



MEMORANDUM

November 9, 2022

Certification for State’s Moral Obligation Pledge for Debt

Utah Code 53B-21-102(1)(c) requires the Chair of the Board of Higher Education to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. All USHE institutions confirm they have sufficient financial resources to make all debt service payments for the calendar year 2023.

The state legislature authorizes the Board of Higher Education to issue bonds for USHE institutions to finance buildings based on revenues pledged from the operation of buildings, student fees, or proprietary activities. Revenue bonds issued by the Board are not indebtedness of the State of Utah but are secured by a pledge known as a “moral obligation” that the state may intercede to appropriate funds if a USHE institution cannot pay debt service obligations.

The statutory moral obligation requires the Chair of the Board to certify to the Governor whether any USHE institution requires assistance to meet debt service obligations or restore a shortfall in a debt service reserve fund. The Governor is not obligated to include the debt service in the Governor’s budget recommendations, nor is the state legislature obligated to appropriate funds to cover the shortfall. The moral obligation allows USHE to receive a higher credit rating based on the state’s “AAA” credit and thereby issue bonds at lower interest rates.

Estimated Calendar Year 2023 Principal and Interest Payments

University of Utah	\$143,147,502	UT	\$8,109,375
Utah State University	\$21,926,435	UVU	\$4,916,884
Weber State University	\$4,707,635	Snow	\$1,041,834
Southern Utah University	\$2,430,189	SLCC	\$1,467,125

For the calendar year 2023, all eight USHE institutions with outstanding revenue bond debt certify in the attached letters to the Commissioner that they have sufficient revenue to pay principal and interest payments and that all debt service reserve funds are fully funded and will not need any additional legislative appropriations. The Chair of the Board will not need to make a certification to the Governor for 2023.

Commissioner’s Recommendation

This is an information item; no action is required.

Attachments

October 17, 2022

Dr. David Woolstenhulme, Commissioner
Utah System of Higher Education
60 South 400 West
Salt Lake City, Utah 84101-1284

Subject: 2023 Certification for the State's Moral Obligation Pledge

Dear Commissioner Woolstenhulme:

Revenue bonds issued by the State Board of Higher Education on behalf of institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

The **University of Utah** hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Higher Education on behalf of the **University of Utah** are fully funded as required by the related authorizing proceedings and therefore the University of Utah will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. The **University of Utah** also hereby acknowledges and confirms that the University of Utah has sufficient revenue projected for calendar year 2023 (January 1, 2023 to December 31, 2023) necessary to pay the required principal and interest payments for bonds issued by the State Board of Higher Education for calendar year 2023. The estimated amount of principal and interest for calendar year 2023 for debt service covered by the moral obligation pledge is \$143,147,502, of which \$15,555,828 will be paid by funds borrowed for capitalized interest that is in the custody of and managed by the University trustee, Computershare Trust Company. The Board of Higher Education will not need to certify to the Governor any amount needed for the **University of Utah** for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2023.

Sincerely,



Cathy Anderson, CPA
Chief Financial Officer
Vice President, Administrative Services

Cc: Juliette Tennert, Utah System of Higher Education
Robert. Muir
Randy Larsen, Gilmore & Bell
Brad Patterson, Gilmore & Bell



October 18, 2022

Dr. David Woolstenhulme, Commissioner
Utah System of Higher Education
Board of Higher Education Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

Subject: 2023 Certification for the State's Moral Obligation Pledge

Dear Commissioner Woolstenhulme:

Revenue bonds issued by the State Board of Higher Education on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Utah State University hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Higher Education on behalf of the University are fully funded as required by the related authorizing proceedings and therefore the University will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Utah State University also hereby acknowledges and confirms that the University has sufficient revenue projected for calendar year 2023 (January 1, 2023 to December 31, 2023) necessary to pay the required principal and interest payments for bonds issued by the State Board of Higher Education for calendar year 2023. The estimated amount of principal and interest for calendar year 2023 is \$21,926,435. The Board of Higher Education will not need to certify to the Governor any amount needed for Utah State University for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2023.

Sincerely,

A handwritten signature in black ink, appearing to read 'David T. Cowley'.

David T. Cowley
Vice President
for Finance & Administrative Services



November 1, 2022

Dr. David Woolstenhulme, Commissioner
Utah System of Higher Education
Board of Higher Education Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

Subject: 2023 Certification for the State's Moral Obligation Pledge

Dear Commissioner Woolstenhulme:

Revenue bonds issued by the State Board of Higher Education on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Weber State University hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Higher Education on behalf of the University are fully funded as required by the related authorizing proceedings and therefore the University will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Weber State University also hereby acknowledges and confirms that the University has sufficient revenue projected for calendar year 2023 (January 1, 2023 to December 31, 2023) necessary to pay the required principal and interest payments for bonds issued by the State Board of Higher Education for calendar year 2023. The estimated amount of principal and interest for calendar year 2023 is \$4,707,635. The Board of Higher Education will not need to certify to the Governor any amount needed for Weber State University for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2023.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ronald L. Smith'.

Ronald L. Smith C.P.A.
Weber State University Controller

November 1, 2022

Dr. David Woolstenhulme, Commissioner
Utah System of Higher Education
Board of Higher Education Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

Subject: 2023 Certification for the State's Moral Obligation Pledge

Dear Commissioner Woolstenhulme:

Revenue bonds issued by the State Board of Higher Education on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Southern Utah University hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Higher Education on behalf of the University are fully funded as required by the related authorizing proceedings and therefore the University will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Southern Utah University also hereby acknowledges and confirms that the University has sufficient revenue projected for calendar year 2023 (January 1, 2023 to December 31, 2023) necessary to pay the required principal and interest payments for bonds issued by the State Board of Higher Education for calendar year 2023. The estimated amount of principal and interest for calendar year 2023 is \$2,430,188.76. The Board of Higher Education will not need to certify to the Governor any amount needed for Southern Utah University for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2023.

Sincerely,



Marvin L. Dodge
Southern Utah University
Vice President of Finance & Administration

Paul Morris
Vice President of Administrative
Affairs
Paul.Morris@utahtech.edu

November 1, 2022

Dr. David Woolstenhulme, Commissioner
Utah System of Higher Education
Board of Higher Education Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

Subject: 2023 Certification for the State's Moral Obligation Pledge

Dear Commissioner Woolstenhulme:

Revenue bonds issued by the State Board of Higher Education on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Utah Tech University hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Higher Education on behalf of the University are fully funded as required by the related authorizing proceedings and therefore the University will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Utah Tech University also hereby acknowledges and confirms that the University has sufficient revenue projected for calendar year 2023 (January 1, 2023 to December 31, 2023) necessary to pay the required principal and interest payments for bonds issued by the State Board of Higher Education for calendar year 2023. The estimated amount of principal and interest for calendar year 2023 is \$8,109,375. The Board of Higher Education will not need to certify to the Governor any amount needed for Utah Tech University for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2023.

Sincerely,



Paul Morris
VP of Administrative Affairs



UTAH VALLEY UNIVERSITY

ASSOCIATE VICE PRESIDENT FOR FINANCE

October 6, 2022

Dr. David Woolstenhulme, Commissioner
Utah System of Higher Education
Board of Higher Education Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

Subject: 2023 Certification for the State's Moral Obligation Pledge

Dear Commissioner Woolstenhulme:

Revenue bonds issued by the State Board of Higher Education on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Utah Valley University hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Higher Education on behalf of the University are fully funded as required by the related authorizing proceedings and therefore the University will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Utah Valley University also hereby acknowledges and confirms that the University has sufficient revenue projected for calendar year 2023 (January 1, 2023 to December 31, 2023) necessary to pay the required principal and interest payments for bonds issued by the State Board of Higher Education for calendar year 2023. The estimated amount of principal and interest for calendar year 2023 is \$4,916,884. The Board of Higher Education will not need to certify to the Governor any amount needed for Utah Valley University for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2023.

Sincerely,

Jacob Atkin
Associate Vice President for Finance
Utah Valley University



OFFICE OF FINANCE AND ADMINISTRATIVE SERVICES

October 13, 2022

Dr. David Woolstenhulme, Commissioner
Utah System of Higher Education
Board of Higher Education Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

Subject: 2023 Certification for the State's Moral Obligation Pledge

Dear Commissioner Woolstenhulme:

Revenue bonds issued by the State Board of Higher Education on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Snow College hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Higher Education on behalf of the College are fully funded as required by the related authorizing proceedings and therefore the College will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Snow College also hereby acknowledges and confirms that the College has sufficient revenue projected for calendar year 2023 (January 1, 2023 to December 31, 2023) necessary to pay the required principal and interest payments for bonds issued by the State Board of Higher Education for calendar year 2023. The estimated amount of principal and interest for calendar year 2023 is \$1,041,834.25. The Board of Higher Education will not need to certify to the Governor any amount needed for Snow College for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2023.

Sincerely,

Dr. Carson Howell
Vice President of Finance & Administrative Services



November 1, 2022

Dr. David Woolstenhulme, Commissioner
Utah System of Higher Education
Board of Higher Education Building, The Gateway
60 South 400 West
Salt Lake City, Utah 84101-1284

Subject: 2023 Certification for the State's Moral Obligation Pledge

Dear Commissioner Woolstenhulme:

Revenue bonds issued by the State Board of Higher Education on behalf of the institutions are not indebtedness of the State of Utah. However, U.C.A. 53B-21-102(1)(c) requires the Chair of the Board to certify annually by December 1 any amount required to restore debt service reserve funds or to meet projected shortfalls of principal or interest for the coming year. Based on the Chair's certification, the Governor may request a legislative appropriation to restore the debt service reserve fund or meet a projected principal or interest payment deficiency.

Salt Lake Community College hereby acknowledges and confirms that the debt service reserve funds established for bonds issued by the State Board of Higher Education on behalf of the College are fully funded as required by the related authorizing proceedings and therefore the College will not need any legislative appropriations to restore any debt service reserve funds established for such bonds. Salt Lake Community College also hereby acknowledges and confirms that the College has sufficient revenue projected for calendar year 2023 (January 1, 2023 to December 31, 2023) necessary to pay the required principal and interest payments for bonds issued by the State Board of Higher Education for calendar year 2023. The estimated amount of principal and interest for calendar year 2023 is \$1,467,125.00. The Board of Higher Education will not need to certify to the Governor any amount needed for Salt Lake Community College for purposes of U.C.A. 53B-21-102(1)(c) for calendar year 2023.

Sincerely,

A handwritten signature in blue ink that reads "Chris A. Martin".

Chris A. Martin
Vice President for Finance and Administration/CFO

cc: Debra Glenn