



MEMORANDUM

TAB D

October 7, 2019

Utah State University – Series 2019 Refunding Bonds

Regent Policy R590, *Issuance of Revenue Bonds for Colleges and Universities*, requires the Board to review and approve the issuance and sale of revenue bonds that refund existing debt service. Utah State University requests Board authorization to issue approximately \$8,450,000 of taxable Research Revenue Refunding Bonds to refund portions of existing 2016 revenue bonds. The current projected savings to the University is 3.5 percent or approximately \$370,000. The University is working with their municipal advisor and bond counsel to finalize the authorizing resolution for the refunding bonds, which they will provide for the November Board of Regents meeting.

The relevant parameters of the requested issue are:

- Principal amount not to exceed \$9,400,000 (including costs of issuance and capitalized interest)
- Interest rate not to exceed 5.0%
- Discount from par not to exceed 2%
- Final maturity not to exceed 28 years from the date of issue

A preliminary summary sheet from the financial advisor is attached.

Commissioner's Recommendations

The Commissioner recommends the Committee approve Utah State University to proceed and bring an Authorizing Resolution to the November Board of Regents for final approval of the taxable Research Revenue Refunding Bonds as a Consent Calendar item.

Attachment



September 27, 2019

Interim Commissioner David Woolstenhulme
Utah State Board of Regents
Board of Regents Building The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

Subject: Utah State University's Request to Refund Research Revenue Bonds

Dear Interim Commissioner Woolstenhulme:

Utah State University requests that the Board of Regents approve refunding of the Utah State University Taxable Research Revenue Bonds, Series 2016.

The current Research Revenue Bonds, Series 2016 are eligible for refunding. Based on current interest rates, analysis shows that it would be advantageous for USU to refund the Series 2016 bonds.

Gilmore & Bell has been appointed to serve as bond and disclosure counsel.

We appreciate your support in this endeavor and ask that you present this item for Regents approval.

Sincerely,

David T. Cowley
Vice President for
Business and Finance

Enclosures

C: Rich Amon, Associate Commissioner for Finance and Facilities
Noelle Cockett, President
Dan Christensen, Controller
Dwight Davis, Associate Vice President for Business and Finance
Brian Baker, Zions Bank Public

**Utah State University
Research Revenue Refunding Bonds, Series 2019B
Preliminary Summary Sheet**

Proposed Issue: Research Revenue Refunding Bonds

Total Approximate Issue Size: \$8,450,000

Use of Funds: To refinance the callable maturities (\$7,800,000) of the University's existing Series 2016 Taxable Research Revenue Bonds for economic savings, fund a debt service reserve fund, if needed; and pay associated costs of issuance. The 2016 bonds were issued to fund SDL Phase II.

Detail of Proposed Series 2019B Bonds:

Principal Amount: Not to exceed \$9,400,000

Interest Rate: Not to exceed 5.0%

Maturity Date: Not to exceed 28 years

Aggregate Discount: Not to exceed 2%

Bond Rating: AA from S&P

Source of Repayment: Research Revenues

Timetable Considerations: Regent approval will be sought at the November 15 meeting. The University would sell these bonds, provided economic savings are adequate, as part of a bond sale to also fund other previously authorized projects (the SDL 3 and High Bay Projects).

The sale would occur in late November or early December, with a closing in December. The University anticipates selling the 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.