



May 3, 2023

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

Dear Commissioner Woolstenhulme:

Utah State University requests that the Utah Board of Higher Education (UBHE) approve issuing revenue bonds of up to \$72,000,000, together with other amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirement to finance the South Campus Residence Hall and Parking Terrace projects located on the Logan Campus (see the attached Preliminary Summary Sheet). Bonds will be repaid with funds received from existing Auxiliary System revenues. A financial analysis to document the feasibility and sufficiency of the auxiliaries revenue streams is attached.

The south campus housing and parking projects were previously approved by the Board of Trustees, Utah Board of Higher Education, and the Legislature and are key to USU in addressing housing shortages for students coming to the Logan campus. Not only will the new facility replace very old housing units with modern apartments, but the on-campus housing capacity will also increase by 90 beds.

The Board of Trustees approved the issuance of Auxiliary System revenue bonds during the May 3, 2023 meeting. We appreciate your support and ask to be given time at the next Finance and Facilities Committee meeting to present this item and forward it to the Board for approval.

Sincerely,

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

David T. Cowley

Vice President for Finance & Administrative Services

cc: Nate Talley, Chief Financial Officer  
Malin Francis, Director of Facilities & Planning  
Noelle E. Cockett, President  
Dwight Davis, Associate Vice President for Finance & Administrative Services

**Utah State University**  
**Auxiliary System Revenue Bonds, Series 2023**  
**Preliminary Summary Sheet**

Proposed Issue: Auxiliary System Revenue Bonds

Total Approximate Issue Size: \$72,000,000

Use of Funds: To generate \$49.293 million for the South Campus Residence Hall, \$22.925 million for the South Campus Parking Terrace, and other monies to fund 2 years of capitalized interest, a debt service reserve fund, if needed, and to pay associated costs of issuance.

Detail of Proposed Series 2023 Bonds:

Principal Amount: Not to exceed \$84,000,000

Interest Rate: Not to exceed 5.0%

Maturity Date: Not to exceed 34 years

Aggregate Discount: Not to exceed 2%

Bond Rating: “AA” (state moral obligation)

Source of Repayment: Auxiliary System revenues

Indenture Amendments: As part of this bond issuance, the University will be making two amendments to the bond indenture:

1. Changing the name of the bonds to “Auxiliary System Revenue Bonds” from the current title of “Student Fee and Housing System Revenue Bonds.” This change better reflects the true nature of the Auxiliary system.

2. Eliminating the Bookstore net revenues from inclusion in the revenue pledge.

Timetable Considerations: The University will issue bonds through the Board of Higher Education in June, 2023, following approval at the May meetings. The University anticipates selling bonds by competitive sale, and the underwriter will be whichever provides the lowest total borrowing cost. The resolution will allow for the possibility of a negotiated sale should market conditions be more favorable for that option. The anticipated closing date is June 22, 2023.

**Utah State University**  
**2023 Auxiliary System Analysis**  
**Feasibility and Sufficiency of Revenue Streams to Support New South Campus Housing and Parking Garage**

Bonds Amount: \$70,400,000  
 True Interest Cost (TIC): 4.15%  
 Project Completion: Summer 2026

	2023 Year-End Forecast	2024 Projected	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Revenue	45,290,967	46,601,078	48,463,550	50,407,650	54,521,821	56,744,888	59,066,637
Expenses	29,948,546	31,713,721	32,697,422	33,712,729	35,417,262	36,518,611	37,655,360
<b>TOTAL INCOME FROM OPERATIONS</b>	15,342,420	14,887,356	15,766,127	16,694,922	19,104,559	20,226,277	21,411,276
Bond Debt	(8,265,643)	(8,251,348)	(8,595,312)	(8,619,420)	(12,709,895)	(12,709,895)	(12,709,895)
Internal Transfers for Residence Life & Administrative	(1,408,701)	(1,711,633)	(1,873,762)	(1,928,826)	(2,121,903)	(2,184,396)	(2,248,757)
<b>FUNDS AVAILABLE FOR REPAIRS &amp; REPLACEMENTS</b>	5,668,076	4,924,375	5,297,053	6,146,676	4,272,761	5,331,986	6,452,625
<b>BOND DEBT SERVICE RATIO (minimum 1.1 ratio required)</b>	1.86	1.80	1.83	1.94	1.50	1.59	1.68

Note: Pledge auxiliaries include Housing, Parking & Transportation, Taggart Student Center, Dining Services, and Campus Store

<i>Figure I.1</i>			
	<b>Student Fee and Housing (Auxiliary) System</b>	<b>Student Fee Stadium/Spectrum Recreation Facilities System</b>	<b>Research Revenue System</b>
<b>REVENUE</b>			
Operating revenue/gross profit	\$31,247,523	\$6,360,884	\$72,265,158
Nonoperating revenue	277,067	—	—
Total revenue	31,524,590	6,360,884	72,265,158
<b>EXPENSES</b>			
Operating expenses	18,035,898	—	—
Total expenses	18,035,898	—	—
Net pledged revenue	\$13,488,692	\$6,360,884	\$72,265,158
<b>PRINCIPAL PAID AND INTEREST EXPENSE</b>	\$6,351,509	\$4,706,455	\$6,599,565
<b>DEBT SERVICE RATIO</b>	2.12X	1.35X	10.95X