



January 13, 2022

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 2021 meeting, the Board authorized the University of Utah to issue revenue bonds to construct the West Village housing project and the Impact-Epicenter project. After a negotiated sale on December 9, 2021, the General Revenue bonds closed on December 16, 2021. The bond sale conformed to the parameters approved by the Board:

- True Interest Cost (TIC) 2.776%
- Maximum Coupon Rate 5%
- Maturity Date 30 years

The following is a summary of the results. Additional details about the bond issue may be found in the attached Financing Summary prepared by the financial advisor.

Sources	West Village	Impact-Epicenter	2022A Issue Summary
Par Value	\$110,325,000	\$75,960,000	\$186,285,000
Reoffering Premium	26,001,670	16,655,044	42,656,714
	\$136,326,670	\$92,615,044	\$228,941,714
Uses			
Deposit to Construction Fund	\$125,800,000	85,700,000	211,500,000
Capitalized Interest	10,033,475	6,580,244	16,613,719
Underwriter's Discount	250,912	172,755	423,667
Cost of Issuance/Rounding	242,283	162,045	404,328
	\$136,326,670	\$92,615,044	\$228,941,714

Commissioner's Recommendation

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

Attachment

STIFEL

FINAL FINANCING SUMMARY

For

Utah Board of Higher Education

\$186,285,000

UNIVERSITY OF UTAH

General Revenue Bonds

Series 2022A

Purpose:	To finance (1) Certain costs of construction of new student housing facilities in the University's West Village student housing area, (2) Certain costs of construction of a multi-use, living-learning facility known as the Impact-Epicenter Project, (3) Approximately 24-months of capitalized interest for each project, and 4) Paying costs of issuance of the Bonds.
Not-to-Exceed Par Amount:	\$211,500,000 (\$125,700,000 for the West Village Housing Project and \$85,700,000 for the Impact-Epicenter Project. <i>Actual par amount was \$186,285,000.</i>
Security:	The Series 2022A 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. <i>Both of these ratings were re-affirmed. Each rating agency also reaffirmed the rating outlook for all of the University's bonds as 'stable'.</i>
Method of Sale:	Negotiated Public Offering ✓
True Interest Cost:	TBD (given current market volatility, a preliminary rate is difficult to determine) <i>A pre-pricing true interest cost ("TIC") target of 2.78% was provided to both the University as well as to Chair Simmons immediately prior to the sale of the bonds. Due to a solid market and investor demand for the University's bonds, the Underwriters were able to lower yields on the bonds and decrease the final TIC to 2.77% on a combined basis.</i>

University of Utah Series 2022A Bonds

Final Financing Summary

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Underwriters:	The University engaged the firms of Barclays and Wells Fargo Securities to serve as underwriters for the Series 2022A Bonds. <i>Barclays' role in the transaction was to serve as Book-Running Senior Manager with a 65% liability. Wells Fargo Securities' role was Co-manager with a 35% liability.</i>
Sale Date:	Current Calendar calls for a December 14, 2021 sale date, subject to market conditions. <i>The Series 2021 Bonds were sold on December 9, 2021, well ahead of the Federal Reserve's December 15th meeting.</i>
Closing Date:	TBD – Current Calendar calls for settlement in either late December, 2021, or early to mid-January 2022. <i>January 11, 2022 was the closing date decided upon for the Series 2022A Bonds.</i>
Principal Payment Dates:	August 1 of each year, beginning August 1, 2024 ✓
Interest Payment Dates:	August 1 and February 1, beginning August 1, 2021. <i>The first interest payment date will be August 1, 2022.</i>
Interest Basis:	30/360 ✓
Parameters:	Not-to-Exceed Par for the Projects: \$211,500,000 <i>\$186,285,000 was the final par amount on the Series 2022A Bonds.</i> Not-to-Exceed Term: 30-years from the date of the Bond's issuance. <i>The Series 2022A Bonds have a final maturity date of August 1, 2051—approximately 29.5 years.</i> Not-to-Exceed Coupon: 5.00% <i>No coupon exceeded 5.00%</i> Not-to-Exceed Discount from Par: 2.00% <i>No discount bonds were sold in this transaction with the Series 2022A Bonds sold at a net buyer's premium. Total Underwriter's discount was \$2.27/\$1000, or 0.227%.</i>
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 <i>The University negotiated a traditional 10-year par call on the Series 2022A Bonds.</i>
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. Brad Patterson, Gilmore & Bell (801-258-2724)
Municipal Advisor:	Mr. Kelly Murdock, Stifel, Nicolaus & Company (385-799-1731)