

September 7, 2016

MEMORANDUM

TO: State Board of Regents
FROM: David L. Buhler
SUBJECT: Utah State University – Series 2016 Taxable Research Revenue Bonds

Issue

Regent policy R590, *Issuance of Bonds for Colleges and Universities*, requires that the Office of the Commissioner prepare a report that outlines the final pricing for bonds approved by the Regents at the next scheduled meeting after the bond issuance is complete. This report is for the Utah State University (USU) Series 2016 Taxable Research Revenue Bonds.

Background

On June 23, 2016 USU sold revenue bonds to finance the construction of Phase II of the Space Dynamics Laboratory in the Logan research park as authorized by House Bill 9, *Revenue Bond Amendments* from the 2016 legislative General Session. Bonds were issued through a negotiated sale with Piper Jaffray as the underwriter. The bonds closed on July 6, 2016.

The bond sale conformed to all of the parameters approved by the Regents on May 20, 2016. The following is a brief summary of the results:

- Final Par Amount of the Bonds \$10,135,000
- True Interest Cost (TIC) 3.81%
- Maximum Coupon Rate 4.049%
- Maturity Date 30.4 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/KLH/RPA
Attachment

**Utah State University
Taxable Research Revenue Bonds, Series 2016
Final Summary Sheet**

Proposed Issue: Series 2016 Taxable Research Revenue Bonds

Total Approximate Issue Size: \$12,230,000 (Final Par Amount \$10,135,000)

Use of Funds: To fund the construction of Phase II of the Research Park for the Space Dynamics Laboratory; fund a reserve fund if needed; and pay associated costs of issuance.

Detail of Proposed Series 2016 Bonds:

Principal Amount: Not to exceed \$12,500,000
(\$10,135,000)

Interest Rate: Not to exceed 5.5% (max coupon of 4.049% and True Interest Cost of 3.81%)

Maturity Date: Not to exceed 31 years (30.4 years)

Aggregate Discount: Not to exceed 2% (Bonds were all sold at par)

Underwriter's Discount: Not to exceed 2% (0.246%)

Bond Rating: AA from S&P (Rating confirmed, Surety Bond provided by Assured Guaranty)

Source of Repayment: Research Revenues

Timetable Considerations: Regent approval will be sought at the May 20 meeting. The University is proceeding with plans to sell bonds soon after Regent approval is received, with the sale tentatively scheduled for the week of May 30. The University anticipates selling bonds by negotiated sale, with Piper Jaffray having been selected as the underwriter. The anticipated closing date is Wednesday, June 22. (The bonds were sold on June 23rd to Piper Jaffray by negotiated sale. The transaction closed on July 6, 2016)