



MEMORANDUM

May 18, 2023

University of Utah – Series 2023B Revenue Bonds

Board 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 \$214,000,000 of General Revenue Bonds for the purposes described in the following sections.

Request to Issue Approximately \$214,000,000 Authorized by State Legislature

The University of Utah requests Board authorization to issue General Revenue Bonds for the following purposes that have been authorized by the state legislature:

- \$214,000,000 for the construction of the West Village Family and Graduate Housing Phase Two project as approved by the Board in November 2022 and authorized by the 2023 Legislative Session (S.B. 297); housing rental fees will be the primary source of repayment for the bonds.

The relevant parameters of the requested issue are:

- Principal amount not to exceed \$214,000,000 (before costs of issuance and capitalized interest)
- Interest rate not to exceed 6.0%
- 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, 2022, the University of Utah held \$1,211,665,000 of outstanding bond indebtedness, with a Fiscal Year 2022 viability ratio of 2.22 and a debt burden ratio of 2.2%. After accounting for the requested bond issuance and holding other factors constant, a naïve estimate demonstrates that the University of Utah will remain well within system standards for viability and debt burden ratios, at 2 (1:1 minimum threshold) and 2.4% (7.0% maximum threshold), respectively. The University of Utah's general revenue pledge supported a 1.8 bond debt service ratio in Fiscal Year 2022, leaving a sufficient margin to remain above the 1:1 standard even after recognizing this bond issuance.

A copy of the request letter, financing summary, and the Approving Resolution are attached. Representatives from the University will attend the meeting to provide additional information and answer questions from the Board.

Commissioner’s Recommendation

The Commissioner recommends the Board approve the proposed Authorizing Resolution to issue General Revenue bonds for the University of Utah.

Attachments