

July 22, 2015

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: University of Utah – Series 2015 Certificates of Participation (COP) Refunding

Issue

On March 27, 2015 the Board authorized the University of Utah to refund up to \$20 million of callable Series 2007 Certificates of Participation (COP) that were issued to finance energy saving equipment and the acquisition and construction of a new cogeneration plant on the University campus.

The University elected to sell the Refunding Certificates on a direct purchase basis to Wells Fargo Bank, N.A. The interest rate was locked on June 8, 2015 and the closing date on the transaction was June 10, 2015. The following summarizes the key elements of a very successful transaction:

- | | |
|--|------------------|
| • Advanced Refunding of Series 2007 COPS | \$15.175 million |
| • NPV Refunding Savings of 10.61% | \$2.54 million |
| • All-in True Interest Cost | 2.034% |

In addition to the refinance described above, as a part of the transaction, the University used cash reserves for the following:

- \$6.65 million was used to shorten the final maturity of the Series 2015 Refunding COPS by four years, from 12/1/26 to 12/1/22
- \$9.55 million was used to fully defease \$8.74 million of the remaining callable, but not advance refundable, Series 2007 COPS.

The bottom line impact of the transaction, in addition to the interest rate savings noted above, was to reduce the outstanding COP par balance from \$29.9 million before the refunding to \$16.0 after the refunding.

Additional details about the transaction are provided in the updated Financing Summary with final results highlighted in red type face.

Commissioner's Recommendation

This is an information item only; no action is required.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/WRH
Attachment



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**

FINANCING UPDATE: FINAL

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 also be used to pay costs of issuance.
Not-to-Exceed Par Amount:	\$20 million (Final par amount was \$10,050,000)
Not-to-Exceed Maturity:	December 1, 2026 (Final maturity is December 1, 2022)
Cash Defeasance:	In addition to the issuance of the Refunding COPS to advance-refund \$15.175 million of the Series 2007 COPS, the University also elected to use reserves set aside to pay off debt to defease \$8,740,000 of remaining callable, but non-advance refundable, Series 2007 COPS.

Cash Contributions:	--\$6.65 million (approximate) to shorten final maturity of Series 2015 Refunding COPS to 12/1/22 from 12/1/26. --\$9.55 million (approximate) to fully cash defease \$8.740 million of Series 2007 COPS.
Impact on Par:	Par outstanding before refundings: \$29,890,000 Par outstanding after refundings: \$16,025,000
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. (No rating was requested or required)
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. (The University chose to sell the Refunding Certificates on a direct purchase basis to Wells Fargo Bank, N.A.)
NPV Refunding Savings:	Approximately \$1.04 million* or 6.84%* of refunded par (as of March 6, 2015) (Total NPV savings achieved were \$2,537,977.27, or 10.61% of refunded bonds).
All-in True Interest Cost:	2.45%* (An All-in TIC of 2.034% was achieved)
Underwriters/Purchasers:	To be determined (Wells Fargo Bank, N.A. was chosen by the University to purchase this transaction)
Sale Date:	To be determined (Interest rate was locked Monday, June 8, 2015)
Closing Date:	To be determined (Wednesday, June 10, 2015)
Principal Payment Dates:	December 1
Interest Payment Dates:	December 1 and June 1, beginning December 1, 2015
Interest Basis:	30/360
Optional Redemption:	May be non-callable or subject to redemption as determined at the time of sale. (The Refunding COPS are subject to a Make-Whole Call)

Other Not-to-Exceed Parameters:

Coupon: 6.50% (1.80% was locked rate)
Discount: 2.00% (None required)
Final Maturity: December 1, 2026 (December 1, 2022)

University Contacts:

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Bond Counsel:

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