

September 7, 2016

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: UHEAA – Amendment to Authorizing Resolution: Student Loan Backed Notes

Issue

The Commissioner requests that the Board of Regents adopt a technical amendment to the March 27, 2015 authorizing resolution for the issuance of student loan backed revenue notes for UHEAA.

Background

In March 2015, the Board authorized UHEAA to move forward with securing bond financing to transfer existing debt currently supported using a temporary financing warehouse mechanism in the aggregate of \$1.8 billion. UHEAA issued the first bond in June 2015 for \$415.5 million. Unfortunately, access to the credit markets for student loan transactions has been limited since June 2015 due to rating agency modeling criteria. However, the markets are beginning to open and allow the Board to complete its financing plan.

As a result of changes in the rating agency modeling processes since the adoption of the original parameters, the maximum maturities required by the rating agencies may exceed the previously adopted parameters approved by the Board. A technical change to increase the maximum maturity from the original 30 years for senior notes and 35 years for subordinate notes to a not to exceed maximum of 40 years (as authorized by state law) is requested. This request does not alter the financing plan or any other aspect of the authorized financing structure.

Parameters as Originally Approved

The March 27, 2015 approving resolution provided for multiple series of student loan backed notes within the following proposed parameters. It is recommended the maximum maturity be increased to a not-to-exceed parameter of 40 years.

	Not to Exceed Parameters
• Total Principal Amount	\$1,800,000,000
• Interest Rate	
Senior Notes	1M Libor + 1.0%
Subordinate Notes	1M Libor + 2.0%
In any event, not to exceed:	25%
• Discount from Par	
Senior Notes	5%
Subordinate Notes	15%
• Maximum Maturity (from date of issuance)	
Senior Notes	30 Years
Subordinate Notes	35 Years
• Underwriters Discount	.60%

Basic Documents Requiring Approval

The amendment to the March 27, 2015 Authorizing Resolution provided with this report is in final draft form. Its approval by the Board will authorize the change of the maximum maturity parameter to a not-to-exceed parameter of 40 years.

UHEAA staff, along with representatives of the Attorney General's Office and Bond Counsel, will be at the Board of Regents meeting on September 16, 2016 to review the proposed transaction and answer questions.

Commissioner's Recommendation

The Commissioner recommends that the Regents approve the attached amendment to the March 27, 2015 Authorizing Resolution for UHEAA.

David L. Buhler
Commissioner of Higher Education

DLB/DAF/DSS
Attachment

Logan, Utah

September 16, 2016

The State Board of Regents of the State of Utah (the “Board”) met in regular session (including by electronic means) at Utah State University in Logan, Utah on September 16, 2016, commencing at [9:00 a.m.] The following members were present:

Daniel W. Campbell	Chair
France A. Davis	Vice Chair
Jessie B. Anderson	Member
Nina Barnes	Member
Leslie Castle*	Member
Wilford W. Clyde	Member
Ty Aller	Student Regent
Marlin K. Jensen	Member
Robert S. Marquardt	Member
Steven R. Moore*	Member
Patricia Jones	Member
Steven J. Lund	Member
Robert W. Prince	Member
Harris H. Simmons	Member
Mark R. Stoddard	Member
Teresa L. Theurer	Member
Joyce P. Valdez	Member
John H. Zenger	Member

Absent:

Also Present:

David L. Buhler	Commissioner of Higher Education
Loreen Olney	Secretary

* Non-voting member from State Board of Education

After the meeting had been duly convened and called to order by the Chair, the roll had been called with the above result and after other matters not pertinent to this Resolution had been discussed, the Chair announced that one of the purposes of the meeting was the consideration of an amendment of a resolution with respect to the issuance and sale of the State Board of Regents of the State of Utah, Student Loan Backed Notes.

The following resolution was introduced in written form and after full discussion, pursuant to motion made by _____ and seconded by _____, was adopted by the following vote:

AYE: Unanimous (all present)

NAY:

The resolution (the "Resolution") is as follows:

RESOLUTION

A RESOLUTION OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH AUTHORIZING AN AMENDMENT TO A MARCH 27, 2015 STUDENT LOAN NOTE AUTHORIZING RESOLUTION.

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; and

WHEREAS, pursuant to Chapter 13, Title 53B, Utah Code Annotated 1953, as amended (the “Act”), the Board is empowered to make or purchase student loan notes and other debt obligations reflecting loans to students under its Student Loan Program; and

WHEREAS, in order to provide funds for such purposes, the Board is duly authorized to issue and sell bonds and notes pursuant to the provisions of the Act; and

WHEREAS, the Board has previously approved a resolution dated as of March 27, 2015 authorizing the issuance and sale from time to time of its student loan backed notes in the aggregate principal amount of not to exceed \$1,800,000,000 and establishing parameters for the issuance of such notes (the “2015 Authorizing Resolution”); and

WHEREAS, in order to provide maximum flexibility for the final maturity of such notes so as to achieve favorable ratings, the Board considers it desirable and necessary to authorize an amendment to the 2015 Authorizing Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOARD OF REGENTS OF THE STATE OF UTAH, AS FOLLOWS:

Section 1. The Final Maturity provisions of EXHIBIT A to the 2015 Authorizing Resolution is amended as follows:

Final Maturity not to exceed	40 years from date of issuance for any Senior Notes and 40 years from date of issuance for any Subordinate Notes
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Section 2. After any of the Notes are delivered and upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Notes are deemed to have been fully discharged.

Section 3. 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 4. As amended by this Resolution, and except as provided herein, the 2015 Authorizing Resolution is in all respects ratified and confirmed, and this Resolution and the 2015 Authorizing Resolution shall be read, taken and construed as one and the same instrument.

Section 5. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE STATE BOARD OF REGENTS OF THE
STATE OF UTAH THIS 16TH DAY OF SEPTEMBER, 2016.

STATE BOARD OF REGENTS OF THE
STATE OF UTAH

(SEAL)

Chair

ATTEST:

Secretary

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

(SEAL)

Chair

ATTEST:

Secretary

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

I, Loreen Olney, 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 September 16, 2016 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 16th day of September, 2016.

Secretary

(SEAL)

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

I, Loreen Olney, the undersigned, the duly qualified and acting Secretary of the State Board of Regents of the State of Utah, do hereby certify, according to the records of said State Board of Regents 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, public notice was given of the agenda, date, time and place of the September 16, 2016 public meeting held by the Members of the State Board of Regents by causing a Notice of Public Meeting, in the form attached hereto as Schedule 1, to be: (i) posted at the principal office of the State Board of Regents at 60 South 400 West, Salt Lake City, Utah, on September __, 2016, said Notice of Public Meeting having continuously remained so posted and available for public inspection during the regular office hours of the State Board of Regents until the convening of the meeting; (ii) published on the Utah Public Notice Website (<http://pmn.utah.gov>), at least 24 hours prior to the convening of such meeting; and (iii) provided at least 24 hours prior to the convening of such meeting, to the Deseret News and The Salt Lake Tribune, newspapers of general circulation within the geographic jurisdiction of the State Board of Regents, and to each local media correspondent, newspaper, radio station or television station which has requested notification of meetings of the State Board of Regents;

(b) in accordance with the requirements of Section 52-4-202, Utah Code Annotated 1953, as amended, public notice of the 2016-2017 Annual Meeting Schedule of the State Board of Regents was given, specifying the date, time and place of the regular meetings of the State Board of Regents scheduled to be held during the year, by causing a Notice of Annual Meeting Schedule for the State Board of Regents, in the form attached hereto as Schedule 2, to be (i) posted at the principal office of the State Board of Regents at 60 South 400 West, Salt Lake City, Utah in _____ 2016, (ii) provided in _____ 2016 to a newspaper of general circulation within the geographic jurisdiction of the State Board of Regents and (iii) published on the Utah Public Notice Website (<http://pmn.utah.gov>) during the current calendar year; and

(c) the State Board of Regents 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 Schedule 3). In accordance with said Section and the aforementioned procedures, notice was given to each member of the State Board of Regents and to members of the public at least 24 hours before the meeting to allow members of the State Board of Regents and the public to participate in the meeting, including a description of how they could be connected to the meeting. The State Board of Regents 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 16th day of September, 2016.

(SEAL)

Secretary

SCHEDULE 1

NOTICE OF PUBLIC MEETING

[See Transcript Document No. 17]

SCHEDULE 2

NOTICE OF ANNUAL MEETING SCHEDULE

[See Transcript Document No. 17]

SCHEDULE 3

ELECTRONIC MEETING POLICY