1

NOTICE OF PUBLIC MEETING

[See Transcript Document No. ____]

SCHEDULE 2

NOTICE OF ANNUAL MEETING SCHEDULE

[See Transcript Document No. ____]

SCHEDULE 3

ELECTRONIC MEETING POLICY

EXHIBIT A

PARAMETERS OF THE SERIES 2014-1 NOTES

Principal amount not to exceed	\$325,000,000
Interest rates not to exceed	1-Month LIBOR + 1.25%, and in any event, not more than 25.0%
Discount from par not to exceed	3.0%
Final Maturity not to exceed	35 years from date of issuance
Notes may be non-callable or subject to redemption as deemed advantageous at the time of sale	