

May 10, 2017

MEMORANDUM

TO: State Board of Regents  
FROM: David L. Buhler  
SUBJECT: University of Utah – Series 2017 General Revenue Bond Issue

Issue

As required by Regent Policy R590, *Issuance of Revenue Boards for Colleges and Universities* the University of Utah (U) requests authorization to issue General Revenue bonds for an amount up to \$94,500,000 to construct the expansion of the University Guest House and the Rehabilitation Hospital portion of the Health Science Transformation Project – both authorized by the 2017 Legislature.

Background

Regent Policy R590 requires the Board to review and approve the issuance and sale of revenue bonds that have been affirmatively authorized by the Utah State Legislature. During the 2017 General Session the legislature approved Senate Bill 9, *Revenue Bond and Capital Facilities Amendments* which authorized the U to issue authorized revenue bonds for the University Guest House expansion as well as the Rehabilitation Hospital.

The University Guest House expansion was reviewed and approved by Board at the September 2016 meeting as a non-state funded project. The expansion will add 30 to 35 rooms to the University Guest House primarily for patients of the University Hospital and their families. The attached resolution authorizes the University to issue bonds of up to \$9,500,000 with a net amount not to exceed \$8,250,000 for this project. The bonds will be repaid with room rental and Guest House operating revenues.

The Rehabilitation Hospital (approved at the September 2016 meeting) is the second phase of a three-phase initiative to replace the School of Medicine and Medical Research Education buildings on the Health Sciences campus of the University of Utah.

The Rehabilitation hospital will accommodate up to 75 patients and include therapy, clinical, and administrative space. The attached resolution authorizes the University to issue bonds of up to \$85,000,000 with a net amount not to exceed \$75,000,000 for this project. The bonds will be repaid with clinical and hospital revenues as well as donations.

The relevant parameters of the requested issue are:

- Principal amount not to exceed \$94,500,000 including costs of issuance and capitalized interest
- Interest rate not to exceed 6%
- Discount from par not to exceed 2%
- Final maturity not to exceed 30 years from the date of issue

A copy of the request letter from the University and the Approving Resolution are attached. Representatives from the University will be in attendance at the meeting to provide additional information and answer questions from the Board.

Commissioner's Recommendation

The Commissioner recommends approval of the proposed Authorizing Resolution to issue General Revenue Bonds for the University of Utah as proposed.

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David L. Buhler  
Commissioner of Higher Education

DLB/KLH/RPA  
Attachments

April 28, 2017

Mr. David Buhler  
Commissioner, Utah System of Higher Education  
Board of Regents Building  
The Gateway  
60 South 400 West  
Salt Lake City, UT 84101-1284

Dear Commissioner Buhler:

The purpose of this letter is to inform you of the University of Utah's plans to submit a resolution (the "Resolution") to the State Board of Regents of the State of Utah (the "Regents" or the "Board"), to be considered during its May 2017 meeting at Salt Lake Community College, for the issuance of a General Revenue Bond or Bonds on behalf of the University of Utah (the "University") for the financing of the expansion of the University Guest House and for the construction of the Rehabilitation Hospital.

Details are as follows:

**Authorization to Bond up to \$9,500,000 for the Expansion of the University Guest House Project -**

The University of Utah Guest House and Conference Center is located at Fort Douglas and currently accommodates 180 sleeping rooms and 30,000 square feet of meeting space. The Guest House currently runs at capacity providing housing for patients and guests visiting the adjacent hospital facilities as well as the Utah Summer Conference Program. This project would expand the University Guest House by 30 to 35 rooms designed for longer term stays with amenities including handicap restrooms and kitchens particularly suited for hospital patients. The site for the expansion is adjacent to the existing facility on property owned by the University.

Operating revenues from the expanded University Guest House will support the bond for this project. Demand for housing at this location continues to exceed the supply and the University projects that revenues will cover bond payments, operations, and maintenance of the facility. Patient visits to the University Hospital continue to increase and the Hospital estimates that approximately 34 percent of patients live outside of Salt Lake County, many of which require multi-day stays for cancer treatments, transplants, or trauma incidents. The University Hospital is supportive of this project to provide housing adjacent to the Hospital for patient and familial convenience

The University received bonding authorization for this project during the 2017 Legislative Session of up to \$8.25 million, together with other amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements.

**Authorization to Bond up to \$85,000,000 for the construction of the Rehabilitation Hospital Project**

– The University of Utah Health Science Transformation Project replaces a facility that was designed to be state-of-the-art over 50 years ago. This initiative will replace the existing School of Medicine building and the Medical Research Education Building. The first phase, the Ambulatory Care Complex (ACC), was

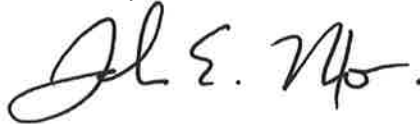
previously approved and is currently being constructed. The second phase is to construct a Rehabilitation Hospital and the third phase is to construct the Medical Education and Discovery Complex to replace the School of Medicine building. The new buildings provide the University with a unique opportunity to re-imagine clinical space based on research and the transformation of health care.

The Rehabilitation Hospital is intended to support the vision of being the destination rehabilitation center in the Intermountain West and bringing extensive clinical research programs and the development of innovative techniques, technologies and equipment, to improve clinical and functional outcomes. Locating this facility in the University Health Sciences campus will benefit the academic and research missions of the University while also reinforcing the patient-centered approach to medical education and patient care. The Rehabilitation Hospital will provide an opportunity to expand the Physical Medicine and Rehabilitation academic program through education outreach initiatives and research discovery. The building will contain inpatient facilities to accommodate 75 patients. It will also include therapy, clinic, administrative, and public space.

The University received bonding authorization for the Medical Education and Discovery Complex and Rehabilitation Hospital during the 2017 Legislative Session to finance up to \$190 million for the cost of constructing, together with other amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements. This request is to finance the Rehabilitation Hospital project of that approval for \$75 million of project proceeds together with other amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements.

Please feel free to call me should you or others have questions about the details of this funding request.

Sincerely,

A handwritten signature in black ink, appearing to read "John E. Nixon". The signature is fluid and cursive, with the first name "John" being the most prominent.

John E. Nixon  
Vice President for Administrative Services

cc: David W. Pershing, President  
Kimberly Henrie  
Richard Amon  
Blake Wade  
Robert Muir

APPROVING RESOLUTION  
UNIVERSITY OF UTAH GENERAL REVENUE BONDS  
GUEST HOUSE EXPANSION AND REHABILITATION HOSPITAL

Salt Lake City, Utah

May 19, 2017

The State Board of Regents of the State of Utah (the "Board") met in regular session (including by electronic means) at Salt Lake Community College in Salt Lake City, Utah on May 19, 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
Jessellie B. Anderson	Member
Nina Barnes	Member
Laura Belnap*	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 various matters with respect to the issuance and sale of the State Board of Regents of the State of Utah University of Utah General Revenue Bonds.

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

AYE:

NAY:

The resolution is as follows:

## RESOLUTION

A RESOLUTION OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH AUTHORIZING THE ISSUANCE AND SALE OF ITS UNIVERSITY OF UTAH GENERAL REVENUE BONDS, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$94,500,000 AUTHORIZING THE EXECUTION OF A SUPPLEMENTAL INDENTURE, A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

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 (the “Utah Code”); and

WHEREAS, pursuant to the provisions of Title 53B, Chapter 1, Utah Code, the Board is authorized to act as the governing authority of the University of Utah (the “University”) for the purpose of exercising the powers contained in Title 53B, Chapter 21, Utah Code (the “Act”); and

WHEREAS, pursuant to a General Indenture of Trust dated as of July 1, 2013, between the Board and Wells Fargo Bank, N.A., as trustee (the “Trustee”), as heretofore amended and supplemented (the “General Indenture”), the Board has issued, for and on behalf of the University, various series of its General Revenue Bonds; and

WHEREAS, pursuant to Section 63B-27-102(1) of the Utah Code, the Board is authorized to issue bonds for the purpose of constructing an expansion of the University Guest House (the “Guest House Project”) in an amount not to exceed \$8,250,000, together with other amounts necessary to pay costs of issuance, pay capitalized interest and fund any debt service reserve requirements; and

WHEREAS, pursuant to Section 63B-27-102(3) of the Utah Code, the Board is authorized to issue bonds for the purpose of constructing a Medical Education and Discovery Complex and a Rehabilitation Hospital in an amount not to exceed \$190,000,000, together with other amounts necessary to pay costs of issuance, pay capitalized interest and fund any debt service reserve requirements, and the Board desires to authorize the financing of the Rehabilitation Hospital portion of this authorization (the “Rehabilitation Hospital Project” and collectively with the Guest House Project, the “Series 2017A Projects”); and

WHEREAS, the Board now desires to authorize the issuance of the bonds authorized by 63B-27-102(1) and (3) of the Utah Code, in the amount of up to (i) \$9,500,000 (providing a net project amount of not to exceed \$8,250,000) for the purpose

of financing the Guest House Project (including capitalized interest) and pay costs of issuance related thereto and (ii) \$85,000,000 (providing a net project amount of not to exceed \$75,000,000) for the purpose of financing the Rehabilitation Hospital Project (including capitalized interest) and pay costs of issuance related thereto; and

WHEREAS, to accomplish the purposes set forth in the preceding recitals, the Board desires to authorize and approve the issuance and sale of its University of Utah General Revenue Bonds (with such additional or other title and/or series designation(s) as may be determined by the officers of the Board) in one or more series and to be issued from time to time (the "Bonds") pursuant to the General Indenture and one or more Supplemental Indentures of Trust between the Board and the Trustee (the "Supplemental Indenture" and collectively with the General Indenture, the "Indenture"); and

WHEREAS, the Bonds shall be payable solely from the University's revenues and other moneys pledged therefor in the Indenture and shall not constitute nor give rise to a general obligation or liability of the Board, the University or the State of Utah or constitute a charge against their general credit; and

WHEREAS, there has been presented to the Board at this meeting a form of a Bond Purchase Agreement (the "Bond Purchase Agreement") to be entered into among the Board, the University and the underwriters or purchasers for the Bonds (the "Purchaser"), a form of a Preliminary Official Statement relating to the Bonds, in the event the Bonds are publicly sold (the "Preliminary Official Statement"), and a form of Supplemental Indenture; and

WHEREAS, the Board desires to grant to the Chair and/or Vice Chair of the Board and/or the Chair of the Finance and Facilities Committee of the Board, the authority to approve the interest rates, principal amount, terms, maturities, redemption features, and purchase prices at which the Bonds shall be sold and any changes with respect thereto from those terms which were before the Board at the time of adoption of this Resolution; provided such terms do not exceed the parameters set forth in this Resolution.

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

Section 1. All terms defined in the foregoing recitals hereto shall have the same meanings when used herein.

Section 2. All actions heretofore taken (not inconsistent with the provisions of this resolution) by the Board and the University and the officers of the Board or the University directed toward the issuance of the Bonds are hereby ratified, approved and confirmed.

Section 3. The Board hereby authorizes, approves and directs the use and distribution of the Preliminary Official Statement substantially in the form of the Preliminary Official Statement presented to the Board at this meeting in connection with the offering and sale of the Bonds, in the event the Bonds are publicly sold. The Chair,



Vice Chair and/or Chair of the Finance and Facilities Committee of the Board and the President and/or Vice President for Administrative Services of the University are hereby authorized to execute and deliver on behalf of the Board and the University a final Official Statement in substantially the same form and with substantially the same content as the form of the Preliminary Official Statement presented to this meeting with any such alterations, changes or additions as may be necessary to finalize the Official Statement. The preparation, use and distribution of the Official Statement is also hereby authorized. The Board and the University may elect to privately place the Bonds (or any portion thereof) with or without the use of an Official Statement.

Section 4. The Supplemental Indenture in substantially the form presented to this meeting is in all respects authorized, approved and confirmed. The Chair, Vice Chair and/or Chair of the Finance and Facilities Committee and Secretary of the Board and the President and/or Vice President for Administrative Services of the University are hereby authorized to execute and deliver one or more Supplemental Indentures in substantially the same form and with substantially the same content as the form of such document presented to this meeting for and on behalf of the Board and the University with such alterations, changes or additions as may be authorized by Section 8 hereof.

Section 5. For the purpose of providing funds to be used for (i) financing the cost of the Series 2017A Projects (including capitalized interest) and (ii) paying costs of issuance of the Bonds, the Board hereby authorizes the issuance of the Bonds, from time to time and in one or more series, in the aggregate principal amount of not to exceed \$94,500,000. The Bonds shall mature on such date or dates, be subject to redemption, and bear interest at the rates as shall be approved by the Chair or Vice Chair of the Board or the Chair of the Finance and Facilities Committee, all within the parameters set forth on Exhibit A attached hereto and incorporated herein by reference. The issuance of the Bonds shall be subject to the final advice of Bond Counsel and to the approval of the office of the Attorney General of the State of Utah.

Section 6. The form, terms and provisions of the Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, interest rates, redemption and number shall be as set forth in the Indenture. The Chair, Vice Chair and/or Chair of the Finance and Facilities Committee and the Secretary of the Board and the President and/or Vice President for Administrative Services of the University are hereby authorized to execute and seal by manual or facsimile signature the Bonds and to deliver the Bonds to the Trustee for authentication. All terms and provisions of the Indenture and the Bonds are hereby incorporated in this Resolution. The appropriate officials of the Board and the University are hereby authorized to execute and deliver to the Trustee the written order of the Board for authentication and delivery of the Bonds in accordance with the provisions of the Indenture.

Section 7. The Bonds shall be sold to the Purchasers with a Purchaser's discount of not to exceed 0.60% of the face amount of the Bonds. The Bond Purchase Agreement in substantially the form presented to this meeting is hereby authorized, approved and confirmed. The Chair or Vice Chair of the Board and/or the Chair of the Finance and Facilities Committee and the President and/or Vice President for

Administrative Services of the University are hereby authorized to execute and deliver one or more Bond Purchase Agreements in substantially the same form and with substantially the same content as the form of the Bond Purchase Agreement presented at this meeting for and on behalf of the Board and the University with final terms as may be established for the Bonds within the parameters set forth herein and with such alterations, changes or additions as may be necessary or as may be authorized by Section 8 hereof. The Chair or Vice-Chair of the Board and/or the Chair of the Finance and Facilities Committee and the President and/or Vice President for Administrative Services of the University are hereby authorized to specify and agree as to the final principal amounts, terms, discounts, maturities, interest rates, redemption features and purchase price with respect to the Bonds for and on behalf of the Board and the University and any changes thereto from those terms which were before the Board at the time of adoption of this Resolution, provided such terms are within the parameters set by this Resolution, with such approval to be conclusively established by the execution of the Bond Purchase Agreement and Supplemental Indenture. In the event that the foregoing officers determine that all or any portion of the Bonds should be privately placed, the Bond Purchase Agreement and Supplemental Indenture may be modified to conform to the agreement with such Purchasers, including agreement to pay breakage fees, default rates, taxable rates and other similar provisions customary in such placements, provided that such obligations are limited to the sources provided under the Indenture.

Section 8. The appropriate officials of the Board and the University, including without limitation the Chair or Vice Chair of the Board and/or the Chair of the Finance and Facilities Committee and the President and/or Vice President for Administrative Services of the University are authorized to make any alterations, changes or additions to the Indenture, the Bonds, the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, or any other document herein authorized and approved which may be necessary to correct errors or omissions therein, to complete the same, to remove ambiguities therefrom, to conform the same to other provisions of said instruments, to the provisions of this Resolution or any resolution adopted by the Board or the provisions of the laws of the State of Utah or the United States or to permit the private placement or public sale of the Bonds, to conform such documents to the terms established for the Bonds and to update such documents with current information and practices.

Section 9. The appropriate officials of the Board and the University, including without limitation the Chair, Vice Chair, the Chair of the Finance and Facilities Committee, Commissioner of Higher Education and Secretary of the Board and the President and/or Vice President for Administrative Services of the University, are hereby authorized and directed to execute and deliver for and on behalf of the Board and the University any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein.

Section 10. The appropriate officers of the Board and the University, including without limitation the Chair, Vice Chair, the Chair of the Finance and Facilities

Committee, Commissioner of Higher Education and Secretary of the Board and the President and/or Vice President for Administrative Services of the University are hereby authorized to take all action necessary or reasonably required by the Indenture, the Preliminary Official Statement, the Official Statement, or the Bond Purchase Agreement to carry out, give effect to and consummate the transactions as contemplated thereby and are authorized to take all action necessary in conformity with the Act.

Section 11. Upon their issuance, the Bonds will constitute special limited obligations of the Board payable solely from and to the extent of the sources set forth in the Indenture. No provision of this Resolution, the Bonds, the Bond Purchase Agreement, the Official Statement, the Indenture or any other instrument executed in connection with the issuance of the Bonds, shall be construed as creating a general obligation of the Board or the University, or of creating a general obligation of the State of Utah or any political subdivision thereof, nor as incurring or creating a charge upon the general credit of the Board, the University, the State of Utah or any political subdivision thereof.

Section 12. After the Bonds are delivered by the Trustee to or for the account of the Purchaser and upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 13. 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 14. All resolutions of the Board or parts thereof inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance or part thereof.

Section 15. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE STATE BOARD OF REGENTS OF THE  
STATE OF UTAH THIS 19TH DAY OF MAY, 2017.

STATE BOARD OF REGENTS OF THE  
STATE OF UTAH

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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.

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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 May 19, 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 19th day of May, 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 May 19, 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, at least 24 hours prior to the convening of such meeting, 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, pursuant to their subscription to the Utah Public Notice Website (<http://pmn.utah.gov>), 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 said years, 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) published on the Utah Public Notice Website (<http://pmn.utah.gov>) during the current calendar year, and (iii) provided to a newspaper of general circulation within the geographic jurisdiction of the State Board of Regents pursuant to its subscription to the Utah Public Notice Website (<http://pmn.utah.gov>); 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 would normally meet 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 19th day of May, 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

EXHIBIT A

PARAMETERS OF THE BONDS

Principal amount not to exceed	\$94,500,000
Interest rate not to exceed	6.0%
Discount from par not to exceed	2.0%
Final maturity not to exceed	Thirty (30) years from the date thereof
May be non-callable or callable at the option of University as determined at the time of sale	