

May 6, 2015

MEMORANDUM

TO: State Board of Regents
FROM: David L. Buhler
SUBJECT: University of Utah - Sale of Series 2015B General Revenue and Refunding Bond

Issue

On April 21, 2015 the University of Utah sold revenue bonds with proceeds to finance the following:

- \$14,000,000 to complete the funding package for the University Utilities Infrastructure Project
- \$19,980,000 for the Health Sciences Parking Structure Project
- \$19,150,000 to refund Series 2010A Auxiliary & Campus Facilities (ACF) Bonds
- \$11,810,000 to refund Series 2010 Hospital Revenue Bonds
- \$25,695,000 to refund Series 2011B Hospital Revenue Bonds
- \$15,000,000 Commercial Paper reduction of which \$8,260,000 was paid with bond proceeds and \$6,740,000 paid with internal funds set aside for debt service. This transaction reduces the initial commercial paper balance of \$100 million to \$60 million

All components of this very successful bond sale were approved by the Board's March 29, 2013 approving resolution that initiated the University's General Revenue Bond System (GRB). It was a negotiated-public-offering transaction with the following results:

- All-in True Interest Cost (TIC) 2.29%
- NPV Savings on refunded bonds \$2.5 million (4.33% of par refunded)

Additional information about the bond issue is provided on the attached Financing Summary, with the "Final Pricing Results" highlighted with red type face.

Commissioner's Recommendation

This is an information item; no action is required.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment



RBC Capital Markets®

RBC Capital Markets, LLC
Municipal Finance
299 South Main Street, Suite 2000
Salt Lake City, Utah 84111

FINANCING SUMMARY

For

\$91,570,000

**State Board of Regents of the State of Utah
UNIVERSITY OF UTAH
General Revenue and Refunding Bonds
Series 2015B Bonds**

FINAL PRICING RESULTS

Purpose:

The purpose for the issuance of the Series 2015B Bonds was six-fold: 1) To sell the remaining \$14 million portion of the Legislature's \$32 million bonding authorization for construction of the University of Utah's 'Infrastructure Project' (\$18 million was financed in a previous 2014 issue), 2) To finance the acquisition and construction of a \$19.98 million 'Health Sciences Parking Project'; 3) To refund, for savings purposes, a previously issued Series 2010 Hospital Revenue bond (\$11.810 million called), and 4) To refund, for savings purposes, a previously issued Series 2010A Auxiliary and Campus Facilities System Revenue bond (\$19.150 million called); 5) To refund, for savings purposes, a previously issued Series 2011B Hospital Revenue bond (\$25.695 million called); and 6) To refund on a tax-exempt, fixed-rate, basis a portion (\$8.26 million), of a Series 2005A Hospital bond previously refunded through the University's Taxable Commercial Paper Program. A portion of the bond proceeds also paid costs of issuance associated with the Series 2015B Bonds.

Not-to-Exceed Par Amount:	\$14 million for Infrastructure Project (\$14 million was issued) \$19.98 million for Health Sciences Parking Project (\$19.98 million was issued)
Not-to-Exceed Maturity:	10-years (Infrastructure Project) 9-years was final maturity for this component 25-years (Health Sciences Parking Project) 20-years was final maturity for this component
Security:	The Series 2015B Bonds are 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 were reaffirmed by Moody's Investors Service and Standard and Poor's Corporation, respectively.
Method of Sale:	Negotiated public offering using the following underwriters: Citigroup Global Markets: 70% Senior Manager Piper Jaffray: 30% Co-Manager
Bonds Refunded:	Series 2010A ACFS: \$19,150,000 (\$19,150,000 refunded) Series 2010 Hospital: \$11,810,000 (\$11,810,000 refunded) Series 2011B Hospital: \$25,695,000 (\$25,695,000 refunded)
NPV Refunding Savings:	4.33% of refunded par or \$2,455,280.52
All-in True Interest Cost:	2.29% for overall transaction (1.76% Infrastructure Project only) (3.01% Health Sciences Parking Project only)
Commercial Paper Impact:	\$15 million reduction (Balance as of 5/15/15: \$60 million) Bond proceeds: \$8.260 million University cash: \$6.740 million
Sale Date:	April 21, 2015
Closing Date:	May 13, 2015
Principal Payment Dates:	August 1
Interest Payment Dates:	August 1 and February 1

Financing Summary
Page 3 of 3

Interest Basis: 30/360

Optional Redemption: May be non-callable or subject to redemption as determined at the time of sale. **10-year par call was secured**

Other Not-to-Exceed Parameters:

Coupon: 6.00% **(5.00% was highest coupon)**
U/W Discount: 0.5% of the par amount (\$5.00/\$1000)
(\$2.39/\$1,000 or 0.2391% was secured)

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

Mr. John Nixon, Sr. Chief Administrative Officer/CFO
(801-585-0806)

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

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