

October 7, 2009

MEMORANDUM

TO: State Board of Regents
FROM: William A. Sederburg
SUBJECT: University of Utah – Hospital Revenue Bond, Series 2009

Issue

Utah Code 53B-21 and Regent Policy R590 (3.3.6) require the institutions to “obtain a Board resolution through the Finance and Facilities Committee of the Board authorizing issuance of the bonds.” In accordance with this Policy, the University of Utah is seeking approval to issue University of Utah Hospital Revenue Bonds, Series 2009, to finance the expansion of the University Neuropsychiatric Institute UNI. This building project was first approved by the Regents and the Building Board in October of 2007 and the Legislature in the 2008 Session as a donation project. Subsequently, the project was approved by the Regents and the Building Board in October of 2008 and by the Legislature in the 2009 Session as a revenue bond project.

Attached is the letter of request from the University and a copy of the resolution which includes the parameters for principal amounts, terms, discounts and timing (provided by bond counsel).

Commissioner’s Recommendation

The Commissioner recommends that the Regents grant approval for the University to issue University of Utah Hospital Revenue Bonds, Series 2009.

William A. Sederburg
Commissioner of Higher Education

WAS/GLS/TC
Attachments

APPROVING RESOLUTION
UNIVERSITY OF UTAH
HOSPITAL REVENUE BONDS, SERIES 2009

Salt Lake City, Utah
October 16, 2009

The State Board of Regents of the State of Utah met in regular session at the Board of Regents offices in Salt Lake City, Utah on Friday, October 16, 2009, commencing at [9:00] a.m. The following members were present:

Jed H. Pitcher	Chair
Bonnie Jean Beesley	Vice Chair
Jerry C. Atkin	Member
Brent L. Brown	Member
Rosanita Cespedes	Member
France A. Davis	Member
Katharine B. Garff	Member
Greg W. Haws*	Member
Meghan Holbrook	Member
David J. Jordan	Member
Nolan E. Karras	Member
Robert S. Marquardt	Member
Anthony W. Morgan	Member
Basim Motiwala**	Member
Carol Murphy *	Member
William H. Prows	Member
Marlon O. Snow	Member
Teresa L. Theurer	Member
John H. Zenger	Member

Absent:

Also Present:

William A. Sederburg	Commissioner of Higher Education
Greg Stauffer	Associate Commissioner for Finance and Facilities
Joyce Cottrell, C.P.S.	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 Chair announced 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 Hospital Revenue Bonds, Series 2009.

* Non-voting member from State Board of Education.

** Student Regent.

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

YEA:

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 HOSPITAL REVENUE BONDS, SERIES 2009 IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$[50,000,000]; AUTHORIZING THE EXECUTION OF A SEVENTH SUPPLEMENTAL INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; 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; and

WHEREAS, pursuant to the provisions of Title 53B, Chapter 1, Utah Code Annotated 1953, as amended, the Board is authorized to act as the governing authority of University of Utah (the “University”) for the purpose of exercising the powers contained in Title 53B, Chapter 21, Utah Code Annotated 1953, as amended and the specific authorization of Section 63B-18-202, Utah Code Annotated 1953, as amended (collectively, the “Act”); and

WHEREAS, pursuant to a General Indenture of Trust dated as of November 1, 1997 as heretofore amended and supplemented (the “General Indenture”) between the Board and Wells Fargo Bank, N.A., as trustee (the “Trustee”), the Board previously issued, for and on behalf of the University, (among others) its State Board of Regents of the State of Utah, University of Utah Hospital Revenue Refunding Bonds Series 2005A, its State Board of Regents of the State of Utah University of Utah Hospital Revenue and Refunding Bonds, Series 2006A and its State Board of Regents of the State of Utah University of Utah Variable Rate Hospital Revenue Refunding Bonds, Series 2008 (collectively, the “Outstanding Bonds”); and

WHEREAS, the General Indenture authorizes the issuance of Additional Bonds to be issued on a parity with the Outstanding Bonds; and

WHEREAS, pursuant to the Act, the Board, for and on behalf of the University, is authorized to issue bonds payable from certain revenues of the University for the purpose of (i) financing all or part of the costs of acquiring, constructing, furnishing and equipping an expansion to the University’s Neuropsychiatric Institute (the “Series 2009 Project”), (ii) funding any reserves and (iii) paying costs of issuance related thereto; and

WHEREAS, to accomplish the purposes set forth in the preceding recital, the Board desires to authorize and approve the issuance and sale of the State Board of Regents of the State of Utah, University of Utah Hospital Revenue Bonds, Series 2009

(or such other title and/or series designation(s) as may be determined by the officers of the Board) (the "Series 2009 Bonds") in an aggregate principal amount of not to exceed \$[50,000,000], pursuant to the General Indenture, as further supplemented and amended by a Seventh Supplemental Indenture of Trust between the Board and the Trustee (the "Seventh Supplemental Indenture" and together with the General Indenture, the "Indenture"); and

WHEREAS, the Series 2009 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 (i) a form of a Bond Purchase Agreement (the "Bond Purchase Agreement") for the Series 2009 Bonds, (ii) a form of a Preliminary Official Statement relating to the Series 2009 Bonds (the "Preliminary Official Statement"), and (iii) a form of the Seventh Supplemental Indenture; and

WHEREAS, the Board desires to grant to the Chair, Vice Chair and/or the Chair of the Finance, Facilities and Accountability Committee of the Board the authority to approve the final interest rates, principal amounts, terms, maturities, redemption provisions and purchase price at which the Series 2009 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 action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and the University and the officers of the Board and the University directed toward the issuance of the Series 2009 Bonds and the construction of the Series 2009 Project 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 Series 2009 Bonds. The Chair, Vice Chair and/or Chair of the Finance, Facilities and Accountability Committee of the Board and the President and Vice President for Administrative Services of the University are hereby authorized to execute and deliver on behalf of the Board a final Official Statement (the "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 are also hereby authorized.

Section 4. The Seventh 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, Facilities and Accountability Committee and Secretary of the Board and the President and Vice President for Administrative Services of the University are hereby authorized to execute and deliver the Seventh Supplemental Indenture 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 by Section 8 hereof.

Section 5. For the purpose of (i) financing the costs of the Series 2009 Project, (ii) funding any reserves and (iii) paying costs of issuance of the Series 2009 Bonds, the Board hereby authorizes the issuance of the Series 2009 Bonds in the aggregate principal amount of not to exceed \$[50,000,000]. The Series 2009 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, Vice Chair and/or the Chair of the Finance, Facilities and Accountability Committee of the Board, all within the parameters set forth on Exhibit A attached hereto and incorporated herein by reference. The Board understands that there is a new program under which the Board may issue federally taxable "Build America Bonds," which could achieve a better interest rate than federally tax-exempt bonds due to a federal interest rate subsidy. The Board recognizes that Build America Bonds are often structured and sold in a market which does not have the traditional call provisions found in federally tax-exempt bonds. The Chair, Vice Chair and/or Chair of the Finance, Facilities and Accountability Committee of the Board are hereby authorized to approve any required make-whole call provision with respect to Build America Bonds at the time of the bond sale. The issuance of the Series 2009 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 Series 2009 Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption and number shall be as set forth in the Indenture. The Chair, Vice Chair and/or Chair of the Finance, Facilities and Accountability Committee and the Secretary of the Board and the President and/or Vice President for Administrative Services of the University are hereby authorized to execute and seal by manual or facsimile signature the Series 2009 Bonds and to deliver the Series 2009 Bonds to the Trustee for authentication. All terms and provisions of the Indenture and the Series 2009 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 Series 2009 Bonds in accordance with the provisions of the Indenture.

Section 7. The Series 2009 Bonds shall be sold to the Underwriter with an Underwriter's discount of not to exceed 1.0% of the face amount of the Series 2009 Bonds (plus out of pocket expenses). The Bond Purchase Agreement in substantially the form presented to this meeting is hereby authorized, approved and confirmed. The Chair, Vice Chair and/or the Chair of the Finance, Facilities and Accountability Committee of

the Board and the President and/or Vice President for Administrative Services of the University are hereby authorized to execute and deliver the Bond Purchase Agreement, 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 with final terms as may be established for the Series 2009 Bonds within the parameters set forth herein and with such alterations, changes or additions as may be necessary or as may be authorized by Section 8 hereof. The Chair, Vice Chair and/or the Chair of the Finance, Facilities and Accountability Committee of the Board and the President 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, redemption provisions and purchase price with respect to the Series 2009 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 Bond Purchase Agreement and the Seventh Supplemental Indenture.

Section 8. The appropriate officials of the Board and the University, including without limitation the Chair, Vice Chair and/or the Chair of the Finance, Facilities and Accountability Committee of the Board and the President and/or Vice President for Administrative Services of the University are authorized to make any alterations, changes or additions to the Indenture, the Series 2009 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.

Section 9. The appropriate officials of the Board and the University, including without limitation the Chair, Vice Chair, the Chair of the Finance, Facilities and Accountability Committee, Commissioner of Higher Education and/or the Secretary of the Board and the President and/or Vice President for Administrative Services of the University, are hereby authorized and directed to 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.

Section 10. The appropriate officers of the Board and the University, including without limitation the Chair, Vice Chair, the Chair of the Finance, Facilities and Accountability Committee, Commissioner of Higher Education and/or Secretary of the Board and the President and/or Vice President for Administrative Services of the University are hereby authorized to 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 11. Upon their issuance, the Series 2009 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 Series 2009 Bonds, the Bond Purchase Agreement, the Official Statement, the Indenture or any other instrument executed in connection with the issuance of the Series 2009 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 12. After any of the Series 2009 Bonds are delivered by the Trustee to or for the account of the Underwriter and upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Series 2009 Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 13. 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 14. 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 15. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE STATE BOARD OF REGENTS OF THE
STATE OF UTAH THIS 16TH DAY OF OCTOBER, 2009.

STATE BOARD OF REGENTS OF
THE STATE OF UTAH

Chair

(S E A L)

ATTEST:

Secretary

After the conduct of other business not pertinent to the above, the meeting was, on motion duly made and seconded, adjourned.

Chair

(S E A L)

ATTEST:

Secretary

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 16th day of October, 2009.

Secretary

(S E A L)

SCHEDULE 1

Notice of Public Meeting
(See Transcript Document No. ____)

SCHEDULE 2

Notice of Annual Meeting Schedule
(See Transcript Document No. ____)

EXHIBIT A

Parameters

Principal amount not to exceed	\$[50,000,000]
Interest rates not to exceed	7.0%
Discount from par not to exceed	2.0%
Final Maturity not to exceed	21 years from date of issuance
If issued as federally tax-exempt bonds, optional call at not more than 101% of par on or prior to:	11 years from date of issuance
If issued as federally taxable Build America Bonds, a make-whole call provision or, a standard call provision (similar parameters as for tax-exempt) as shall be approved by the Chair, Vice Chair and/or Chair of the Finance, Facilities and Accountability Committee of the Board.	