



MEMORANDUM

TAB 5

September 4, 2019

Utah System of Higher Education – Revenue Bond Results

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 2019 meeting, the Board authorized Utah State University (USU) to issue revenue bonds to construct a parking terrace and the Mountain View Residence Hall. After a competitive sale on August 8, 2019, the 2018 Student Fee and Housing System Revenue bonds closed on August 22, 2019. The bond sale conformed to the parameters approved by the Regents. The following is a brief summary of the results:

Sources		Uses	
Par Value	\$54,995,000	Deposit to Construction Fund	\$52,900,000
Reoffering Premium	3,777,744	Capitalized Interest	4,714,717
		Underwriter's Discount	828,036
		Cost of Issuance/Rounding	201,404
		Bond Insurance/Surety Bond	128,587
	\$58,772,744		\$58,772,744

- True Interest Cost (TIC) 2.75%
- All Inclusive Cost (AIC) 2.79%
- Maximum Coupon Rate 5%
- Maturity Date 32.6 years

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

Commissioner’s Recommendations

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

Attachment

**Utah State University
Student Fee and Housing System Revenue Bonds, Series 2019
Final Summary Sheet**

Proposed Issue: Student Fee and Housing System Revenue Bonds

Total Approximate Issue Size: \$50,125,000 (Final par amount: \$54,995,000)

Use of Funds: To finance the cost of constructing a parking terrace (\$11,700,000) and the Mountain View Residence Hall Replacement (\$41,600,000), fund capitalized interest and a debt service reserve fund, if needed; and pay associated costs of issuance.

Maximum Parameters of Proposed Series 2019 Bonds:

Principal Amount: Not to exceed \$63,000,000
(\$54,995,000)

Interest Rate: Not to exceed 5.5% (max
coupon of 5% and True
Interest Cost of 2.748%)

Maturity Date: Max of 33 years (32.6 years)

Aggregate Discount: Not to exceed 2% (Premium
bid of 105.364%)

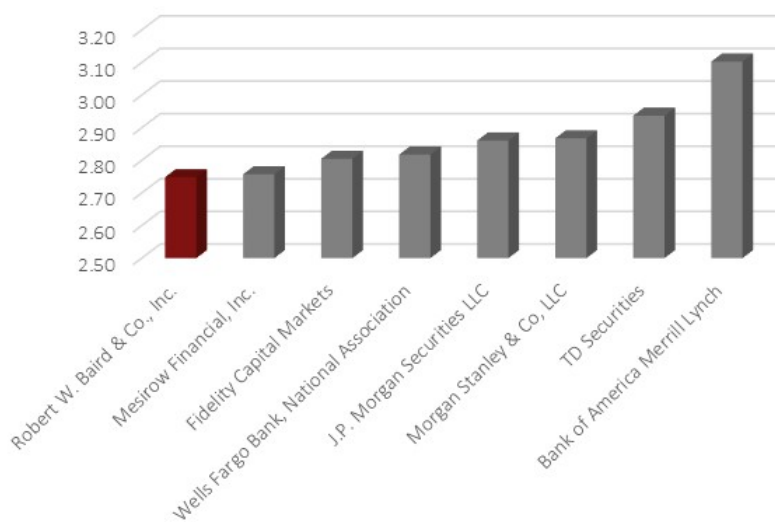
Bond Rating: AA from S&P (Confirmed)

Source of Repayment: Parking and Housing
Revenues

Additional Considerations: Regent approval will be sought at the May 17 meeting. Given the different time periods required for the design of each building, bonds may be sold in one or more series. The University anticipates selling bonds by competitive sale, and the underwriter will be whichever provides the lowest borrowing cost as a combination of each bidder's proposed rates and fees.

(The bonds were sold and closed as scheduled. The winning underwriter was RW Baird & Company, who provided the lowest True Interest Cost of the 8 bids received. See the attached bid summary)

SUMMARY OF BID RESULTS



BID COMPARISON

Par Amount:	\$54,995,000	S&P BAM Insured:	“AA”
Dated Date:	August 22, 2019	S&P Underlying:	“AA”
Delivery Date:	August 22, 2019	Final Maturity Date:	April 1, 2052

Underwriters	TIC Bid	Difference from Winning Bid	Total Principal and Interest	Difference from Winning Bid
Robert W. Baird & Co., Inc.	2.7485%	--	\$84,438,063	--
Mesirow Financial, Inc.	2.7575%	0.0090%	\$84,681,825	\$243,762
Fidelity Capital Markets	2.8048%	0.0563%	\$85,368,475	\$930,412
Wells Fargo Bank, N.A.	2.8180%	0.0695%	\$85,521,525	\$1,083,462
J.P. Morgan Securities LLC	2.8610%	0.1125%	\$86,283,475	\$1,845,412
Morgan Stanely & Co, LLC	2.8678%	0.1193%	\$86,303,700	\$1,865,637
TD Securities	2.9373%	0.1888%	\$87,582,125	\$3,144,062
Bank of America Merrill Lynch	3.1034%	0.3549%	\$89,876,000	\$5,437,937