



MEMORANDUM

TAB I

September 18, 2020

USHE – Revenue Bond Results

Board 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 2020 meeting, the Board authorized the University of Utah to issue revenue bonds to purchase a downtown office building (102 Tower) and construct a parking garage and roadway improvements in and around the University's Health Sciences Campus. The bonds were issued in two series: 2020A tax-exempt bonds and 2020B taxable bonds. After a negotiated sale on June 11, 2020 that conformed to the parameters approved by the Board with a True Interest Cost (TIC) of 2.214%, the bonds closed on June 24, 2020. The following is a brief summary of the results:

Sources 2020A Tax-Exempt		Sources 2020B Taxable	
Par Value	\$84,635,000	Par Value	\$20,115,000
Reoffering Premium	25,848,807		
	\$110,483,807		\$20,115,000

Uses 2020A Tax-Exempt		Uses 2020B Taxable	
102 Tower Purchase	\$30,000,000	102 Tower Purchase	\$20,000,000
Health Sciences Construction	80,000,000		
Underwriter's Discount	226,416	Underwriter's Discount	53,812
Cost of Issuance/Round	257,391	Cost of Issuance/Round	61,188
	\$110,483,807		\$20,115,000

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.

Attachments:

STIFEL

FINAL FINANCING SUMMARY

For

State Board of Regents of the State of Utah

\$104,750,000

UNIVERSITY OF UTAH

General Revenue Bonds

Series 2020A (\$84,635,000)

and

Series 2020B (\$20,115,000 – Federally Taxable)

(The “Series 2020 Bonds”)

Purpose:	To finance (1) The acquisition of a downtown Salt Lake City office building (the “Tower Building Project”), and (2) The construction of a 1,400 space “Patient Parking Garage”, and certain roadway improvements (the “Roadways Project”), both in and around the University’s Health Sciences Campus, together with other amounts necessary to pay costs of issuance, pay capitalized interest and fund a debt service reserve requirement, if any.
Not-to-Exceed Par Amount:	\$130,000,000 (\$50,000,000 for the Tower Building Project--\$35 million tax-exempt and \$15 million taxable), and (\$80,000,000 for the Patient Parking Garage and Roadways Projects). The Series 2020 Bond issue does <u>not</u> include bonding for the Health Sciences Campus Office Building or the Medical Education and Discovery Complex projects which will occur at a later date.
Security:	The Series 2020 Bonds will be payable from and secured by a General Revenue pledge which consists of substantially all income and revenues of the University authorized to be pledged, with the exception of (i) legislative appropriations, (ii) tuition and certain fees, and (iii) certain other revenues and income.
Ratings:	‘Aa1’ and ‘AA+’ ratings <i>are expected</i> by Moody’s Investors Service and S&P Global Ratings, respectively. These ratings were reaffirmed. The University’s credit “Outlook” was also reaffirmed at “Stable”
Method of Sale:	Negotiated Public Offering
True Interest Cost:	TBD (given current market volatility, a preliminary rate is difficult to determine) 2.214% (blended rate)

Final Financing Summary
University of Utah Series 2020 Bonds
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Underwriters:	The University recently engaged the firms of Barclays and JP Morgan to serve as underwriters for the Series 2020 Bonds.
Sale Date:	TBD – Current Calendar calls for early-June 2020, subject to market conditions The Series 2020 Bonds were sold on June 11, 2020
Closing Date:	TBD – Current Calendar calls for settlement early July 2020 Closing date was June 24, 2020
Principal Payment Dates:	August 1 of each year, beginning August 1, 2021 Confirmed
Interest Payment Dates:	August 1 and February 1, beginning February 1, 2021 Confirmed
Interest Basis:	30/360
Parameters:	Not-to-Exceed Par for the Projects: \$130,000,000 Not-to-Exceed Term: 30-years from the date of the Bond's issuance Final Maturity: August 1, 2040 (20-year amortization) Not-to-Exceed Coupon: 5.00% 5.00% was highest coupon Not-to-Exceed Discount from Par: 2.00% There were no discount bonds sold. Total underwriter's discount was 0.268%
Optional Redemption:	May be non-callable or callable (par or make-whole) at the option of the University, as determined at the time of the sale Series 2020A Bonds have a 10-year par call; Series 2020B Bonds utilized an 'anytime make-whole call'
University Contacts:	Ms. Cathy Anderson, Chief Financial Officer (801-581-6940) Mr. Robert Muir, Executive Director – Debt and Asset Management (801-585-5598)
Bond Counsel:	Mr. Blake Wade, Gilmore & Bell (801-258-2725)
Municipal Advisor:	Mr. Kelly Murdock, Stifel, Nicolaus & Company (385-799-1734)