

March 1, 2024

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

Dear Interim Commissioner Landward:

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 March 2024 meeting, for the issuance of a General Revenue and Refunding 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 John and Marcia Price Computing and Engineering Building project (the "Price Building Project"), (b) certain improvements in connection with a P3 undergraduate student housing project at the University (the "Improvements Project"), (c) construction of various research projects permitted under the Utah Industrial Facilities and Development Act (the "Research Projects" and together with the Price Building Project and the Improvements Project, the "Bonded Projects") and (d) authorization for refunding all or any portion of the outstanding bonds issued by the Board on behalf of the University for up to \$175,000,000 (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 May or June of 2024.

Details are as follows:

Authorization to Bond up to \$76,198,000 for the Construction of the Price Building Project. The John and Marcia Price Computing and Engineering Building project (Price Building Project) envisions a building of approximately 253,000 square feet. The Price Building Project is expected to provide additional classrooms, research space, collaboration space, conference rooms, event space and parking stalls within the new building's footprint. Total cost of construction is estimated to be approximately \$189.0 million. The University has received approval of \$112.8 million of state funding and anticipates adding \$76.2 million of bond proceeds for the remaining costs of construction. Debt service is expected to be paid with donor monies, federal funds, parking revenues and University funds. Construction is expected to be completed in the latter half of 2026.

The University received legislative authorization during the 2023 Session to issue up to \$76,198,000 in bonds, together with other amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements, if necessary.

The University's Board of Trustees ("Trustees") is expected to approve such bonding in its March 2024 meeting.

Authorization to Bond up to \$25,000,000 for the Construction of the Improvements Project. The University is currently negotiating a Private Public Partnership (P3) with a developer for the construction of a new, on-campus student housing building. It is expected that the University's portion of certain improvements in connection with the new housing facility be up to \$25 million. This will be used primarily for site preparation and first floor development and repayment will be generated from housing and/or land lease revenues. The University is looking to utilize a portion of its 2023 legislative bonding authority to pay for these costs.

The University received legislative approval during the 2023 General Session in SB 297 for issuing up to \$382.4 in bonds, together with other amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements, if necessary, for the construction of undergraduate student housing.

The University's Trustees is expected to approve such bonding in its March 2024 meeting.

Authorization to Bond up to \$10,000,000 for the construction of the Research Projects permitted under the Utah Industrial Facilities and Development Act. The Board of Trustees of the University is empowered to issue up to \$10,000,000 of bonds in any one fiscal year to finance the acquisition, construction, improvement, equipping and furnishing of buildings and projects on behalf of the University and desires to finance various research projects as permitted by the Act together with other amounts necessary to pay costs of issuance, pay capitalized interest and fund any debt service reserve requirements. In no case shall the total par amount of this bond exceed \$10,000,000. The funds will be used primarily for research building upgrades and renovations and will be repaid with Facility and Administrative Cost Recovery funds.

The University's Trustees is expected to approve such bonding in its March 2024 meeting.

Authorization to Bond up to \$175,000,000 for Refunding Outstanding Bonds. The University is also seeking renewed authorization to refund up to \$175,000,000 for 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 and/or the refunding of "Build America Bonds" to eliminate the risks of subsidy payment shortfall by the federal government). Such bonds may be issued in one or more series and combined with any other series of general revenue bonds.

The University will include any refunding opportunities as part of its proposed Series 2024A issue. The University will be seeking feedback and information from its municipal advisor and members of its Underwriting Pool relating to refunding opportunities that may exist among outstanding Bonds and which the University should consider.

The Board approved a similar refunding authorization in its September 2022 meeting and such authorization expires in March 2024.

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

Sincerely,



Cathy Anderson
Chief Financial Officer

cc: Taylor Randall, President
Michael Good, Senior Vice President
Mitzi Montoya, Senior Vice President
Robert Muir, Associate Vice President
Nate Talley, 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