

January 7, 2010

MEMORANDUM

TO: State Board of Regents
FROM: William A. Sederburg
SUBJECT: USHE – Annual Report of Institutional & System Bonded Indebtedness

Background

Utah Code 53B-21 provides the Regents with the authority to issue negotiable revenue bonds for the purpose of "acquisition, purchase, construction, improvement, remodeling, adding to, extending, furnishing or equipping of more than one building" (Section 101). Revenue bonds are secured by institutional income and revenues, including (but not limited to) student fees, land grant interest, and revenues from proprietary activities. Regents are also authorized to issue refunding bonds. While the initial revenue bonds require legislative authorization prior to issuance, refunding of existing bonds may be approved at the discretion of the Board of Regents.

College and university bonds are not counted as an official "debt of the state" (53B-21-102), but many bond covenants carry a "moral obligation" pledge stating that the Board of Regents will, in the case of potential default, formally request financial assistance from the Governor and Legislature.

Issue

In compliance with Regents' policy R590, *Issuance of Revenue Bonds for Facilities Construction or Equipment*, attached is the required annual report for fiscal year 2009 that summarizes institutional and system bonded indebtedness associated with revenue bonds. Prior to their issuance, the outstanding bonds covered in this report have all been through the process of Legislative authorization and Regents' approval as specified in State statutes and Regents' policy.

All bonds covered in the report are being retired on schedule with the debt service coverage requirements being met or exceeded in every case.

Commissioner's Recommendation

This is an information item only; no action is needed

William A. Sederburg
Commissioner of Higher Education

WAS/GLS/WRH
Attachments

Utah System of Higher Education

Outstanding College & University Revenue Bonds

Fiscal Year 2009

College or University (Contact Person)	Original Amount	Series	Purpose	Required Debt Service Coverage	2009 Debt Service Coverage	Maturity Date	Outstanding Balance as of June 30, 2009
U of U	\$ 11,140,000	1987A	Aux & Campus Fac Sys Ref Rev	1.0	1.49	2014	\$ 815,000
	52,590,000	1997A	Aux & Campus Fac Sys Rev (variable)	1.0	1.49	2027	8,810,000
	120,240,000	1998A	Aux & Campus Fac Sys Ref Rev	1.0	1.49	2016	53,664,302
	5,975,000	1999A	Aux & Campus Fac Sys Rev	1.0	1.49	2014	2,539,968
	2,755,000	2001	Aux & Campus Fac Sys Rev	1.0	1.49	2021	1,973,475
	9,685,000	2004A	Research Facilities Rev	N/A	0.93	2019	7,013,623
	5,515,000	2005A	Research Facilities Rev (Moran Eye Center)	N/A	0.93	2025	4,846,011
	20,130,000	2005B	Research Facilities Rev Ref	N/A	0.93	2020	15,266,710
	30,480,000	2005A	Hospital Rev Ref	1.25	2.64	2018	32,254,759
	42,955,000	2005A	Aux & Campus Fac Sys Ref Rev	1.0	1.49	2021	40,258,043
	77,145,000	2006A	Hospital Rev Ref	1.25	2.64	2032	82,016,717
	20,640,000	2008	Hospital Revenue Bonds (variable)	1.25	2.64	2031	20,640,000
	9,360,000	2008	Research Facilities Rev Ref	N/A	0.93	2022	9,054,032
<u>\$ 408,610,000</u>						<u>\$ 279,152,640</u>	
USU	\$ 15,010,000	1999A	Student Fee & Housing Sys Ref Rev	1.1	1.14	2014	\$ 9,575,000
	23,735,000	2002A	Research and Ref Rev	2.5	8.14	2017	17,580,000
	705,000	2003A	Research Revenue Bonds	2.5	8.14	2015	420,000
	11,065,000	2004A	Student Building Fee Ref Rev	1.1	1.19	2026	9,585,000
	39,155,000	2007	Student Fee & Housing Sys Rev Ref	1.1	1.19	2035	39,155,000
	22,000,000	2009	Research Revenue Bonds	2.5	8.14	2031	22,000,000
	<u>\$ 111,670,000</u>						<u>\$ 98,315,000</u>
WSU	\$ 5,050,000	1998A	Student Facilities Sys Ref Ref	1.25	1.82	2010	\$ 920,000
	12,280,000	2001A	Student Facilities Sys Rev	1.25	1.82	2012	860,000
	22,810,000	2005	Student Facilities Sys Rev	1.25	1.82	2032	22,675,000
	10,155,000	2007	Student Facilities Sys Rev Ref	1.25	1.82	2031	10,095,000
	<u>\$ 50,295,000</u>						<u>\$ 34,550,000</u>

College or University (Contact Person)	Original Amount	Series	Purpose	Required Debt Service Coverage*	2009 Debt Service Coverage	Maturity Date	Outstanding Balance as of June 30, 2009
SUU	\$ 4,540,000	2002A	Student Building Fee/Refunding Rev	1.15	1.72	2014	\$ 2,830,000
	10,060,000	2003	Student Building Fee/Refunding Rev	1.15	1.72	2023	8,605,000
	975,000	2005	Pav/Sta Fac Exp Student Bldg Fee Rev Ref	1.15	1.69	2014	558,648
	12,025,000	2008	Auxiliary System & Student Bldg. Fee Rev	1.15	1.72	2033	12,025,000
	<u>\$ 27,600,000</u>						<u>\$ 24,018,648</u>
Snow	none						<u>\$ 0</u>
DSC	\$ 5,195,000	2006	Dixie Center Lease Rev Ref	N/A	N/A	2023	<u>\$ 4,730,000</u>
CEU	none						<u>\$ 0</u>
UVU	\$ 11,020,000	2004A	Student Ctr Build Fee/Unified Sys Rev Ref	1.1	1.33	2020	\$ 7,020,000
	4,035,000	2004B	Student Ctr Build Fee/Unified Sys Rev Ref	1.1	1.33	2011	925,000
	3,900,000	2004A	MBA Utah County/Lease Rev	1.1	1.33	2019	3,140,000
	2,600,000	2004B	MBA Utah County/Lease Rev Taxable	1.1	1.33	2014	1,530,000
	<u>\$ 21,555,000</u>						<u>\$ 12,615,000</u>
SLCC	\$ 6,600,000	1998	Aux Sys & Student Fee Rev Ref	1.25	2.05	2012	\$ 2,765,000
	5,890,000	2001	Aux Sys & Student Fee Rev Ref	1.25	2.05	2016	5,490,000
	<u>\$ 12,490,000</u>						<u>\$ 8,255,000</u>
USHE Totals	<u><u>\$ 632,222,006</u></u>						<u><u>\$ 461,636,288</u></u>