

March 21, 2018

MEMORANDUM

TO: State Board of Regents
FROM: David L. Buhler
SUBJECT: USHE – USU Bond Results

Issue

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. Utah State University closed on Series 2018A Research Revenue bonds in the par amount of \$6,231,000 on February 22, 2018 with an all-inclusive true interest cost of 3.24 percent.

Background

In the January 2018 meeting the Board authorized Utah State University (USU) to proceed with the sale of Industrial Facilities and Development revenue bonds to finance an accusation of property in Salt Lake County for the Salt Lake Education Center. The 2018A Research Revenue bonds were purchased by KeyBanc Capital Markets in a private placement following a Request for Bids.

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

<u>2017A Sources</u>	
Par Value	6,231,000
	\$6,231,000
<u>2017A Uses</u>	
Project Account	\$5,548,254
Debt Service Reserve Fund	623,100
Cost of Issuance/Rounding	59,646
	\$6,231,000

- All-Inclusive True Interest Cost 3.24%
- Maximum Coupon Rate 3.05%
- Maturity Date 9.77 years

Additional details about the bond issue may be found in the attached Financing Summary prepared by the financial advisor.

Commissioner's Recommendation

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

David L. Buhler
Commissioner of Higher Education

DLB/KLH/RPA
Attachment

Utah State University
Research Revenue Bonds, Series 2018A
Preliminary Summary Sheet

Proposed Issue: Series 2018A Research Revenue Bonds

Total Approximate Issue Size: \$6,400,000 (**\$6,231,000 final par amount**)

Use of Funds: To fund the purchase of a currently-leased building in Taylorsville that houses the USU Salt Lake Education Center; fund a reserve fund; and pay associated costs of issuance.

Detail of Proposed Series 2018A Bonds:

Principal Amount: Not to exceed \$6,500,000
(\$6,231,000)

Interest Rate: Not to exceed 5.0% **(3.05%)**

Maturity Date: Not to exceed 11 years
(9.77 years)

Aggregate Discount: Not to exceed 2% **(bonds sold at par)**

Bond Rating: The bonds will be privately placed and will not be rated

Source of Repayment: Research Revenues

Timetable Considerations: Regent approval will be sought at the January 19 meeting. The University anticipates selling bonds by direct placement to direct purchaser. Award of the bond purchase will be subject to the results of a competitive Request for Bids to be distributed to interested local, regional, and national bidders. Bids will be received after the Regents have authorized moving forward. The anticipated closing date for the financing is Thursday, February 15, 2018. **The bonds closed on February 22, 2018. KeyBanc Capital Markets was selected as the bond purchaser following a Request for Bids. Bid summary sheet is attached.**

State Board of Regents of the State of Utah
 Utah State University
 \$6,500,000 Research Revenue Bonds, Series 2018
 (Bid Summary)

Bidder	TIC	AIC	Total P+I	Bond Proceeds	Rate Mode	Additional Fees/Costs	Call Provision	DSRF Requirement
Key Government Finances Bid 1	3.049%	3.237%	\$ 7,591,978.33	\$ 5,784,000.00	Fixed (indicative, lock 3 days before close)	Lender's counsel \$6,000 est	Months 1-12 at 102%, months 13 to maturity at 100%	Required by indenture
Key Government Finances Bid 2	3.067%	3.257%	7,599,460.61	5,784,000.00	Fixed (firm, accepted no later than 2/12/18)	Lender's counsel \$6,000 est	Months 1-12 at 102%, months 13 to maturity at 100%	Required by indenture
Bank of Utah	3.080%	3.267%	7,611,020.78	5,789,000.00	Fixed (firm)	Purchaser's counsel fee \$1,000	Anytime, in chronological order of maturity at 100%	Required by indenture
Capital One Public Funding	3.221%	3.409%	7,663,607.82	5,790,000.00	Fixed (firm, subject to adjust if structure changes)	None	Callable in whole at 103% until 12/1/23, then in whole at par on any interest pmt date	Required by indenture
Washington Federal	3.378%	3.567%	7,705,356.40	5,775,000.00	Fixed (firm, until closing 3/15/15)	Origination fee \$10,000, attorney fee \$5,000	Anytime with prepayment fee (compensates any loss incurred by prepayment)	Required by indenture
Pinnacle Public Finance	3.514%	3.704%	7,766,272.82	5,782,500.00	Fixed (firm, until 2/23/18)	Lender's counsel \$7,500 (subject to nego)	Callable 12/1/21 at 100% (subject to nego)	Required by indenture

