



September 16, 2022

## University of Utah – Series 2022C Revenue Bonds

Board Policy R590, *Issuance of Revenue Bonds for Colleges and Universities*, requires the Board to review and approve the issuance and sale of revenue bonds. The University of Utah requests Board authorization to issue up to \$250,000,000 of General Revenue and Refunding Bonds for the purposes described in the following sections.

### Request to Issue up to \$250,000,000 Authorized by State Legislature

The University of Utah requests Board authorization to issue General Revenue and Refunding Bonds for the following purposes that have been authorized by the state legislature:

- \$75,000,000 for the construction of the Med Ed Project, a 180,000 square-foot building that will replace the existing School of Medicine building. The University estimates that the MEB project will cost approximately \$185 million and will be funded through \$110 million of appropriations from the State Legislature and \$75 million of bonding proceeds. The University was approved in the 2017 session to bond up to \$190 million, and the Board approved the bonding of the MEDX Project in its December 18, 2020 meeting.
- \$25,000,000 for the construction of the Applied Sciences Project, a 40,700 square-foot renovation to the William Stewart Building, and a 100,000 square-foot addition. The University received \$60 million in State funding for the project in the 2021 legislative session and bonding authorization in the 2022 legislative session of up to \$25 million.
- \$100,000,000 for Refunding Outstanding Bonds. The University is seeking approval from the Board to refund up to \$100 million for all or any portion of the outstanding bonds issued by the Board on behalf of the University pursuant to certain parameters therein (including net present value savings of at least three percent). The Board approved a similar refunding authorization in its May 2021 meeting, and such authorization expires on November 18, 2022.

The relevant parameters of the requested issue are:

- Principal amount not to exceed \$250,000,000 (including costs of issuance and capitalized interest)
- Interest rate not to exceed 6.0%
- Discount from par not to exceed 2.0%
- Final maturity not to exceed 35 years from the date of issue

Attached is a copy of the request letter from the University, the approving resolution, and a financing summary from the financial advisor. Representatives from the University will attend the meeting to provide additional information and answer questions from the Board.

**Commissioner’s Recommendation**

The Commissioner recommends approval of the proposed Authorizing Resolution to issue General Revenue and Refunding Bonds for the University of Utah.

**Attachments**

August 23, 2022

Mr. David R. Woolstenhulme  
Commissioner, Utah System of Higher Education  
Board of Regents Building  
The Gateway  
60 South 400 West  
Salt Lake City, UT 84101-1284

Dear Commissioner Woolstenhulme:

The purpose of this letter is to inform you of the University of Utah's plans to submit a bonding authority resolution (the "Resolution") to the Utah Board of Higher Education (the "Board"), to be considered during its September 2022 meeting, for the issuance of a General Revenue Bond or Bonds on behalf of the University of Utah (the "University") for the purpose of financing a portion of the costs to construct (a) the Medical Education Building project (the "Med Ed Project"), (b) the Applied Sciences Building project (the "Applied Sciences Project" and together with the Med Ed Project, the "Bonded Projects") and (c) authorization for refunding all or any portion of the outstanding bonds issued by the Board on behalf of the University for up to \$100,000,000 (the "Refunding Authorization"), together with other amounts necessary to pay costs of issuance, pay capitalized interest, if necessary, and fund any debt service reserve requirements. The University expects to price General Revenue Bonds for the Bonded Projects in November or December of 2022.

Details are as follows:

**Authorization to Bond up to \$75,000,000 for the Construction of the Med Ed Project.** The Med Ed Project is a 180,000-square-foot building that will replace the existing School of Medicine building, which opened in 1965 and no longer meets program needs. It will include teaching/learning space, anatomy/body donor student labs, medical simulation, community and study space, and offices for School of Medicine Administration. It will also include space for the University of Utah Global Health program. The University estimates that the MEB Project will cost approximately \$185.0 million and will be funded through \$110.0 million of appropriations from the State Legislature and \$75.0 million of bonding proceeds.

The University received legislative approval during the 2017 session to issue up to \$190.0 million in bonds, together with other amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements, for a new health care facility project to be known as the "Medical Education and Discovery Complex" ("MEDX Project") and for a rehabilitation hospital. The University used \$52.5 million of bond proceeds for the construction of the rehabilitation hospital in 2017, leaving \$137.5 million of bonding authorization. The Board previously approved the bonding of the MEDX Project in its December 18, 2020 meeting for the amount of \$137.5 million. This authorization is a subset of that

previous authorization. The MEDX Project consists of two separate buildings, the Med Ed Project and the Sorenson Innovation and Discovery Center (the “Discovery Center Project”). The University expects to bond for the Discovery Center Project at a later day.

The University’s Board of Trustees (“Trustees”) approved such bonding in its August 2022 meeting.

**Authorization to Bond up to \$25,000,000 for the Construction of the Applied Sciences Project.** The Applied Sciences Project will provide critical updates to the educational and research facilities of the University’s Departments of Physics and Astronomy and Atmospheric Sciences. Together, the two departments teach more than 5,600 students and house 46 faculty members, who bring in over \$10 million in outside research funding annually. The new construction, a 40,700 square-foot renovation to the William Stewart Building and a 100,000-square-foot addition, is expected to result in a 56 percent increase in capacity for experimental and computer labs. These new spaces will allow those departments to address critical bottlenecks in science and technology degree programs. The total cost of the Applied Sciences Project is approximately \$89.0 million.

The University received \$60.0 million in State funding for the Applied Sciences Project in the 2021 State legislative session. The University received bonding authorization for the Applied Sciences Project during the 2022 Legislative Session of up to \$25.0 million, together with other amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements. Additional funds for the remaining \$4.0 million of costs are expected to be received from the State and if not, University funds will be used.

The University’s Trustees approved such bonding in its August 2022 meeting.

**Authorization to Bond up to \$100,000,000 for Refunding Outstanding Bonds.** The University is seeking approval from the Board to refund up to \$100.0 million for all or any portion of the outstanding bonds issued by the Board on behalf of the University pursuant to certain parameters therein (including net present value savings of at least three percent). Such bonds may be issued in one or more series and combined with any other series of general revenue bonds, and issued from time to time and at any time within the 18 months following the adoption of this Resolution.

The Board approved a similar refunding authorization in its May 2021 meeting and such authorization expires November 18, 2022.

Given current interest rates in today’s municipal market, the University is seeking feedback and information from members of its Underwriting Pool relating to savings refunding opportunities that may exist among outstanding Bonds and which the University should strongly consider as part of its proposed General Revenue Bond issue.

Please feel free to call me should you or others have questions about the details of this funding request.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cathy Anderson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Cathy Anderson  
Chief Financial Officer

cc: Taylor Randall, President  
Michael Good, Senior Vice President  
Martell Teasley, Senior Vice President  
Robert Muir, Associate Vice President  
Juliette Tennert, Utah System of Higher Education  
Malin Francis, Utah System of Higher Education  
Randy Larsen, Gilmore & Bell, P.C.  
Brad Patterson, Gilmore & Bell, P.C.  
Kelly Murdock, Stifel, Nicolaus & Company

# STIFEL

## PRELIMINARY FINANCING SUMMARY for

### Utah Board of Higher Education \$250,000,000\* UNIVERSITY OF UTAH General Revenue and Refunding Bonds Series 2022C

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Purpose:	To finance a portion of the costs to construct (a) the Medical Education Building project (the “Med Ed Project”), (b) the Applied Sciences Building project (the “Applied Sciences Project” and together with the Med Ed Project, the “Bonded Projects”) and (c) authorization for refunding all or any portion of outstanding bonds issued by the Board on behalf of the University for up to \$100,000,000 (the “Refunding Authorization”), together with other amounts necessary to pay costs of issuance, pay capitalized interest, and fund a debt service reserve, if necessary.
Not-to-Exceed Par Amount:	<b>\$250,000,000*</b> (Includes costs of issuance and capitalized interest)
Security:	The Series 2022C 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 with a stable outlook <i>are expected</i> by Moody’s Investors Service and S&P Global Ratings, respectively.
Method of Sale:	Negotiated Public Offering
True Interest Cost:	TBD (given current market volatility, a preliminary rate is difficult to determine)

**University of Utah Series 2022C Bonds**  
**Preliminary Financing Summary**  
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Underwriters:	TBD
Sale Date:	Current Calendar calls for a mid-November or early December, 2022 sale date, subject to market conditions.
Closing Date:	TBD – Current Calendar calls for settlement in mid-to late December 2022, or early January 2023.
Principal Payment Dates:	August 1 of each year
Interest Payment Dates:	August 1 and February 1, beginning August 1, 2023.
Interest Basis:	30/360
Parameters:	Not-to-Exceed Par for the Projects: \$250,000,000* Not-to-Exceed Term: 35-years from the date of the Bond's issuance. Not-to-Exceed Coupon: 6.00% Not-to-Exceed Discount from Par: 2.00%
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
University Contacts:	Ms. Cathy Anderson, Chief Financial Officer (801-581-6940)  Mr. Robert Muir, Associate Vice President – 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)

*\*Preliminary, subject to change*