



State Board of Regents
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April 1, 2015

MEMORANDUM

TO: State Board of Regents Executive Committee

FROM: David L. Buhler

SUBJECT: Dixie State University – Series 2015 Student Housing Project Revenue Bond

Issue

Dixie State University (DSU) has requested approval to proceed with the sale of the revenue bonds that were authorized in the recently concluded 2015 legislative session to provide an estimated amount of \$19,020,000 for construction of a new Student Housing Project.

Background

As is noted in the attached letter, DSU desires to issue this bond as soon as possible to benefit from the current favorable interest rate market and to be able to have the new housing available at the beginning of the 2016 fall semester.

A new general indenture has been created for this bond issue to also enable DSU to issue subsequent bonds, as long as pledged revenue streams support the existing and new bonds. Additional information about this arrangement is provided in the attached letter.

The relevant parameters of the requested issue are:

- Principal amount not to exceed \$23,000,000 including costs of issuance, payment of capitalized interest, and funding of debt reserve requirements as needed
- Interest rate not to exceed 5%
- Discount from par not to exceed 2%
- Final maturity not to exceed 32 years from the date of issue

Copies of a Financing Summary from the University's financial advisor and a draft of the Approving Resolution that provide the detail about this request are attached for your review and approval. Representatives from DSU, Bond Counsel from Chapman & Cutler, and the Financial Advisor from Zions Bank will be in attendance to provide additional information and answer questions from the Board.

Commissioner's Recommendation

The Commissioner recommends Executive Committee approval of the proposed Authorizing Resolution for purchase of these Series 2015 Auxiliary Revenue Bonds to finance the DSU Student Housing Project.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachments

Paul C. Morris
Vice President for Administrative Services
Phone: 435-652-7504
Email: morris@dixie.edu

March 31, 2015

Dr. David L. Buhler
Commissioner of Higher Education
Board of Regents Building
60 South 400 West
Salt Lake City, Utah 84101

Dear Dr. Buhler,

Purpose

Dixie State University (DSU) is requesting Regent authorization to issue revenue bonds for the purpose of constructing new on-campus student housing.

Background

In order to have the new student housing available to students for the fall semester of 2016 and to take advantage of the current interest rate environment, Dixie State University is moving as quickly as possible to be in a position to offer revenue bonds. To accomplish this, Dixie State University has acquired the services of Chapman and Cutler as bond counsel, Zions Bank as financial advisor and RBC Capital Markets as underwriter.

Upon the recommendation of Zions Bank, Dixie State University will pledge revenues in excess of those needed to meet the target debt coverage ratio of 1.10 on the student-housing bond. For example, DSU will pledge the student fees earmarked for servicing the future Human Performance/Student Wellness Building Bond. Further, DSU will pledge the interest earnings on institutional balances even though no plans exist to utilize the interest earnings to defease bonds. Rather, the interest earnings will be pledged to create a financial cushion should the institution encounter a situation where it would be difficult to meet debt coverage ratios from other pledged revenues. The strategy of including pledged revenues in excess of those needed for immediate bond requirements within the current indenture allow for subsequent bonds, such as the Human Performance/Student Wellness Center bond, to utilize the existing indenture so long as the total pledged revenue streams support the existing and new bonds.

In support of this request for authorization to issue revenue bonds, a copy of the financing summary provided by Zions Bank and approving resolution and bond indenture as prepared by Chapman and Cutler accompany this letter. Thanks for your consideration and willingness to make special arrangements to approve the resolution to bond on behalf of Dixie State University.

Sincerely,

Paul C. Morris

Vice President for Administrative Services

Dixie State University
Auxiliary System Revenue Bonds, Series 2015
Preliminary Summary Sheet

Proposed Issue: Auxiliary System Revenue Bonds

Total Approximate Issue Size: \$19,020,000

Use of Funds: To fund the construction of a new student housing facility; satisfy any reserve requirements; pay capitalized interest for approximately 18 months while the project is constructed; and pay associated costs of issuance.

Detail of Proposed Series 2015A Bonds:

Principal Amount: Not to exceed \$23,000,000

Interest Rate: Not to exceed 5.0%

Maturity Date: Not to exceed 32 years

Aggregate Discount: Not to exceed 2%

Underwriter's Discount: Not to exceed 2%

Bond Rating: AA from S&P

Bond Insurance: Bids will be received from Assured Guaranty and National PFG

Source of Repayment: Auxiliary services and other revenue

Timetable Considerations: Regent approval will be sought at the March 27 meeting. The University is proceeding with plans to sell bonds soon after Regent approval is received, with a tentative sale date planned for the end of April. The bonds will be sold by negotiated sale. The bond closing date will be in the middle of May.

April 3, 2015

The State Board of Regents of the State of Utah (the “*Board*”) met in special session at Board of Regents Building, The Gateway, 60 South 400 West, Salt Lake City, Utah, on April 3, 2015, commencing at _____ .m. The following members of the Board were present:

Daniel W. Campbell	Chair
France A. Davis	Vice Chair
Jessie B. Anderson	Member
Nina Barnes	Member
Bonnie Jean Beesley	Member
Leslie Castle*	Member
Wilford W. Clyde	Member
James T. Evans*	Member
Brady Harris	Student Member
Marlin K. Jensen	Member
Robert S. Marquardt	Member
Jefferson Moss*	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: [None.]
ALSO PRESENT: _____

As required by Section 52-4-203, Utah Code Annotated 1953, as amended, written minutes and a recording of this meeting are being kept.

* Non-voting Member

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 DIXIE STATE UNIVERSITY GENERAL REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$23,000,000; AUTHORIZING THE EXECUTION OF A GENERAL INDENTURE OF TRUST, A SUPPLEMENTAL INDENTURE OF TRUST, AN OFFICIAL STATEMENT AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; 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 (the “*Utah Code*”);

WHEREAS, pursuant to the provisions of Title 53B Chapter 1, Utah Code, the Board is authorized to act as the governing authority of Dixie State University (formerly Dixie State College of Utah) (the “*University*”) for the purpose of exercising the powers contained in Title 53B, Chapter 21, Utah Code (the “*Act*”);

WHEREAS, pursuant to the Act, the Board is, for and on behalf of the University, authorized to issue bonds payable from a special fund into which the revenues of the University may be deposited;

WHEREAS, subject to Senate Bill 9 becoming effective (the “*Authorization*”) and pursuant to the provisions of the Authorization, the Board will be authorized to issue revenue bonds on the credit, revenues and reserves of the University, other than appropriations by the Utah Legislature, to provide up to \$20,000,000 to finance the cost of constructing a student housing facility (the “*Project*”), together with other amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements;

WHEREAS, the Project will include the acquisition, construction, improvement, equipping and furnishing of a student housing facility and related facilities;

WHEREAS, the Board considers it desirable and necessary for the benefit of the residents of the State of Utah to issue its “State Board of Regents of the State of Utah, Dixie State University General Revenue Bonds,” in one or more series (the “*Bonds*”), for the purpose of financing, together with any available funds of the University to be used for such purpose, the cost of the Project, satisfying any debt service reserve requirements, providing capitalized interest on the Bonds, and paying costs of issuance of the Bonds;

WHEREAS, the Bonds will be issued in an aggregate principal amount of not to exceed \$23,000,000 and will be issued pursuant to the General Indenture of Trust (the “*General Indenture*”), as supplemented by one or more Supplemental Indentures of Trust (collectively, the “*Supplemental Indenture*” and, together with the General Indenture, the “*Indenture*”), each by and between the Board, acting for and on behalf of the University, and Zions First National Bank, as trustee (the “*Trustee*”);

WHEREAS, the Bonds shall be payable solely from the revenues and other moneys pledged therefor under the Indenture and shall not constitute nor give rise to a general obligation or liability of the State of Utah (the “*State*”), the Board or the University or constitute a charge against the general credit of the State, the Board or the University;

WHEREAS, there have been presented to the Board at this meeting a form of a Preliminary Official Statement relating to the Bonds (the “*Preliminary Official Statement*”), a form of the General Indenture and a form of the Supplemental Indenture;

WHEREAS, expenditures relating to the Project (the “*Expenditures*”) (a) have been paid from the University’s general fund (the “*Fund*”) within 60 days prior to the passage of this resolution (the “*Resolution*”) or (b) will be paid from the Fund on or after the passage of this Resolution and prior to the issuance of the Bonds; and

WHEREAS, pursuant to Section 53B-21-102(3)(m) of the Act and subject to the Authorization being effective, the Board desires to grant to the Chair, the Vice Chair of the Board and the Chair of the Finance, Facilities and Accountability Committee of the Board (each a “*Designated Board Officer*”) the authority to approve the final principal amounts, discounts, maturities, interest rates, redemption provisions, purchase prices and other terms of the Bonds (including the amount, if any, of the Debt Service Reserve Requirement for the Bonds) 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, and the authority to approve and execute all documents relating to the issuance of the Bonds;

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. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

Section 2. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and the officers of the Board or the University directed toward the issuance of the Bonds are hereby ratified, approved and confirmed.

Section 3. The General Indenture and the Supplemental Indenture, in substantially the forms presented to the Board at this meeting, are each in all respects authorized, approved and confirmed. Each Designated Board Officer and the Secretary of the Board and the University’s

President, the Vice President for Administrative Services or any Executive Director of the University (each a “*Designated University Officer*” and collectively with the Designated Board Officers, the “*Designated Officers*”) are hereby authorized to execute and deliver the General Indenture and the Supplemental Indenture, in the forms and with substantially the same content as presented at this meeting, for and on behalf of the Board and the University with such alterations, changes or additions as may be authorized pursuant to the terms of this Resolution.

Section 4. For the purpose of providing funds to be used for the purpose of (a) financing all or a portion of the cost of the Project, (b) satisfying the Debt Service Reserve Requirement, if any, (c) providing capitalized interest on the Bonds, and (d) paying costs of issuance of the Bonds, including the cost of any bond insurance policy, surety bond or other credit enhancement for the Bonds, the Board hereby authorizes the issuance of the Bonds in the aggregate principal amount of not to exceed \$23,000,000; *provided, however*, the Bonds may not be issued until the Authorization becomes effective. The Bonds shall bear interest at the rates, shall mature in the principal amounts and on the dates, and shall be subject to redemption, as shall be approved by a Designated Board Officer as provided below, all within the parameters set forth in *Schedule A* attached hereto and incorporated herein by reference.

Section 5. The form, terms and provisions of the Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption and number shall be as set forth in the Indenture. Any Designated Board Officer and the Secretary of the Board and any Designated University Officer are hereby authorized to execute and seal the Bonds and to deliver the Bonds to the Trustee for authentication. All terms and provisions of the Indenture and the Bonds are hereby incorporated in this Resolution. The appropriate officials of the Board and the University are hereby authorized to execute and deliver to the Trustee the written order of the Board for authentication and delivery of the Bonds in accordance with the provisions of the Indenture.

Section 6. The Board hereby authorizes, approves and directs the use and distribution of the Preliminary Official Statement in such form as shall be approved by the Chair or Vice Chair of the Board or the President or Vice President for Administrative Services of the University. Each such Designated Officer is authorized to execute such certificates as shall be necessary to “deem final” the Preliminary Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission. Any such Designated Officer is hereby authorized to execute and deliver on behalf of the Board and the University a final Official Statement in substantially the form and with substantially the same content as the Preliminary Official Statement, with such alterations, changes or additions as may be necessary to conform to the terms of the Bonds and finalize the Official Statement. The use and distribution of the Official Statement are hereby authorized.

Section 7. The Bonds shall be sold to the initial purchaser (the “*Underwriter*”) pursuant to a public sale at a discount of not to exceed 2.0% of the face amount of the Bonds plus accrued interest, if any. Pursuant to Section 53B-21-102(3)(m) of the Act, a Designated Board Officer (with concurrence of a Designated University Officer) is hereby authorized to specify and agree as to the final principal amounts, discounts, maturities, interest rates, redemption provisions, purchase prices and other terms of the Bonds (including the amount, if any, of the

Debt Service Reserve Requirement for the Bonds) for and on behalf of the Board and the University by the execution of the Indenture, such bond purchase contract or other instrument or instruments as may be necessary to confirm the award of the Bonds to the Underwriter, and any changes to the Supplemental Indenture 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 and the University, including without limitation the Designated Board Officers, Commissioner of Higher Education and Secretary of the Board and the Designated University Officers are hereby authorized to take all action necessary or reasonably required by 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.

Section 9. The appropriate officials of the Board and the University, including without limitation the Designated Officers, are authorized to make any alterations, changes or additions to the General Indenture and the Supplemental Indenture, the Bonds, the Preliminary Official Statement, or any other document herein authorized and approved as authorized by this Resolution, including such alterations, changes or additions which may be necessary to correct errors or omissions therein, to remove ambiguities therefrom, or 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 laws of the State or the United States.

Section 10. The appropriate officials of the Board and the University, including without limitation the Designated Board Officers, Commissioner of Higher Education and Secretary of the Board and the Designated University Officers, are hereby authorized and directed to (a) accept a commitment for, and agree to the terms of, a bond insurance policy, surety bond, or other credit enhancement that such officer or officers determine to be in the best interests of the Board and the University, and (b) execute and deliver for and on behalf of the Board and the University any or all additional certificates, documents, instruments and other papers and 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, including (without limitation) such (i) continuing disclosure undertakings or agreements as shall be necessary under Rule 15c2-12 of the Securities and Exchange Commission; (ii) certificates and agreements as shall be necessary to establish and maintain the tax status of the Bonds under the provisions of the Internal Revenue Code of 1986, as amended, and (iii) letter of representations with The Depository Trust Company (“DTC”) shall be necessary to qualify the Bonds for DTC; book-entry system.

Section 11. Upon their issuance, the Bonds will constitute special limited obligations of the Board payable solely from and to the extent of the sources set forth in the Indenture. No provision of this Resolution, the Bonds, the Indenture or any other instrument, shall be construed as creating a general obligation of the Board or the University, 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 University, the State of Utah or any political subdivision thereof.

Section 12. Reimbursement Intent. In satisfaction of certain requirements under the Internal Revenue Code of 1986, as amended, the Board reasonably expects to reimburse the Expenditures with proceeds of the Bonds to be issued in the maximum principal amount of not more than \$23,000,000.

Section 13. All proceedings, resolutions and actions of the Board and the University and their officers and employees taken in connection with the Bonds are hereby ratified, confirmed and approved.

Section 14. After any of the Bonds are delivered by the Trustee to 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 Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 15. 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 16. 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 or resolution or part thereof.

Section 17. This Resolution shall become effective immediately upon its adoption.

(Signature page follows.)

PASSED AND APPROVED by the State Board of Regents of the State of Utah this 3rd day of April, 2015.

STATE BOARD OF REGENTS OF
THE STATE OF UTAH

Chair

[SEAL]

ATTEST:

Secretary

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

Chair

[SEAL]

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 April 3, 2015 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 3rd day of April, 2015.

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 (the “*Board*”), do hereby certify, according to the records of the Board 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, I gave public notice of the agenda, date, time and place of the _____, 2015 public meeting held by the members of the Board by causing a Notice of Public Meeting to be posted at the principal office of the State Board of Regents at 60 South 400 West in Salt Lake City, Utah, on _____, 2015, at least 24 hours prior to the convening of such meeting, in the form attached hereto as *Exhibit A*, said Notice of Public Meeting having continuously remained so posted and available for public inspection during the regular office hours of the Board until the convening of the meeting; causing a copy of said Notice of Public Meeting in the form attached hereto as *Exhibit A* to be provided on _____, 2015, at least 24 hours prior to the convening of such meeting; causing a Notice of Public Meeting to be posted on _____, 2015, at the Utah Public Notice Website at least 24 hours before the convening of the meeting; and providing a copy of said Notice of Public Meeting in the form attached hereto as *Exhibit A* to at least one newspaper of general circulation within the geographic jurisdiction of the Board or a local media correspondent, by virtue of posting such Notice on the Utah Public Notice Website as aforesaid, in accordance with Sections 52-4-202(3) and 63F-1-701(d), Utah Code Annotated 1953, as amended;

(b) in accordance with the requirements of Section 52-4-202, Utah Code Annotated 1953, as amended, public notice of the 2015 Annual Meeting Schedule of the Board was given specifying the date, time and place of the regular meetings of the Board scheduled to be held during the year, by causing a Notice of Annual Meeting Schedule for the Board in the form attached as *Exhibit B* to be posted during or before January 2015 at the principal office of the Board in Salt Lake City, Utah; such Notice of Annual Meeting Schedule having continuously remained so posted and available for public inspection during the regular office hours of the undersigned until the date hereof; causing a copy of such Notice of Annual Meeting Schedule to be provided during or before January 2015 to a newspaper of general circulation within the geographic jurisdiction of Salt Lake City, Utah; and causing a Notice of Annual Meeting Schedule to be posted during or before January 2015 at the Utah Public Notice Website; and

(c) the Board 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 *Exhibit C*). In accordance with such provisions and the aforementioned procedures, notice was given to each member of the Board and to members of the public at least 24 hours before the meeting to allow members of the Board and the public to participate in the meeting, including a description of how they could be connected to the meeting. The Board 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 3rd day of April, 2015.

Secretary

[SEAL]

SCHEDULE A

PARAMETERS

PRINCIPAL AMOUNT:	Not to exceed \$23,000,000.
TERM:	Not to exceed 32 years from their date or dates.
INTEREST RATE:	Fixed rates such that no coupon rate exceeds 5.00% per annum.
REDEMPTION FEATURES:	Optional redemption at not more than 100% of par within 11 years of issuance.
SALE PRICE:	Not less than 98% of the principal amount of the Bonds.

EXHIBIT A

[ATTACH NOTICE OF PUBLIC MEETING]

EXHIBIT B

[ATTACH NOTICE OF ANNUAL MEETING SCHEDULE]

EXHIBIT C

[ATTACH ELECTRONIC MEETING POLICY]