

September 6, 2017

MEMORANDUM

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

Issue

Dixie State University (DSU) closed on the Series 2017 General Revenue bonds on July 18, 2017 with a true interest cost of 3.67 percent with maturity dates through 2049.

Background

Regent Policy R590, *Issuance of Bonds for Colleges and Universities* requires the Office of the Commissioner to report the results of the final bond pricing to the Board in the next scheduled meeting after the closing. In the May 2017 meeting the Board authorized DSU to issue General Revenue bonds for the purpose of constructing the student portion of the Human Performance Center and the Legend Solar Stadium visitor grandstand. After a negotiated bond sale on June 26, 2017 the General Revenue bonds closed on July 18, 2017 with Wells Fargo Securities acting as the Underwriter.

The bond sale conformed to the parameters approved by the Regents. The following is a brief summary of the results:

- Final Par Amount of the Bonds \$20,770,000
- True Interest Cost (TIC) 3.67%
- Maximum Coupon Rate 5.00%
- Maturity Date 31.87 years
- Amount of Taxable Par Issue \$1,055,000

Additional details about the bond issue may be found in the attached financing summary comparing Regent authorized parameters for the bond issuance with final pricing results in red type face as well as a closing memo prepared by the financial advisor.

Commissioner's Recommendation

This is an information item only; no action is required.

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David L. Buhler  
Commissioner of Higher Education

DLB/KLH/RPA  
Attachments

**Dixie State University  
General Revenue Bonds, Series 2017  
Final Summary Sheet**

Proposed Issue: General Revenue Bonds

Total Approximate Issue Size: \$20,305,000 (~~\$20,770,000 Final Par Amount~~)

Use of Funds: To fund the construction of the new Human Performance Center at Dixie State University (legislatively approved for up to \$16,000,000 in project costs); construct an expansion of the Legend Solar Stadium (up to \$4,700,000); satisfy any reserve requirements; pay capitalized interest for up to 24 months; and pay associated costs of issuance.

Detail of Proposed Series 2017 Bonds:

Principal Amount: Not to exceed \$23,000,000 (~~\$20,770,000~~)

Interest Rate: Not to exceed 5.0% (~~max coupon of 5% and True Interest Cost of 3.67%~~)

Maturity Date: Not to exceed 32 years (~~31.87 years~~)

Aggregate Discount: Not to exceed 2% (~~premium of 8.406%~~)

Underwriter's Discount: Not to exceed 2% (~~0.183%~~)

Bond Rating: AA from S&P (~~Confirmed~~)

Bond Insurance: Bids will be received from Assured Guaranty and National PFG (~~Assured Guaranty~~)

Tax Exemption: Some or all of the bonds for the Legend Solar Stadium may be issued as taxable, due to private activity regulations. (~~\$1,055,000 in par issued as taxable bonds~~)

Source of Repayment: General revenues of the University

Timetable Considerations: Regent approval will be sought at the May 19 meeting. The University is proceeding with plans to sell bonds soon after Regent approval is received, with a tentative sale date planned for the middle of June. The bonds will be sold by negotiated sale. The bond closing date will be at the end of June. (~~The bonds were sold on June 26 and closed on July 18.~~)



To: Members of the State Board of Regents of the State of Utah, Dixie State University  
Distribution List  
From: Brian F. Baker, Vice President  
Date: Tuesday, July 11, 2017

**Closing**

Date: Tuesday, July 18, 2017  
Time: 9:30 A.M. (MDT)  
Location: Chapman and Cutler LLP  
201 South Main Street, Suite 2000  
Salt Lake City, UT 84111  
General | 801.533.0066 Fax | 801.533.9595

**Underwriter**

Wells Fargo Securities  
299 S Main St 6<sup>th</sup> Fl  
Salt Lake City UT 84111

Bob Kinney  
T | 385.415.8200  
[bob.kinney@wellsfargo.com](mailto:bob.kinney@wellsfargo.com)

**Trustee/Registrar/Paying Agent**

Zions Bank Corporate Trust  
One S Main St 12<sup>th</sup> Fl  
Salt Lake City UT 84133

Dawn Richards  
T | 801.844.7517  
[dawn.richards@zionsbank.com](mailto:dawn.richards@zionsbank.com)

**Bonds Purchased and to be Delivered**

Par Amount .....	\$20,770,000
Dated Date .....	July 18, 2017
Interest Payment Dates .....	June 1 and December 1
First Interest Payment .....	December 1, 2017
Call Feature .....	Callable at par on or after June 1, 2027

### Maturity Schedule

Due June 1	Principal Amount	Coupon	Yield	CUSIP (91754R)
2020	375,000.00	2.000%	2.000%	ZH3
2021	385,000.00	2.250	2.250	ZJ9
2022	100,000.00	2.000	1.680	ZK6
2022	295,000.00	2.500	2.500	ZL4
2023	405,000.00	4.000	1.800	ZM2
2024	420,000.00	4.000	1.910	ZN0
2025	435,000.00	5.000	2.050	ZP5
2026	460,000.00	5.000	2.220	ZQ3
2027	480,000.00	5.000	2.330	ZR1
2028	505,000.00	5.000	2.440	ZS9
2029	530,000.00	5.000	2.550	ZT7
2030	555,000.00	5.000	2.640	ZU4
2031	585,000.00	3.000	3.140	ZV2
2032	600,000.00	3.000	3.160	ZW0
2033	620,000.00	3.000	3.220	ZX8
2034	640,000.00	3.125	3.300	ZY6
2035	660,000.00	5.000	2.950	ZZ3
2036	690,000.00	5.000	2.980	A23
2037	725,000.00	3.250	3.450	A31
2042	4,060,000.00	4.000	3.550	A49
2044	1,855,000.00	3.500	3.650	A56
2049	5,390,000.00	5.000	3.300	A64
<b>Total</b>	<b>\$20,770,000.00</b>			

### Registration And Delivery Under The Book-Entry System

The Bonds are being issued as fully registered Book-Entry Certificates. Chapman and Cutler LLP, Bond Counsel to the Issuer, has prepared the Certificates, one for each maturity in the registered name of Cede & Co. Certain legal matters will be passed on for the Issuer by Kevin Olsen, Assistant Attorney General, and counsel to the State Board of Regents and the University.

The Bonds are scheduled to close with DTC using the Fast method. Bond Counsel will deliver the Bond Certificates to the Issuer. Once signed, the Issuer will deliver the Certificates to the Trustee/ Registrar/Paying Agent. The Trustee/ Registrar/Paying Agent will hold the Certificates as Fast Agent.

**Calculation of Total Settlement Amount**

Par Amount .....	\$20,770,000.00
Plus: Reoffering Premium .....	1,903,899.20
Less: Reoffering Discount .....	(119,984.55)
Less: Underwriter's Discount (0.183%) .....	<u>(38,047.00)</u>
<b>Total Settlement Amount.....</b>	<b><u>\$22,515,867.65</u></b>

**Sources and Uses of Funds**

Par Amounts of Bonds .....	\$20,770,000.00
Reoffering Premium .....	<u>1,783,914.65</u>
<b>Total Sources .....</b>	<b><u>\$22,553,914.65</u></b>

**Uses of Funds**

Deposit to Project Construction Fund .....	\$20,700,000.00
Deposit to Capitalized Interest (through 6/1/19) .....	1,605,368.41
Cost of Issuance .....	115,000.00
Gross Bond Insurance Premium .....	58,510.69
Total Underwriter's Discount (0.183%) .....	38,047.00
Surety Bond .....	32,461.99
Rounding Amount .....	<u>4,526.56</u>
<b>Total Uses.....</b>	<b><u>\$22,553,914.65</u></b>

**Federal Funds Wire Instructions**

**Wire Transfer #1**

On the date of closing, Wells Fargo Securities will initiate a federal funds wire transfer in the amount of **\$22,424,894.97** (Total Settlement Amount *minus* Gross Bond Insurance and Surety Bond Premium) to:

Zions First National Bank  
 ABA No. 124000054  
 Account No. 080-00043-3  
 Attn: Dawn Richards  
 For: State Board of Regents of the State of Utah, Dixie State University  
 General Revenue Bonds, Series 2017

We will verify receipt of the settlement amount by calling the Trustee, Dawn Richards at (801) 844-7517.

## Wire Transfer #2

On or before the date of closing, Wells Fargo Securities will also initiate a federal funds wire transfer in the amount of **\$90,972.68** (Gross Bond Insurance Premium and Surety Bond) to:

The Bank of New York  
ABA#: 021 000 018  
Acct. Name: Assured Guaranty Municipal Corp.  
Acct #: 8900297263  
Policy # 218350-N for the Bonds  
Policy # 218350-R for the Surety

We will verify receipt of the gross bond insurance premium and surety bond by calling Nicole Cinquegrana at (212) 261-5593.

## Closing and Delivery of Bonds

As soon as funds are credited and received, Chapman and Cutler LLP will certify that all conditions of closing have been satisfied. The Trustee, the Underwriter and Bond Counsel will then place a call to the Depository Trust Company authorizing the bonds to be released for delivery. The Closing Coordinator for Wells Fargo Securities is Bob Kinney. His telephone number is (385) 415-8200. The call to The Depository Trust Company must be completed by 11:00 a.m. (MDT); the telephone number for DTC is (212) 855-3752.

## Costs of Issuance

On or about the Closing date, the Issuer will be responsible to pay all costs of issuance associated with this bond issue. These costs have been estimated at \$115,000.00. All billings should be presented directly to the Trustee and the University at or before the closing. After review and approval by the Issuer, the Trustee will pay these bills out of the Costs of Issuance budget.

If you have any questions or comments concerning this information, please feel free to call me. It has been a pleasure working with all of you and we look forward to our future association.  
Thank you.