



AGENDA

MEETING OF THE
UTAH STATE BOARD OF REGENTS

May 17, 2000

**Utah State Board of Regents
Office of the Commissioner
of Higher Education
355 West North Temple
3 Triad Center, Suite 550
Salt Lake City, Utah 84180-1205**

AGENDA

BOARD OF REGENTS EXECUTIVE COMMITTEE

WEDNESDAY, MAY 17, 2000

9:00 a.m.

CONFERENCE CALL (801-321-7150)

ACTION:

1. University of Utah – Huntsman Cancer Institute Revenue Bonds Tab A
2. Snow College – Programming for Performing Arts Building Tab B
3. Dixie College – Land Purchase Tab C

NOTE: The May 19 Meeting of the State Board of Regents has been canceled. The next Board meeting will be June 29-30 at Utah State University.

MEMORANDUM

May 16, 2000

TO: State Board of Regents Executive Committee

FROM: Cecelia H. Foxley

SUBJECT: University of Utah--Huntsman Cancer Institute Revenue Bonds

Issue

University of Utah officials request that the Regents' Executive Committee approve a resolution that will enable the issuance of \$9.75 million in revenue bonds to provide financing for the University's Huntsman Cancer Institute.

Background

In November of 1999, the Board of Regents authorized the University of Utah to issue up to \$16.5 million in revenue bonds to enable the full completion of Phase One of the Huntsman Cancer Institute near the University Hospital. In December of 1999, the University used this authority to issue \$10 million in revenue bonds with the anticipation of issuing the remaining \$6.5 million in 2000. It was not possible to issue all of the bonds at that time due to a legislative limit on the amount of this kind of bonds that can be issued by the University in any one year.

The University now desires to issue the remaining bonds necessary for Phase One of the Huntsman project. However, the University's need to bond has increased to a total of \$19.75 million. To allow for this increased bonding level, the Regents' Executive Committee is asked to adopt a new authorizing resolution.

As was the case last December, the Regents are asked to utilize special, rarely exercised bonding authority granted to them by the Legislature. Most Regent revenue bonds are issued under authority of UCA 53-B-21, and require legislative approval prior to issuance. The University requests that the Regents use separate, limited bonding authority granted to them in UCA 11-17-17. This authority allows the Regents to issue up to \$10 million per year on behalf of the two research universities for purposes of industrial development. Formal legislative authority is not needed for the Regents to issue these bonds. Since \$10 million in bonds have

already been issued for this project to date, this follow-up bond issue would be approximately \$9.75 million.

The source of debt service for the proposed bonds is reimbursed overhead the University collects in conjunction with its federally-sponsored research endeavors. It is anticipated that the Huntsman Cancer Institute will enable the University to secure even greater levels of federal research dollars in the future than it has in the past--thus justifying the use of reimbursed overhead for this purpose. Although the use of reimbursed overhead as a pledge against revenue bonds is rare in the USHE, such bond structures have been utilized within the past decade by both the University of Utah and Utah State University, and have gained acceptance nationally as well.

Details of the proposed 2000 bond issue are outlined in Attachment A. The authorizing resolution itself is Attachment B. Bond Counsel for this issuance is Ballard, Spahr, Andrews & Ingersoll. First Security Bank has acted as financial advisor on behalf of the University.

The University of Utah Board of Trustees is expected to take action on this item at their Trustees meeting on May 15th. Actions of the Trustees will be conveyed to the Regents' Executive Committee during the May 17th conference call.

Recommendation

It is the recommendation of the Commissioner that the Regents' Executive Committee review the attached bond issuance as proposed by the University of Utah, ask questions as appropriate, and if satisfied that the transaction is in the best interest of the University, adopt the attached approving resolution for the University of Utah Huntsman Cancer Institute Building Project.

Cecelia H. Foxley, Commissioner

CHF/NCT
Attachments

MEMORANDUM

May 10, 1999

TO: State Board of Regents Executive Committee

FROM: Cecelia H. Foxley

SUBJECT: Snow College - Programming for Performing Arts Building

Issue

Snow College officials seek approval to proceed with programming for a capital development project that encompasses the demolition of existing performing arts space at the College and the construction of a new Performing Arts Center. This project was on the Regents' priority list for programming and design funding during the 2000 Legislative Session. No state funding was appropriated for this project, however.

Background

Normally, a project that is not funded for programming by the Legislature must wait until such state funding is made available in subsequent sessions. There are examples of institutions proceeding with the programming of a facility with funding other than state appropriated funding, but such examples are rare. Two features of this project prompt Snow College officials to seek approval to proceed with programming without having state funding specifically for this purpose.

First, the Division of Facilities Construction and Management (DFCM) has expressed a willingness to join with the College to provide support for the programming. Total programming costs are expected to be approximately \$70,000. Although final details of the financing plan are not yet available, the College has committed to fully cover the project with the assistance of DFCM. Second, President Day has expressed the need to have some initial renderings and programming information available to share with potential donors. Performing arts is a central component to Snow College's mission, and it is important for development and fund-raising efforts that the College show progress in securing permanent space for its performing arts programs.

Attachment A is a letter from President Day expressing initial plans for the building and programming. Attachment B includes detail on the need for the proposed facility.

Pending Executive Committee approval, the State Building Board is expected to consider the College's request for programming at its next scheduled meeting on May 18, 2000.

Policy Implications

The Regents have adopted policy R-741, Capital Facilities Qualification and Prioritization Process (Q&P), to assist in prioritizing USHE capital development projects each year. Although programming is not a formal step in this prioritizing process, it has been used in past years as a means of bolstering legislative support for particular projects. Should the Regents' Executive Committee authorize Snow College to proceed with programming in this instance, it should be made clear that such action will not affect the project's position on the Regents' Q&P list for 2001-2002.

Recommendation

It is the recommendation of the Commissioner that the Regents' Executive Committee authorize Snow College to proceed with programming for the Performing Arts Building with the understanding that: (1) the College will cover any costs in excess of that provided by DFCM, and (2) such programming will not affect the prioritization of USHE capital development projects for the 2001-2002 request cycle.

Cecelia H. Foxley, Commissioner

MEMORANDUM

May 16, 2000

TO: State Board of Regents Executive Committee

FROM: Cecelia H. Foxley

SUBJECT: Dixie College--Land Purchase

Issue

Dixie College officials seek authorization to purchase .20 acres of property adjacent to the College.

Background

As described in the attached letter from Vice President Stan Plewe (Attachment A), the land to be acquired is immediately to the north of the St. George campus and is in a location targeted for expansion in the College's long-term plans. The College is proposing to purchase the property for the appraised price of \$70,000. Immediately, the College will set aside the property as a land-bank. In consideration to the present owner, the College proposes to allow the housing presently located on the parcel to be occupied rent free for one year following the legal transfer of ownership.

In addition to Vice President Plewe's letter, the College has provided a map identifying the location of the parcel in relation to the existing St. George campus.

Recommendation

It is the recommendation of the Commissioner that the Regents' Executive Committee authorize Dixie College to purchase for \$70,000, .20 acres of land as identified in the attachments.

Cecelia H. Foxley, Commissioner

CHF/NCT
Attachments