

**MINUTES OF SPECIAL MEETING  
UTAH STATE BOARD OF REGENTS  
VIA TELEPHONE CONFERENCE CALL  
SEPTEMBER 30, 1997**

Board Members Present

Kenneth G. Anderton, Chair  
Aileen H. Clyde, Vice Chair  
Ian M. Cumming  
Andrew Croshaw  
David J. Grant  
Larzette G. Hale  
L. Brent Hoggan  
Charles E. Johnson  
David J. Jordan  
Evelyn B. Lee  
Victor L. Lund  
Paul S. Rogers  
Jay B. Taggart  
Dale O Zabriskie

Board Members Excused

Pamela J. Atkinson  
Karen H. Huntsman

Office of the Commissioner

Cecelia H. Foxley, Commissioner  
Joyce Cottrell CPS, Executive Secretary  
Richard O. Davis, Asst. Commissioner for Student Loan Finance and Deputy Executive Dir., LPP  
Dale C. Hatch, Deputy Executive Director for Administration, USLP  
Fred R. Hunsaker, Associate Commissioner for Finance and Facilities  
Chalmers Gail Norris, Associate Commissioner for Student Financial Aid  
Michael A. Petersen, Associate Commissioner for Academic Affairs  
Norman C. Tarbox, Assistant Commissioner for Finance and Facilities

Others Present

Thomas C. Anderson, Office of the Attorney General  
Steven D. Bennion, President, Southern Utah University  
Carl Empey, Zions Bank  
Robert L. Gilliland, Vice President for University Extension, Utah State University  
G. Jay Gogue, Provost, Utah State University  
John Hupalo, Smith Barney  
Grace S. Jones, President, College of Eastern Utah  
Terry Rock, First Security Bank  
Lucille Stoddard, Vice President for Academic Affairs, Utah Valley State College  
Blake Wade, Ballard Spahr and Ingersoll

---

Chair Anderton called the meeting to order at 8:05 a.m. and welcomed everyone to the special meeting.

University Hospital Refunding Revenue Bonds. Associate Commissioner Hunsaker said the University of Utah had requested a special meeting of the Board to discuss this item (Tab A). Since the meeting was scheduled, there has been a delay in getting the bond rating from the rating agency, so the University had requested that this item be delayed until the regular November meeting of the Board.

College of Eastern Utah — Blanding Building Acquisitions. President Jones said Assistant Attorney General Anderson has been working for the college to assume loans for these acquisitions without additional costs, as explained in Tab B. Mr. Anderson said the Community Impact Board (CIB) has now agreed that we may take that property from Blanding on a purchase agreement. This is agreeable to Blanding. The payments will be made directly to CIB. The college will own the property and CIB will give to the city of Blanding its resolution that if they apply for additional support, this \$90,000 obligation will not count against the city; it will be an obligation to CEU. There may be minor legal charges for the CIB attorneys, but that should be less than \$1000. Regent Cumming moved, seconded by Regent Clyde, that CEU be authorized to acquire the property. The motion carried unanimously.

Student Financial Aid — Approving Resolution, SBR Student Loan Revenue Bonds, Series 1997E and 1997F. Regent Lee said this is a recommendation to the Board from the Student Finance Subcommittee. Regent Goddard worked on this before leaving for a cruise to the Greek Islands. This will be used to fund projected loan purchases for the remainder of fiscal 1997-98. It was determined that the Board would best be served by issuing a combination of taxable and tax-exempt bonds. Parameters were shown on page 2 of Agenda Tab C. Regent Lee moved approval of the approving resolution for student loan revenue bonds series 1997E and 1997F. Regent Cumming asked why the maximum interest rate was so high. Associate Commissioner Norris said these were variable rate bonds, which were expected to be around eight percent. The 18% figure would set a limit that the interest rate could not exceed. Mr. Wade said these bonds were federally taxable so it is anticipated they will bear a higher rate of interest than tax-exempt bonds in the past. The maximum rate established in the past has been in the 14-16% range for tax-exempt rates whereas the current rates are higher because they are federally taxable. Regent Cumming seconded the motion.

Regent Johnson asked why we were selling variable rates on the taxable bonds. Associate Commissioner Norris said the student loans we buy with these bonds are variable rates. Our rate of return is protected by a special allowance provided by federal law. Mr. Hupalo explained that the rate of return will be equal to the treasury bill plus 3.1% during the repayment period. Mr. Wade said we have the ability to call these bonds at any time if necessary. Associate Commissioner Norris said we could also call the bonds if there are no loans to buy.

Regent Lund asked what amount was being refunded, and what the rates were on fixed amounts. Mr. Wade said this extends a portion of tax-exempt bonds which will mature on November 1, 1997. Federal law allows us to refund those bonds and extend those for additional years to take advantage of tax-exempt financing. Regent Lund asked if legal opinions had been reviewed. The underwriting fee of .85% on a AAA bond seems high; he asked if this was in line. Mr. Hupalo said .85% is the maximum rate. It is expected that this will be under that parameter. This is a combination of fixed and variable rate bonds, yet it should be well below .85%. Mr. Wade said the .85% rate was established with the understanding that a smaller amount of bonds may be sold. If the full \$90 million were sold, the underwriting fee will be under that maximum. Mr. Anderson said he will issue an opinion at the time of closing that the Board has the statutory authority to issue the bonds. He will also be checking other documents as listed at the time of closing. Vote was taken on the motion, which carried unanimously.

Regent Zabriskie moved that the Board move into executive session to discuss real estate issues. Regent Clyde seconded the motion, which carried unanimously. Chair Anderton thanked everyone for participating in this meeting. The Board moved into executive session at 8:23 a.m.

---

Joyce Cottrell CPS  
Secretary to the Board of Regents