



# MEMORANDUM

March 21, 2024

## University of Utah – Series 2024A Revenue Bonds

Utah Board of Higher Education [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 \$300,000,000 of General Revenue Bonds for the purposes described below.

### **Request to Issue Approximately \$300,000,000 Authorized by State Legislature**

The University of Utah requests Board authorization to issue General Revenue Bonds for the following purposes as authorized by the state Legislature:

- \$76,198,000 for the construction of the John and Marcia Price Computing and Engineering Building. This project is approximately 253,900 square feet of classrooms, research space, collaboration space, conference rooms, event space, and parking stalls for computer and engineering programs. The John & Marcia Price Computing and Engineering Building project was approved by the Board in September 2022 and financed by the Legislature in 2023 via \$112.8 million in state appropriations and \$76.2 million in approved bonding authority (SB 297). Donations, parking revenues, federal funds, and other institutional revenues will be the primary source of repayment for the bonds.
- \$25,000,000 for the construction of the Improvements Project as approved by the Board in November 2021 and authorized by the state Legislature. This project is expected to cover the university's portion of certain improvements in connection with a new student housing facility that will be developed through a public-private partnership. Student housing fees and other auxiliary revenues will be the primary source of repayment for these bonds.
- \$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 no more than \$10 million in 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 projects as permitted by the Act.
- \$175,000,000 for Refunding Outstanding Bonds. The university is seeking approval from the Board to refund up to \$175 million for all or any portion of the outstanding bonds issued by the Board on behalf of the university according to certain parameters therein (including net present

value savings of at least three percent). The Board approved a similar refunding authorization in the September 2022 meeting, and such authorization expires in March 2024.

The maximum parameters of the requested issuance are:

- Principal amount not to exceed \$300,000,00 (including costs of issuance and capitalized interest)
- Interest rate not to exceed 6.50%
- Discount from par not to exceed 2%
- Final maturity not to exceed 35 years from the date of issue

### **Impact to Financial Metrics and Sufficiency of Revenue Streams**

As of June 30, 2023, the University of Utah held \$1,811,050,000 of outstanding bond indebtedness, and for Fiscal Year 2023, reported \$2,357,517,788 in total long-term debt. In FY 2023, the University of Utah's viability and debt burden ratios measured 1.69 and 3.84, respectively. With this and other newly requested bond issuance authority, the Commissioner's office conservatively estimates that the University of Utah's viability and debt burden ratios will approximate 1.4 and 4.4, holding other factors constant. Importantly, these estimated values would remain well within established tolerances for each measure (viability ratio minimum threshold of 1:1 and debt burden ratio maximum threshold of 7.0).

### **Commissioner's Recommendation**

The Commissioner recommends the Board approve the proposed resolution for the University of Utah's General Revenue and Refunding Bonds Series 2024A.

### **Attachments**

Board of Higher Education March 2024 Letter  
Preliminary Financing Summary  
U of U Price Computing and Engineering Building  
Resolution of Utah Board of Higher Education