

November 7, 2018

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: USHE – Certification for State's Moral Obligation Pledge

Issue

Utah Code 53B-21-102(1)(c) requires the Chair of the Board of Regents to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. All USHE institutions confirm that they have sufficient financial resources to make all debt service payments for calendar year 2019.

Background

The state legislature authorizes the Board of Regents to issue bonds for USHE institutions to finance buildings based on revenues pledged from the operation of buildings, student fees, or proprietary activities. Revenue bonds issued by the Board are not indebtedness of the State of Utah, but are secured by a pledge known as a "moral obligation" that the state may intercede to appropriate funds if a USHE institution cannot pay debt service obligations.

The statutory moral obligation requires the Chair of the Board of Regents to certify to the Governor whether any USHE institution requires assistance to meet debt service obligations or restore a shortfall in a debt service reserve fund. The Governor is not obligated to include the debt service in the Governor's budget recommendations nor is the state legislature obligated to appropriate funds to cover the shortfall. The moral obligation allows USHE to receive a higher credit rating based on the state's "AAA" credit and thereby issue bonds at lower interest rates.

For the calendar year 2019 all eight USHE institutions with outstanding revenue bond debt certify in the attached letters to the Commissioner that they have sufficient revenue to pay principal and interest payments and that all debt service reserve funds are fully funded and will not need any additional legislative appropriations. The Chair of the Board will not need to make a certification to the Governor for 2019.

Commissioner's Recommendation

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

David L. Buhler
Commissioner of Higher Education

DLB/KLH/RPA
Attachments

November 1, 2018

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

Subject: 2019 Certification for the State's Moral Obligation Pledge

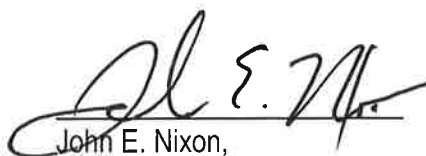
Dear Commissioner Buhler:

Revenue bonds issued by the State Board of Regents on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

The University of Utah hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Regents on behalf of the University of Utah are fully funded as required by the related authorizing proceedings and therefore the University of Utah will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. The University of Utah also hereby acknowledges and confirms that the University of Utah has sufficient revenue projected for calendar year 2019 (January 1, 2019 to December 31, 2019) necessary to pay the required principal and interest payments for bonds issued by the State Board of Regents for calendar year 2019. The Board of Regents will not need to certify to the Governor any amount needed for the University of Utah for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2019.

Sincerely,


Cathy Anderson,
Chief Financial Officer


John E. Nixon,
Vice President for Administrative Services

November 1, 2018

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

Subject: 2019 Certification for the State's Moral Obligation Pledge

Dear Commissioner Buhler:

Revenue bonds issued by the State Board of Regents on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Utah State University hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Regents on behalf of the University are fully funded as required by the related authorizing proceedings and therefore the University will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Utah State University also hereby acknowledges and confirms that the University has sufficient revenue projected for calendar year 2019 (January 1, 2019 to December 31, 2019) necessary to pay the required principal and interest payments for bonds issued by the State Board of Regents for calendar year 2019. The Board of Regents will not need to certify to the Governor any amount needed for Utah State University for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2019.

Sincerely,



David T. Cowley
Vice President
for Business & Finance



WEBER STATE UNIVERSITY

November 1, 2018

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

Subject: 2019 Certification for the State's Moral Obligation Pledge

Dear Commissioner Buhler:

Revenue bonds issued by the State Board of Regents on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Weber State University hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Regents on behalf of the University are fully funded as required by the related authorizing proceedings and therefore the University will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Weber State University also hereby acknowledges and confirms that the University has sufficient revenue projected for calendar year 2019 (January 1, 2019 to December 31, 2019) necessary to pay the required principal and interest payments for bonds issued by the State Board of Regents for calendar year 2019. The Board of Regents will not need to certify to the Governor any amount needed for Weber State University for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2019.

Sincerely,

Steven E. Nabor, C.P.A.
Chief Financial Officer



A Mitchell Bealer
Assistant Vice President for Finance
351 West University Blvd.
Cedar City, UT 84720
(435) 586-7723

October 17, 2018

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

Subject: 2019 Certification for the State's Moral Obligation Pledge

Dear Commissioner Buhler:

Revenue bonds issued by the State Board of Regents on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Southern Utah University hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Regents on behalf of the University are fully funded as required by the related authorizing proceedings and therefore the University will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Southern Utah University also hereby acknowledges and confirms that the University has sufficient revenue projected for calendar year 2019 (January 1, 2019 to December 31, 2019) necessary to pay the required principal and interest payments for bonds issued by the State Board of Regents for calendar year 2019. The Board of Regents will not need to certify to the Governor any amount needed for Southern Utah University for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2019.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Mitchell Bealer".

A Mitchell Bealer
Assistant VP for Finance



OFFICE OF FINANCE AND ADMINISTRATIVE SERVICES

November 1, 2018

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

Subject: 2019 Certification for the State's Moral Obligation Pledge

Dear Commissioner Buhler:

Revenue bonds issued by the State Board of Regents on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Snow College hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Regents on behalf of the College are fully funded as required by the related authorizing proceedings and therefore the College will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Snow College also hereby acknowledges and confirms that the College has sufficient revenue projected for calendar year 2019 (January 1, 2019 to December 31, 2019) necessary to pay the required principal and interest payments for bonds issued by the State Board of Regents for calendar year 2019. The Board of Regents will not need to certify to the Governor any amount needed for Snow College for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2019.

Sincerely,

Jake Dettinger
V.P. Finance & Administrative Services

November 1, 2018

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

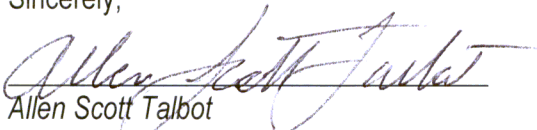
Subject: 2019 Certification for the State's Moral Obligation Pledge

Dear Commissioner Buhler:

Revenue bonds issued by the State Board of Regents on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Dixie State University hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Regents on behalf of the University are fully funded as required by the related authorizing proceedings and therefore the University will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Dixie State University also hereby acknowledges and confirms that the University has sufficient revenue projected for calendar year 2019 (January 1, 2019 to December 31, 2019) necessary to pay the required principal and interest payments for bonds issued by the State Board of Regents for calendar year 2019. The Board of Regents will not need to certify to the Governor any amount needed for Dixie State University for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2019.

Sincerely,



Allen Scott Talbot
Vice-President for Special Projects
Dixie State University



UTAH VALLEY UNIVERSITY

VICE PRESIDENT FOR FINANCE & ADMINISTRATION

November 1, 2018

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

Subject: 2019 Certification for the State's Moral Obligation Pledge

Dear Commissioner Buhler:

Revenue bonds issued by the State Board of Regents on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Utah Valley University hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Regents on behalf of Utah Valley University are fully funded as required by the related authorizing proceedings and therefore Utah Valley University will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Utah Valley University also hereby acknowledges and confirms that Utah Valley University has sufficient revenue projected for calendar year 2019 (January 1, 2019 to December 31, 2019) necessary to pay the required principal and interest payments for bonds issued by the State Board of Regents for calendar year 2019. The Board of Regents will not need to certify to the Governor any amount needed for [USHE Institution] for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2019.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Val Peterson', with a long horizontal flourish extending to the right.

Val Peterson



October 16, 2018

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

Subject: 2019 Certification for the State's Moral Obligation Pledge

Dear Commissioner Buhler:

Revenue bonds issued by the State Board of Regents on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Salt Lake Community College hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Regents on behalf of the College are fully funded as required by the related authorizing proceedings and therefore the College will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Salt Lake Community College also hereby acknowledges and confirms that the College has sufficient revenue projected for calendar year 2019 (January 1, 2019 to December 31, 2019) necessary to pay the required principal and interest payments for bonds issued by the State Board of Regents for calendar year 2019. The Board of Regents will not need to certify to the Governor any amount needed for Salt Lake Community College for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2019.

Sincerely,

A handwritten signature in black ink, appearing to read "D. R. Klaus", with a long horizontal line extending to the right.

Dennis R. Klaus
Vice President for Finance and Administration, CFO

cc: Debra Glenn
Travis Kartchner