

November 4, 2015

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Utah State University – Series 2015 Student Fee and Housing System Revenue Bond

Issue

On July 31, 2015 the Board authorized Utah State University (USU) to proceed with the sale of revenue bonds authorized by the 2015 Legislature to finance the construction of a new student residence hall to replace Valley View Residence Hall. After a competitive bond sale on August 27, 2015 the bonds closed on September 23, 2015.

The bond sale conformed to all of the parameters approved by the Regents. The following is a brief summary of the results:

- Final Par Amount of the Bonds \$24,455,000
- True Interest Cost (TIC) 3.36%
- Maximum Coupon Rate 5%
- Maturity Date 22.5 years

Additional details about the bond issue may be found in the attached financing summary with final pricing results in red type face.

Commissioner's Recommendation

This is an information item; no action is required.

David L. Buhler
Commissioner of Higher Education

DLB/GLS/RPA
Attachment

Utah State University
Student Fee and Housing System Revenue Bonds, Series 2015
Preliminary Summary Sheet

Proposed Issue: Student Fee and Housing System Revenue Bonds

Total Approximate Issue Size: \$24,470,000 (Final Par Amount of \$24,455,000)

Use of Funds: To provide up to \$23,100,000 to finance the cost of constructing a new student residence hall to replace Valley View Residence Hall; satisfy any reserve fund requirements; fund any capitalized interest amount; and pay associated costs of issuance.

Detail of Proposed Series 2015 Bonds:

Principal Amount: Not to exceed \$25,500,000
(\$24,455,000)

Interest Rate: Not to exceed 5.0% (max
coupon of 5%, TIC of 3.36%)

Maturity Date: Not to exceed 23 years (22.5
years)

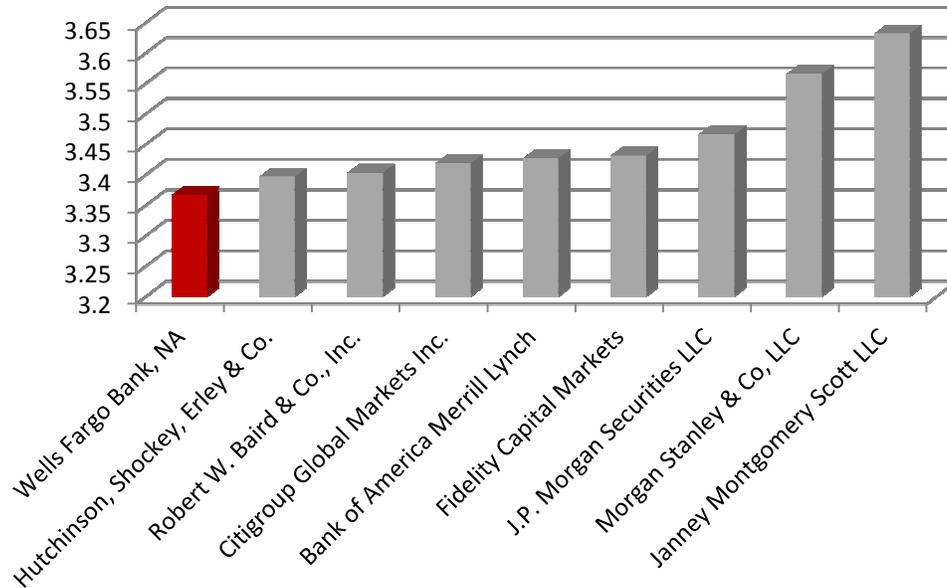
Aggregate Discount: Not to exceed 2% (sold at
premium of 2.375%)

Underwriter's Discount: Not to exceed 2% (1.064%)

Bond Rating: AA from S&P (rating
confirmed)

Source of Repayment: Student Fees and Housing
System Revenues

Timetable Considerations: Regent approval will be sought at the July 31 meeting. The University is proceeding with plans to sell bonds soon after Regent approval is received, with a tentative sale date planned for August 13, 2015. The University anticipates selling bonds by competitive sale, and the underwriter will be whichever bidder provides the lowest borrowing cost (as a combination of interest rates and fees) to the University. The anticipated closing date is Thursday, August 27. (The bonds were sold on August 27th to Wells Fargo by competitive sale. The transaction will close on September 23)



Bid Comparison

Par Amount: \$24,455,000 S&P rating: "AA"
 Closing Date: September 23, 2015 Final Maturity Date: April 1, 2038

| Underwriter | TIC Bid | Difference from Winning Bid | Total Principal and Interest | Difference from Winning Bid |
|--|---------|-----------------------------|------------------------------|-----------------------------|
| Wells Fargo Bank, National Association | 3.367% | -- | \$ 36,555,294 | -- |
| Hutchinson, Shockey, Erley & Co. | 3.397% | 0.0303% | 36,679,544 | 124,250 |
| Robert W. Baird & Co., Inc. | 3.404% | 0.0367% | 36,702,022 | 146,728 |
| Citigroup Global Markets Inc. | 3.419% | 0.0520% | 36,768,847 | 213,553 |
| Bank of America Merrill Lynch | 3.427% | 0.0602% | 36,799,406 | 244,112 |
| Fidelity Capital Markets | 3.432% | 0.0647% | 36,825,287 | 269,992 |
| J.P. Morgan Securities LLC | 3.466% | 0.0994% | 36,963,786 | 408,492 |
| Morgan Stanley & Co, LLC | 3.566% | 0.1987% | 37,364,579 | 809,284 |
| Janney Montgomery Scott LLC | 3.632% | 0.2652% | 37,646,093 | 1,090,799 |