

STATE BUILDING OWNERSHIP AUTHORITY

PENDING Minutes of the Nov. 8, 2012 Meeting

Rampton Board Room

C200 State Capitol

Salt Lake City, UT 84114

Building Ownership Authority Members Attending:

Greg Bell, Lieutenant Governor and Chair of the Commission

Richard Ellis, State Treasurer and Secretary of the Commission

Building Ownership Authority Members Excused:

George Daines, Vice Chair

Others in Attendance:

David Damschen, Chief Deputy State Treasurer

Bryce Pettey, Assistant Attorney General

Jon Bronson, Zions Bank Public Finance

Eric Pehrson, Zions Bank Public Finance

Brian Baker, Zions Bank Public Finance

Ryan Bjerke, Chapman & Cutler LLP

Blake Wade, Ballard Spahr LLP

Kim Hood, Department of Administrative Services

Richard Amon, Department of Administrative Services

John Nichols, Division of Facilities Construction and Management

Annette Julander, Division of Facilities Construction and Management

Approval of Minutes – Treasurer Ellis made a motion to approve the minutes of the September 12, 2012 meeting of the Building Ownership Authority. Lt. Governor Greg Bell seconded the motion. The motion carried unanimously.

Adoption of Resolution – Treasurer Ellis and the state’s financial advisor Jon Bronson summarized the outcome of the sale of the \$27,310,000 Lease Revenue and Refunding Bonds Series 2012A and B, and discussed economic and market factors that affected the transaction.

The Series 2012A bonds were a tax exempt advance refunding of \$15,610,000 in bonds. The method of sale was via competitive bid, and brought 13 bidders. BMO Capital Markets placed the winning bid, which resulted in a Total Interest Cost (TIC) of 2.11%.

The Series 2012B bonds were a taxable lease revenue and refunding issuance of \$11,700,000 in bonds. The 2012B bonds were also sold competitively, with 10 bidders, and BMO Capital Markets again placing the winning bid, which resulted in a Total Interest Cost (TIC) of 1.37%.

The savings to the State from these refundings are significant. The Net Present Value (NPV) benefit was approximately \$2.9 million from both series combined. The percentage-basis NPV savings exceeded 13% on Series A and was over 8% on Series B, both well in excess of the “rule of thumb” threshold of 3% NPV savings which typically indicates that a refunding may provide sufficient savings.

Blake Wade, bond counsel to the Authority, explained and presented the resolution approving the sale of the \$27,310,000 Series 2012A and B bonds.

Treasurer Ellis made a motion to approve the Resolution adopting the sale of the bonds. Lt. Governor Greg Bell seconded the motion to approve the Resolution. The motion was passed unanimously.

Lt. Governor Bell discussed putting together a 10-year capital facilities plan that colleges and agencies could depend on. He asked Jon Bronson and Richard Ellis to discuss this.

Treasurer Ellis made a motion to adjourn. Lt. Governor Bell seconded the motion. The motion was passed unanimously.

The meeting was adjourned.