

March 18, 2015

MEMORANDUM

TO: State Board of Regents
FROM: David L. Buhler
SUBJECT: University of Utah – Series 2015 Certificates of Participation Refunding

Issue

The University of Utah has requested authorization to issue Series 2015 Certificates of Participation (COPS) to refund callable Series 2007 COPS. This refunding proposal is subject to the provisions of Regent Policy R587, *Contract or Lease Purchase Financing*.

Background

The Series 2007 COPS were issued to finance energy saving equipment and to finance the acquisition and construction of a new cogeneration plant on the University campus. The University has identified \$15.175 million of these Series 2007 COPS that can be advance refunded in today's market for substantial interest rate savings. The parameters of the proposed issue are as follows:

- Principal amount not to exceed \$20,000,000
- Interest rate not to exceed 6.5%
- Maximum discount not to exceed 2.0%
- Final Maturity not to exceed December 1, 2026
- Estimated NPV savings Approx. 6.87% (more than \$1 million)

The letter from the University requesting this approval and a Financing Summary are attached to provide additional information about the request. A copy of the Approving Resolution is also attached for your approval. Officials from the University as well as representatives from RBC Capital Markets and Ballard Spahr LLP will be present at the meeting to provide additional information and respond to questions from the Board.

Commissioner's Recommendation

The Commissioner recommends Board approval for the University of Utah to proceed with the refunding of an existing University certificate of participation issue for purposes of securing debt service savings.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment

March 6, 2015

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

Dear Commissioner Buhler:

The purpose of this letter is to inform you of the University of Utah's plans to submit a resolution to the State Board of Regents of the State of Utah to be considered during its March 2015 meeting at Dixie State University for the refunding of an existing University certificate of participation ("COP") issue for purposes of securing debt service savings.

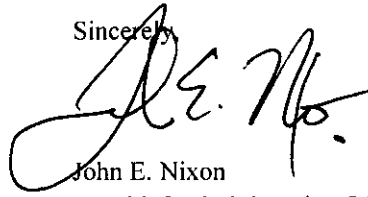
On April 3, 2007, the University issued \$42,450,000 of Certificates of Participation to refinance outstanding COPS which had previously been issued to finance certain heating, cooling and plumbing equipment which had been acquired for purposes of generating energy-related savings on campus. In addition, a portion of the proceeds of the Series 2007 COPS financed the acquisition and construction of facilities and equipment for a new cogeneration plant on the University's campus.

Given current interest rates, the University has identified certain portions of the Series 2007 COPS that could be advance refunded for interest rate savings and is seeking the Regents' approval to move this refunding transaction forward. RBC Capital Markets, the University's Municipal Advisor, projects that \$15.175 million of the Series 2007 COPS could be advance refunded with an estimated net-present-value savings slightly in excess of \$1 million, or approximately 6.85% of the refunded bonds in today's market.

The University would note that the Series 2007 COPS do not qualify to be refunded into its General Revenue Bond ("GRB") system because no formal Legislative authorization was sought or provided for the issuance of these COPS in 2007. Regent approval for the issuance of the Series 2007 COPS, however, was provided at the Regents' meeting on January 19, 2007.

The Resolution and financing documents being provided to the Regents gives the University the flexibility of selling these refunding COPS as either a direct private placement to a financial institution or as an open market issuance. The University will decide on the method of sale depending on responses received by investment and commercial banks through a Request for Proposals process.

Sincerely,

A handwritten signature in black ink, appearing to read "J.E. Nixon". The signature is fluid and cursive, with a large initial "J" and "E" that are connected to the rest of the name.

John E. Nixon

Sr. Chief Administrative Officer & CFO

cc: David W. Pershing, President
Dr. Gregory Stauffer
Arnold B. Combe
Ralph Hardy
Kelly Murdock
Blake Wade
Robert Muir



FINANCING SUMMARY
For

\$20,000,000*
Refunding Certificates of Participation
Series 2015

Evidencing a Proportionate Ownership Interest in
Certain Lease Payments to be Made by
UNIVERSITY OF UTAH
Pursuant to a Lease/Purchase Agreement

Purpose:	The purpose for the issuance of the Series 2015 Refunding Certificates of Participation (“COPS”) is to refund, for savings purposes, a portion of COPS previously issued by the University of Utah in 2007. The Series 2007 COPS were issued to refinance COPS previously issued for the purchase of certain energy savings equipment and to finance the acquisition and construction of a co-generation facility. The initial par amount of the Series 2007 COPS was \$42.45 million and \$15.175 million of that amount is eligible to be advance refunded. A portion of the proceeds from the sale of the 2015 Refunding COPS will be used to pay costs of issuance.
Not-to-Exceed Par Amount:	\$20 million
Not-to-Exceed Maturity:	December 1, 2026
Security:	The Series 2015 Refunding COPS will be payable from legally available monies of the University.
Ratings:	To be determined. The University may choose to place the COPS as a direct purchase on an unrated basis.
Method of Sale:	To be determined. The COPS will be sold on a negotiated basis either as a public offering or on a direct purchase basis.

NPV Refunding Savings: Approximately \$1.04 million* or 6.84%* of refunded par (as of March 6, 2015)

All-in True Interest Cost: 2.45%*

Underwriters/Purchasers: To be determined

Sale Date: To be determined

Closing Date: To be determined

Principal Payment Dates: December 1

Interest Payment Dates: December 1 and June 1

Interest Basis: 30/360

Optional Redemption: May be non-callable or subject to redemption as determined at the time of sale.

Other Not-to-Exceed Parameters:

Coupon:	6.50%
Discount:	2.00%
Final Maturity:	December 1, 2026

University Contacts: 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)

*Preliminary, subject to change