

May 8, 2019

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: University of Utah – Series 2019 General Revenue Bonds

Issue

Regent Policy R590, *Issuance of Revenue Bonds for Colleges and Universities*, requires the Board to review and approve the issuance and sale of revenue bonds that have been affirmatively authorized by the Utah State Legislature. The University of Utah requests Board authorization to issue up to \$125,000,000 of General Revenue Bonds to construct a cancer care center and to upgrade the football stadium as authorized by the 2019 Legislature.

Background

During the 2019 General Session, the Legislature passed Senate Bill 9, *Revenue Bond and Capital Facilities Authorizations*, which authorized the University of Utah to issue revenue bonds for the construction of the Kathryn F. Kirk Center for Comprehensive Cancer Care and Women's Cancers and the Rice-Eccles Stadium South End Zone upgrade. These projects were initially approved by the Board in the November 2018 meeting. Hospital revenue is the primary source of repayment for the cancer care center portion of the bonds. Athletic revenue is the primary source of repayment for the stadium upgrade portion of the bonds.

The legislative authorization allows the issuance of up to \$80,000,000 for the acquisition and construction of the stadium upgrade and \$40,000,000 for the cancer care center in addition to costs of issuance, capitalized interest, and debt service reserve requirements. The attached resolution authorizes the University of Utah to bond for up to \$125,000,000 to construct the projects and cover additional issuance costs and requirements. The relevant parameters of the requested issue are:

- Principal amount not to exceed \$125,000,000 (including costs of issuance and capitalized interest)
- Interest rate not to exceed 6%
- Interest rate for Variable Rate Bonds or Commercial Paper not to exceed 12%
- Discount from par not to exceed 2%
- Final maturity not to exceed 30 years from the date of issue

A copy of the request letter from the University, the Approving Resolution, and a financing summary from the financial advisor is attached. Representatives from the University will be in attendance at 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 Bonds for the University of Utah as proposed.

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David L. Buhler  
Commissioner of Higher Education

DLB/KLH/RPA  
Attachments

April 24, 2019

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

Dear Commissioner Buhler:

The purpose of this letter is to inform you of the University of Utah's plans to submit a resolution (the "Resolution") to the State Board of Regents of the State of Utah (the "Regents" or the "Board"), to be considered during its May 2019 meeting at Snow College, for the issuance of a General Revenue Bond or Bonds on behalf of the University of Utah (the "University") for the financing of the construction of the Rice-Eccles Stadium South End Zone Project and Huntsman Institute Complex Phase V Project. The resolution will cover both projects.

Details are as follows:

**Authorization to Bond up to \$80,000,000 for the Construction of the Rice-Eccles Stadium South End Zone Project** – The South End Zone Project is to implement an end zone expansion that will enhance the current stadium to become comparable with the best Division 1 and PAC-12 facilities. The project includes the creation of additional revenue generating opportunities for Auxiliary Services, improved fan experience areas, upgraded crowd flow, and operational efficiency throughout Rice-Eccles Stadium. This new expansion would bring the stadium capacity to 50,000+ and provide premium amenities for fans on game day, events, and if Salt Lake City is selected, the 2030 Winter Olympics.

The total cost for this project is approximately \$80,000,000. Athletic revenue will service the debt on the revenue bonds and pay for ongoing operation and maintenance of the facility.

The University received bonding authorization for this project during the 2019 Legislative Session of up to \$80,000,000 million, together with other amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements. No state funds will be requested for the new facility.

**Authorization to Bond up to \$40,000,000 for the Construction of the Huntsman Institute Complex Phase V Project** - The Kathryn F. Kirk Center for Comprehensive Cancer Care and Women's Cancers will be the 5th phase at the Huntsman Cancer Institute complex and will add an additional 190,000 square feet of hospital, clinical and research space focused on women's

cancers. Approximately 102,000 square feet on four floors of the proposed facility will house 45-50 inpatient rooms, oncology faculty workspace, clinical trial space, and outpatient services. Of the other four floors, half will be used for nonclinical cancer-related operations and the other half (approximately 44,000 square feet) will be shelled for future growth. The new facility will provide additional teaching and educational opportunities for physician residents, medical students, and student nurses. The facility will also accommodate the growing need for inpatient bed-space and outpatient cancer care as the Huntsman Cancer Hospital currently operates at capacity and administrators project ongoing clinical need in the growing and aging Utah population.

The total cost of the project is expected to be \$129,000,000 and will be funded through \$89,000,000 of donations in addition to the \$40,000,000 of revenue bonds. Hospital revenue will service the debt on the revenue bonds and will pay for ongoing operation and maintenance of the facility. No state funds will be requested for the new facility.

The University received bonding authorization for this project during the 2019 Legislative Session of up to \$40,000,000 million, together with other amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements.

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

Sincerely,



John E. Nixon  
Vice President for Administrative Services

c: Ruth V. Watkins, President  
Daniel A. Reed, Senior Vice President  
Michael L. Good, Senior Vice President  
Cathy Anderson, CFO  
Mark Harlan, Director of Athletics  
Kimberly Henrie  
Richard Amon  
Blake Wade  
Kelly Murdock  
Robert Muir

APPROVING RESOLUTION  
UNIVERSITY OF UTAH GENERAL REVENUE BONDS  
CANCER CARE FACILITY AND STADIUM UPGRADE

Ephraim, Utah

May 17, 2019

The State Board of Regents of the State of Utah (the “Board”) met in regular session (including by electronic means) at Snow College in Ephraim, Utah on May 17, 2019, commencing at 9:00 a.m. The following members were present:

Harris H. Simmons	Chair
Nina Barnes	Vice Chair
Jessellie B. Anderson	Member
Daniel W. Campbell	Member
Wilford W. Clyde	Member
Sanchaita Datta	Member
Marlin K. Jensen	Member
Ronald W. Jibson	Member
Patricia Jones	Member
JaKell Larson	Student Regent
Steven J. Lund	Member
Robert S. Marquardt	Member
Christina Ortega	Member
Robert W. Prince	Member
Mark R. Stoddard	Member
Teresa L. Theurer	Member
Thomas Wright	Member

Absent:

Also Present:

David L. Buhler	Commissioner of Higher Education
Loreen Olney	Secretary

After the meeting had been duly convened and called to order by the Chair, the roll had been called with the above result and after other matters not pertinent to this Resolution had been discussed, the agenda noted that one of the purposes of the meeting was the consideration of various matters with respect to the issuance and sale of the State Board of Regents of the State of Utah University of Utah General Revenue Bonds.

The following resolution was introduced in written form and after full discussion, pursuant to motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, was adopted by the following vote:

AYE:

NAY:

The resolution is as follows:

## RESOLUTION

A RESOLUTION OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH AUTHORIZING THE ISSUANCE AND SALE OF ITS UNIVERSITY OF UTAH GENERAL REVENUE BONDS, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$125,000,000, AUTHORIZING THE EXECUTION OF SUPPLEMENTAL INDENTURES, BOND PURCHASE AGREEMENTS AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH AND APPROVING OFFICIAL STATEMENTS; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the State Board of Regents of the State of Utah (the “Board”) is established and exists under and pursuant to Section 53B-1-103, Utah Code Annotated 1953, as amended (the “Utah Code”); and

WHEREAS, pursuant to the provisions of Title 53B, Chapter 1, Utah Code, the Board is authorized to act as the governing authority of the University of Utah (the “University”) for the purpose of exercising the powers contained in Title 53B, Chapter 21, Utah Code and the specific authorization of S.B. 9 of the Utah Legislature’s 2019 General Session (expected to be codified as Section 63B-29-102, Utah Code Annotated 1953, as amended) (collectively, the “Act”); and

WHEREAS, pursuant to a General Indenture of Trust dated as of July 1, 2013, between the Board and Wells Fargo Bank, N.A., as trustee (the “Trustee”), as heretofore amended and supplemented (the “General Indenture”), the Board has issued, for and on behalf of the University, various series of its General Revenue Bonds; and

WHEREAS, pursuant to the Act, the Board, for and on behalf of the University, is authorized to issue bonds (i) for the purpose of constructing a cancer care center (the “Cancer Care Project”) in an amount not to exceed \$40,000,000 for acquisition and construction proceeds, together with other amounts necessary to pay costs of issuance, pay capitalized interest and fund any debt service reserve requirements and (ii) for the purpose of constructing a stadium upgrade (the “Stadium Project” and collectively with the Cancer Care Project, the “Project”) in an amount not to exceed \$80,000,000 for acquisition and construction proceeds, together with other amounts necessary to pay costs of issuance, pay capitalized interest and fund any debt service reserve requirements; and

WHEREAS, to accomplish the purposes set forth in the preceding recitals, the Board desires to authorize and approve the issuance and sale of its University of Utah General Revenue Bonds (with such additional or other title and/or series designation(s) as may be determined by the officers of the Board) in one or more series and to be issued from time to time (the “Bonds”) pursuant to the General Indenture and one or more Supplemental Indentures of Trust between the Board and the Trustee (each a

“Supplemental Indenture” and collectively with the General Indenture, the “Indenture”); and

WHEREAS, the Bonds shall be payable solely from the University’s revenues and other moneys pledged therefor in the Indenture and shall not constitute nor give rise to a general obligation or liability of the Board, the University or the State of Utah or constitute a charge against their general credit; and

WHEREAS, there has been presented to the Board at this meeting a form of a Bond Purchase Agreement (the “Bond Purchase Agreement”) to be entered into among the Board, the University and the underwriters or purchasers for the Bonds (the “Purchaser”), a form of a Preliminary Official Statement relating to the Bonds, in the event the Bonds are publicly sold (the “Preliminary Official Statement”), and a form of Supplemental Indenture; and

WHEREAS, the Board desires to grant to the Chair and/or Vice Chair of the Board and/or the Chair of the Finance and Facilities Committee of the Board, the authority to approve the interest rates, principal amount, terms, maturities, redemption features, and purchase prices at which the Bonds shall be sold and any changes with respect thereto from those terms which were before the Board at the time of adoption of this Resolution; provided such terms do not exceed the parameters set forth in this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOARD OF REGENTS OF THE STATE OF UTAH, AS FOLLOWS:

Section 1. All terms defined in the foregoing recitals hereto shall have the same meanings when used herein.

Section 2. All actions heretofore taken (not inconsistent with the provisions of this resolution) by the Board and the University and the officers of the Board or the University directed toward the issuance of the Bonds are hereby ratified, approved and confirmed.

Section 3. The Board hereby authorizes, approves and directs the use and distribution of the Preliminary Official Statement substantially in the form of the Preliminary Official Statement presented to the Board at this meeting in connection with the offering and sale of the Bonds, in the event the Bonds are publicly sold. The Chair, Vice Chair and/or Chair of the Finance and Facilities Committee of the Board and the President, Chief Financial Officer and/or Vice President for Administrative Services of the University are hereby authorized to execute and deliver on behalf of the Board and the University a final Official Statement in substantially the same form and with substantially the same content as the form of the Preliminary Official Statement presented to this meeting with any such alterations, changes or additions as may be necessary to finalize the Official Statement. The preparation, use and distribution of the Official Statement is also hereby authorized. The Board and the University may elect to privately place the Bonds (or any portion thereof) with or without the use of an Official Statement.

Section 4. The Supplemental Indenture in substantially the form presented to this meeting is in all respects authorized, approved and confirmed. The Chair, Vice Chair and/or Chair of the Finance and Facilities Committee and Secretary of the Board and the President, Chief Financial Officer and/or Vice President for Administrative Services of the University are hereby authorized to execute and deliver one or more Supplemental Indentures in substantially the same form and with substantially the same content as the form of such document presented to this meeting for and on behalf of the Board and the University with such alterations, changes or additions as may be authorized hereby.

Section 5. For the purpose of providing funds to be used for (i) financing the cost of the Project (including capitalized interest) and (ii) paying costs of issuance of the Bonds, the Board hereby authorizes the issuance of the Bonds, from time to time and in one or more series, in the aggregate principal amount of not to exceed \$125,000,000. The Bonds shall mature on such date or dates, be subject to redemption, and bear interest at the rates as shall be approved by the Chair or Vice Chair of the Board or the Chair of the Finance and Facilities Committee, all within the parameters set forth on Exhibit A attached hereto and incorporated herein by reference. The issuance of the Bonds shall be subject to the final advice of Bond Counsel and to the approval of the office of the Attorney General of the State of Utah.

Section 6. The form, terms and provisions of the Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, interest rates, redemption and number shall be as set forth in the Indenture. The Chair, Vice Chair and/or Chair of the Finance and Facilities Committee and the Secretary of the Board and the President, Chief Financial Officer and/or Vice President for Administrative Services of the University are hereby authorized to execute and seal by manual or facsimile signature the Bonds and to deliver the Bonds to the Trustee for authentication. All terms and provisions of the Indenture and the Bonds are hereby incorporated in this Resolution. The appropriate officials of the Board and the University are hereby authorized to execute and deliver to the Trustee the written order of the Board for authentication and delivery of the Bonds in accordance with the provisions of the Indenture.

All or a portion of the Bonds may be issued as variable rate bonds or commercial paper and the University may provide the liquidity for the payment of such variable rate bonds or commercial paper from the General Revenues pledged under the Indenture or may limit payment of the purchase price for any optional or mandatory purchase to remarketing proceeds and, if determined advantageous, may also enter into liquidity agreements with credit providers and secure the repayment obligation of the Board and the University under such liquidity agreements as a Security Instrument Agreement all as provided in the Indenture.

Section 7. The Bond Purchase Agreement in substantially the form presented to this meeting is hereby authorized, approved and confirmed. The Chair or Vice Chair of the Board and/or the Chair of the Finance and Facilities Committee and the President, Chief Financial Officer and/or Vice President for Administrative Services of the University are hereby authorized to execute and deliver one or more Bond Purchase Agreements in substantially the same form and with substantially the same content as the form of the Bond

Purchase Agreement presented at this meeting for and on behalf of the Board and the University with final terms as may be established for the Bonds within the parameters set forth herein and with such alterations, changes or additions as may be necessary or as may be authorized hereby. The Chair or Vice-Chair of the Board and/or the Chair of the Finance and Facilities Committee and the President, Chief Financial Officer and/or Vice President for Administrative Services of the University are hereby authorized to specify and agree as to the final principal amounts, terms, discounts, maturities, interest rates (including variable rates), redemption features and purchase price with respect to the Bonds for and on behalf of the Board and the University and any changes thereto from those terms which were before the Board at the time of adoption of this Resolution, provided such terms are within the parameters set by this Resolution, with such approval to be conclusively established by the execution of the respective Bond Purchase Agreement and Supplemental Indenture. In the event that the foregoing officers determine that all or any portion of the Bonds should be privately placed, the Bond Purchase Agreement and Supplemental Indenture may be modified to conform to the agreement with such Purchasers, including agreement to pay breakage fees, default rates, taxable rates and other similar provisions customary in such placements, provided that such obligations are limited to the sources provided under the Indenture.

The Board intends that the Bonds authorized hereby be issued within 18 months of the date of this Resolution, unless such period is extended by the Board.

Section 8. The appropriate officials of the Board and the University, including without limitation the Chair or Vice Chair of the Board and/or the Chair of the Finance and Facilities Committee and the President, Chief Financial Officer and/or Vice President for Administrative Services of the University are authorized to make any alterations, changes or additions to the Indenture, the Bonds, the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, or any other document herein authorized and approved which may be necessary to correct errors or omissions therein, to complete the same, to remove ambiguities therefrom, to conform the same to other provisions of said instruments, to the provisions of this Resolution or any resolution adopted by the Board or the provisions of the laws of the State of Utah or the United States or to permit the private placement or public sale of the Bonds, to conform such documents to the terms established for the Bonds and to update such documents with current information and practices, including variable rate and tender provisions.

Section 9. The appropriate officials of the Board and the University, including without limitation the Chair, Vice Chair, the Chair of the Finance and Facilities Committee, Commissioner of Higher Education and Secretary of the Board and the President, Chief Financial Officer and/or Vice President for Administrative Services of the University, are hereby authorized and directed to (i) execute and deliver for and on behalf of the Board and the University any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein and (ii) take all action necessary or reasonably required by the Indenture, the Preliminary Official Statement, the Official Statement, or the Bond Purchase

Agreement to carry out, give effect to and consummate the transactions as contemplated thereby and are authorized to take all action necessary in conformity with the Act.

Section 10. Upon their issuance, the Bonds will constitute special limited obligations of the Board payable solely from and to the extent of the sources set forth in the Indenture. No provision of this Resolution, the Bonds, the Bond Purchase Agreement, the Official Statement, the Indenture or any other instrument executed in connection with the issuance of the Bonds, shall be construed as creating a general obligation of the Board or the University, or of creating a general obligation of the State of Utah or any political subdivision thereof, nor as incurring or creating a charge upon the general credit of the Board, the University, the State of Utah or any political subdivision thereof.

Section 11. After any of the Bonds are delivered by the Trustee to or for the account of the Purchaser and upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 12. If any provisions of this Resolution should be held invalid, the invalidity of such provisions shall not affect the validity of any of the other provisions of this Resolution.

Section 13. All resolutions of the Board or parts thereof inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, resolution or ordinance or part thereof.

Section 14. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE STATE BOARD OF REGENTS OF THE  
STATE OF UTAH THIS 17TH DAY OF MAY, 2019.

STATE BOARD OF REGENTS OF THE  
STATE OF UTAH

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Chair

ATTEST:

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Secretary

STATE OF UTAH                    )  
  : ss.  
COUNTY OF SALT LAKE    )

I, Loreen Olney, do hereby certify that I am the duly qualified and acting Secretary of the State Board of Regents of the State of Utah.

I further certify that the above and foregoing constitutes a true and correct copy of an excerpt of the minutes of a meeting of said Board held on May 17, 2019 and of a resolution adopted at said meeting, as said minutes and resolution are officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of said Board this 17<sup>th</sup> day of May, 2019.

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Secretary

(SEAL)



how they could be connected to the meeting. The State Board of Regents held the meeting (the anchor location) in the building where it would normally meet and provided space and facilities at the anchor location so that interested persons and the public could attend and participate.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of the State Board of Regents of the State of Utah, this 17<sup>th</sup> day of May, 2019.

(SEAL)

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Secretary

SCHEDULE 1

NOTICE OF PUBLIC MEETING

(See Transcript Document No. \_\_\_\_)

SCHEDULE 2

NOTICE OF ANNUAL MEETING SCHEDULE

(See Transcript Document No. \_\_\_\_)

SCHEDULE 3

ELECTRONIC MEETING POLICY

EXHIBIT A

PARAMETERS OF THE BONDS

Principal amount not to exceed	\$125,000,000
Interest rate not to exceed	6.0%
Interest Rate for Variable Rate Bonds or Commercial Paper not to exceed	12.0%
Discount from par not to exceed	2.0%
Final maturity not to exceed	Thirty (30) years from the date thereof
May be non-callable or callable at the option of University as determined at the time of sale	



**PRELIMINARY FINANCING SUMMARY**  
**For an Aggregate Principal Amount Not to Exceed**  
**\$125,000,000**  
**State Board of Regents of the State of Utah**  
**UNIVERSITY OF UTAH**  
**General Revenue Bonds**  
**May 17, 2019**

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Purpose:	To finance, together or separately, (i) the construction of a portion of a cancer care center (the “Cancer Care Project”) in an amount not to exceed \$40,000,000, and (ii) the construction of a stadium upgrade (the “Stadium Project”) in an amount not to exceed \$80,000,000, together with other amounts necessary to pay costs of issuance, pay capitalized interest and fund any debt service reserve requirements, if any.
Not-to-Exceed Par Amount:	<b>\$125,000,000</b>
Security:	The proposed bonds (the “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.
Method of Sale:	Negotiated public offering
True Interest Cost:	TBD
Underwriters:	TBD
Sale Date:	TBD – Late 2019 or Early 2020
Closing Date:	TBD – Late 2019 or Early 2020
Principal Payment Dates:	August 1 of each year, with the beginning date to be determined based on need for capitalized interest, if any, or for other reasons
Interest Payment Dates:	August 1 and February 1



**Preliminary Financing Summary**

**May 17, 2019**

**Page 2 of 2**

Interest Basis:	30/360
Parameters:	Not-to-Exceed Par for the Cancer Care Project: \$40,000,000 Not-to-Exceed Par for the Stadium Project: \$80,000,000 Not-to-Exceed Term: 30-years from the date of the Bonds' issuance Not-to-Exceed Interest Rate: 6.00% Not-to-Exceed Interest Rate for Variable-Rate Bonds or Commercial Paper: 12.0% Not-to-Exceed Discount from Par: 2.00%
Optional Redemption:	May be non-callable or callable at the option of the University of Utah, as determined at the time of the sale
University Contacts:	Ms. Cathy Anderson, Chief Financial Officer (801-581-6940) Mr. John Nixon, Vice President for Administrative Services (801-585-0806) Mr. Robert Muir, Director of Treasury Services (801-585-5598)
Bond Counsel:	Mr. Blake Wade, Gilmore & Bell (801-258-2725)
Municipal Advisor:	Mr. Kelly Murdock, George K. Baum & Company (801-538-0351)