

May 11, 2016

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: Southern Utah University – Series 2016 Auxiliary System and Student Building Fee Revenue Refunding Bonds

Issue

Regents have asked institutions to provide a summary report to the Board highlighting the final details of authorized revenue bond transactions. On April 1, 2016, the Board authorized Southern Utah University (SUU) to proceed with the sale of revenue bonds to advance refund its remaining Series 2008 Auxiliary System and Student Building Fee bonds.

Background

SUU engaged in a successful competitive bond sale on April 27, 2016. The bond transaction will close on May 11, 2016. The bond sale conformed to the Regent approved sale parameters. A brief summary of the final results is shown below.

Final Par Amount of the Bonds	\$8,420,000
True Interest Cost (TIC)	2.44%
Net Present Value Savings	\$1,135,676
Net Present Value Savings	12.825%
Maturity Date	17.03 years

Additional details about the bond issue may be found in the attached bid results of the competitive sale and financing summary – which shows final pricing results in red.

Commissioner's Recommendation

This is an information item and no action is required.

David L. Buhler
Commissioner of Higher Education

DLB/KLH/RPA
Attachment

Southern Utah University
Auxiliary Fee and Student Building Fee Revenue Refunding Bonds, Series 2016
Final Summary Sheet

Proposed Issue: Auxiliary System and Student Building Fee Revenue Refunding Bonds, Series 2016

Total Approximate Issue Size: \$8,000,000 (\$8,420,000 final par amount. Please see the following page for a summary of the bid results)

Use of Funds: To generate debt service savings by refunding the previously issued Series 2008 Auxiliary System and Student Building Fee Revenue Bonds; satisfy any debt service reserve fund requirements; and pay associated costs of issuance.

Detail of Proposed Series 2016 Bonds:

Principal Amount: Not to exceed \$9,800,000 (\$8,420,000)

Interest Rate: Not to exceed 5.0% (max coupon of 5% and TIC of 2.44%)

Maturity Date: Not to exceed 18 years (17.03 years)

Aggregate Discount: Not to exceed 2% (premium bid of 105.653%)

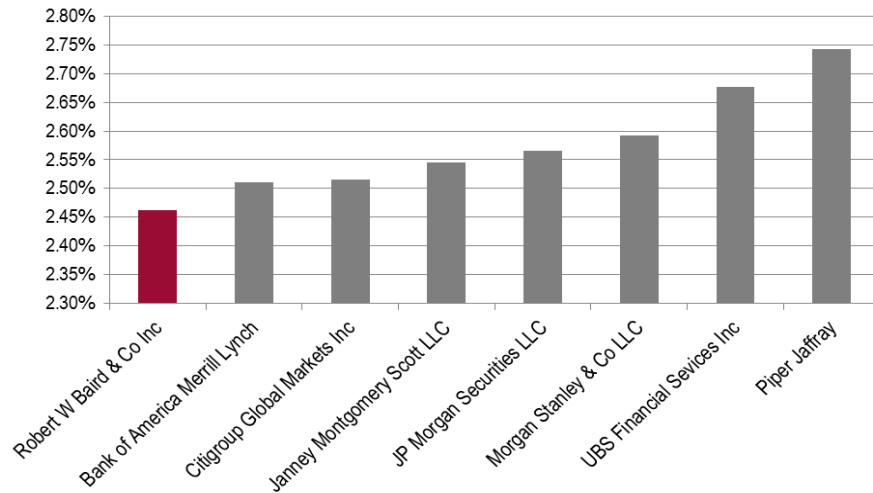
Underwriter's Discount: Not to exceed 2% (1.231%)

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

Source of Repayment: Auxiliary System and Student Building Fee Revenues

Timetable Considerations: The Series 2008 Bonds are “callable” and can be paid off beginning May 1, 2018. In advance of that date, the Series 2008 bonds can be called using a one-time advanced refunding. Provided that the Regents grant authorization at their April 1, 2016 meeting, and that the savings generated by issuing the Series 2016 Bonds continues to exceed the level of 6% of debt service (final NPV savings were 12.825%) the University anticipates selling bonds via a competitive sale on April 21, and closing the transaction on May 4. Total cash flow savings related to the refinancing are \$2,299,948, and total NPV savings are \$1,135,676.41.

Utah State Board of Regents (Southern Utah University)
 Summary of Competitive Sale Bid Results
 Wednesday, April 27, 2016



Bid Comparison

Par Amount: \$8,420,000 S&P Rating: "AA"
 Dated Date: Wednesday, May 11, 2016 Final Maturity Date: May 1, 2033
 Delivery Date: Wednesday, May 11, 2016

Underwriters	TIC Bid	Difference from Winning Bid	NPV Savings %	NPV Savings \$	Difference from Winning Bid
Robert W Baird & Co Inc	2.462%	-	12.825%	1,135,676	-
Bank of America Merrill Lynch	2.510%	0.048%	12.312%	1,090,202	45,474
Citigroup Global Markets Inc	2.515%	0.053%	12.260%	1,085,667	50,009
Janney Montgomery Scott LLC	2.546%	0.084%	11.931%	1,056,447	79,229
JP Morgan Securities LLC	2.565%	0.103%	11.730%	1,038,679	96,997
Morgan Stanley & Co LLC	2.592%	0.130%	11.447%	1,013,668	122,008
UBS Financial Services Inc	2.677%	0.215%	10.556%	934,715	200,961
Piper Jaffray	2.744%	0.282%	9.858%	872,960	262,716