

January 11, 2017

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

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

Issue

The Utah Higher Education Assistance Authority (UHEAA) requests Board approval to extend the authorization period to issue permanent financing for \$1.8 billion in student loan backed revenue notes to September 27, 2017, through an amendment to the original authorizing resolution. The current authorization approved at the 2015 March Board meeting is set to expire on March 27, 2017.

Background

In March 2015 the Board authorized the issuance of several series of permanent financings in the aggregate amount of \$1.8 billion to retire an existing warehousing facility. Progress has been made with two completed refinancing transactions:

Description	2015-1 Indenture	2016-1 Indenture
Transaction Date	June 12, 2015	October 27, 2016
Principal Amount (Millions)	\$415.5	\$452.3
True Interest Cost	Libor +.69%	Libor + .95
Ratings:		
Standard and Poors	AA+	AA+
Fitch	AAA	AAA
Lead Investors:	CharlesSchwab	PIMCO
	Goldman Sachs	Goldman Sachs
	TD Bank	Bank of New York

Access to the credit markets for student loan transactions was limited between June 2015 and October 2016 because of rating agency modeling criteria; however, the markets have improved to allow the Board to continue to complete its financing plan. A final transaction of approximately \$418 million is expected to be issued in the spring of 2017. Because the approved financing timeline was delayed by changes in rating agency modeling, the authorizing period approved by the Board to issue notes could possibly expire before the final transaction is concluded. A technical change to extend the authorizing period is requested. This request does not alter any other aspect of the authorized financing structure.

The relevant parameters, as adopted in the March 2015 approving resolution, continue to be:

- Total principal amount not to exceed \$1,800,000,000
- Interest rates not to exceed 1M Libor + 1.0% for Senior Notes and 1M Libor + 2.0% for Subordinate Notes; in no event to exceed 25%
- Discount from par not to exceed 5% for Senior Notes and 15% for Subordinate Notes
- Maximum maturity (from date of issuance) not to exceed 40 years
- Underwriters discount not to exceed 0.60%

UHEAA requests the Board amend the March 27, 2015 Authorizing Resolution to extend the authorizing period by six months from March 27, 2017 to September 27, 2017. UHEAA staff, along with representatives of the Attorney General's Office and Bond Counsel, will be at the Board of Regents meeting on January 20, 2017 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.

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David L. Buhler  
Commissioner of Higher Education

DLB/DAF/DSS  
Attachment

Salt Lake City, Utah

January 20, 2017

The State Board of Regents of the State of Utah (the “Board”) met in regular session (including by electronic means) at the University of Utah in Salt Lake City, Utah on January 20, 2017, commencing at 9:00 a.m. The following members were present:

Daniel W. Campbell	Chair
France A. Davis	Vice Chair
Ty Aller	Student Regent
Jesslie B. Anderson	Member
Nina Barnes	Member
Leslie Castle*	Member
Wilford W. Clyde	Member
Marlin K. Jensen	Member
Patricia Jones	Member
Steven J. Lund	Member
Robert S. Marquardt	Member
Steven R. Moore*	Member
Robert W. Prince	Member
Harris H. Simmons	Member
Spencer F. Stokes	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

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\* 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:

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 adopted a resolution on March 27, 2015 (the “2015 Authorizing Resolution”) authorizing its student loan backed notes in the aggregate principal amount of not to exceed \$1,800,000,000 (the “Notes”) and allowing for the issuance and sale of said Notes from time to time for a period of up to two years following the adoption of said 2015 Authorizing Resolution, so long as the amount outstanding did not at any time exceed the limit established by the 2015 Authorizing Resolution; and

WHEREAS, the Board desires to extend such two year authorizing period for the issuance of the Notes from March 27, 2017 to September 27, 2017.

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

Section 1. The period of time for the issuance of the Notes is hereby extended from March 27, 2017 to September 27, 2017.

Section 2. 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 3. 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 4. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE STATE BOARD OF REGENTS OF THE  
STATE OF UTAH THIS 20TH DAY OF JANUARY, 2017.

STATE BOARD OF REGENTS OF THE  
STATE OF UTAH

(SEAL)

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Chair

ATTEST:

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Secretary

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

(SEAL)

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Chair

ATTEST:

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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 January 20, 2017 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 20th day of January, 2017.

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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 January 20, 2017 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 January \_\_\_\_, 2017, 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 September 2015, (ii) provided in September 2015 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 20th day of January, 2017.

(SEAL)

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Secretary

SCHEDULE 1

NOTICE OF PUBLIC MEETING

[See Transcript Document No. \_\_\_\_]

SCHEDULE 2

NOTICE OF ANNUAL MEETING SCHEDULE

[See Transcript Document No. \_\_\_\_]

SCHEDULE 3

ELECTRONIC MEETING POLICY