

UHEAA BOARD OF DIRECTORS

UHEAA EXECUTIVE DIRECTOR'S REPORT

August 28, 2014

Utah Higher Education Assistance Authority

David A. Feitz, Executive Director
60 South 400 West
Salt Lake City, UT 84101
801.321.7210
dfeitz@utahsbr.edu

Benjamin Aguayo

2

- UHEAA's new Director of Business Development and Marketing
- Extensive marketing background with over 18 years of experience
- Worked in Sen. Hatch's DC office



Benjamin Aguayo

3

- Graduate of USU
 - Attended on a golf scholarship
- Key role at UHEAA – repositioning
 - Default prevention
 - Repay Centsibly
 - Supplemental loan program

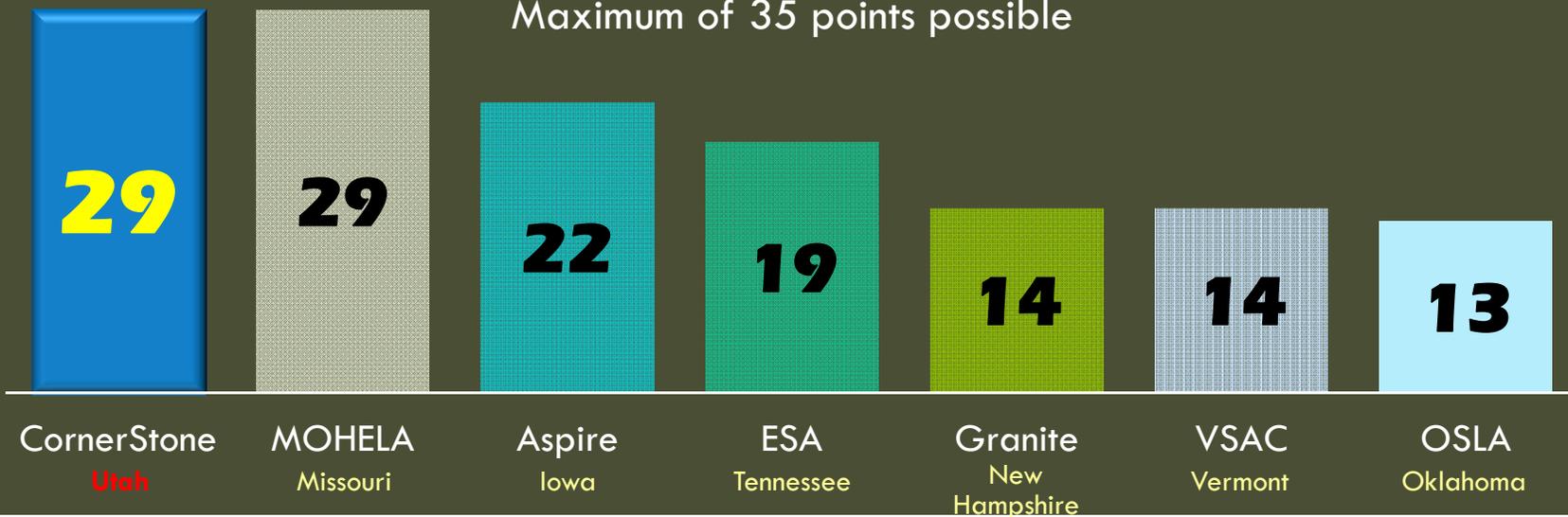


CornerStone: Top metric score

4

2014 Final Metric-Score Rankings for the four quarters ending June 30, 2014

Maximum of 35 points possible



Federal servicing update

5

- ❑ CornerStone has met or exceeded all U.S. Department of Education servicing requirements.
- ❑ Strong performance metrics achieved despite a challenging portfolio of mature, in-repayment loans from all 50 states and U.S. territories.



Service performance metrics

6

- ❑ % of borrowers in current repayment status
- ❑ % of borrowers > 90 days delinquent
- ❑ Resolution of borrowers delinquent > 180 days
- ❑ Borrower survey score
- ❑ U.S. Department of Education personnel survey score



Focus on metric-driven results

7

Federal Personnel Survey



**Best Score
Ever**



Focus on metric-driven results

U.S. Department of Education
Personnel Survey – Consistently
high marks

*“UHEAA is highly oriented toward serving
our staff and their interactions are stellar.”*

– U.S. Department of Education
Survey Comment



Metric performance

9

Percent of Borrowers More Than 90 Days Delinquent



Metric performance

10

Resolution of Borrowers Delinquent More Than 180 Days



Federal servicing update

11

Management's goal: Top score in every metric

- Only the most recent four quarters count toward U.S. Department of Education August allocation announcement.
- Announcement expected before the end of August 2014.



Federal servicing update

12

- Two favorable expectations based on performance
 - More servicing volume
 - Access to new accounts through Department's Common Origination and Disbursement (COD) system



Federal servicing update

13

- March 31, 2014 letter from Department of Education (See Tab III-A)
 - Successful NFP servicers will receive additional allocations
 - One to two million account threshold to qualify for COD has been dropped
- Fee re-evaluation: Increase in servicing fee possible



UHEAA student loan servicing volume

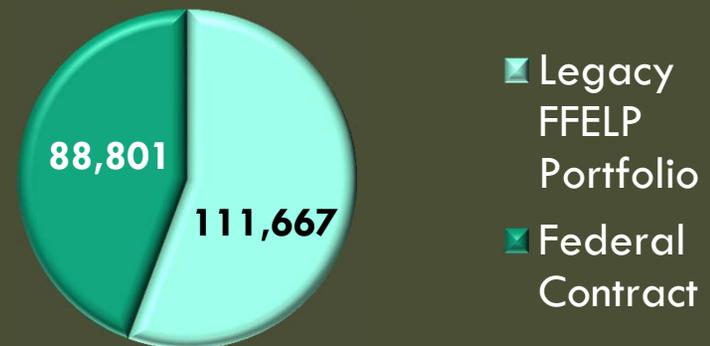
Total student loan servicing volume at UHEAA:

- **\$3.3 billion**
- **200,500 student accounts**

Portfolio Dollar Volume



Number of Accounts



Favorable permanent financing

15

\$277 million student loan revenue bond completed July 31, 2014



NEW ISSUE—BOOK-ENTRY-ONLY

\$277,000,000
STATE BOARD OF REGENTS OF THE STATE OF UTAH
Student Loan Backed Notes, Series 2014-1
(LIBOR-INDEXED NOTES)

The State Board of Regents of the State of Utah (the "Board") under the laws of the State of Utah (the "State"), is issuing \$277,000,000 aggregate principal amount of its Student Loan Backed Notes, Series 2014-1 (LIBOR-Indexed Notes) (the "notes") as set forth below.

Original Principal Amount	Interest Rate	Price to Public	Proceeds to the Trust Estate	Final Maturity Date	Expected Ratings Fitch/S&P ¹
\$277,000,000	One-Month LIBOR plus 0.55%	100%	\$277,000,000	December 26, 2038	AAAsf / AA+(sf)

See the caption "RATINGS" herein.

NEW ISSUE—BOOK-ENTRY-ONLY

\$277,000,000
STATE BOARD OF REGENTS OF THE STATE OF UTAH
Student Loan Backed Notes, Series 2014-1
(LIBOR-INDEXED NOTES)

The State Board of Regents of the State of Utah (the "Board") under the laws of the State of Utah (the "State") is issuing \$277,000,000 aggregate principal amount of its Student Loan Backed Notes, Series 2014-1 (LIBOR-Indexed Notes) (the "notes") as set forth below:

Original Principal Amount	Interest Rate	Price to Public	Proceeds to the Trust Estate	Final Maturity Date	Expected Ratings Fitch/S&P ¹
\$277,000,000	One-Month LIBOR plus 0.55%	100%	\$277,000,000	December 26, 2038	AAAsf / AA+(sf)

See the caption "RATINGS" herein.

OFFERING MEMORANDUM

In the opinion of Ballard Spahr LLP, state counsel, interest on the notes is not subject to federal income tax, interest on the notes is exempt from Utah individual income tax. See the caption "TAX MATTERS" herein.

The notes are being offered through the underwriter named below (the "Underwriter"), subject to prior sale and to the right of the Board or the Underwriter to withdraw, cancel or modify such offer and to reject orders in whole or in part. The notes are offered when, as and if issued by the Board and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and the approval of legality by Ballard Spahr LLP. Certain legal matters will be passed upon for the Board by its counsel, the Attorney General of the State of Utah, and for the Underwriter by its counsel, Kinicki Rock LLP. It is expected that the notes in definitive form will be available for delivery through the facilities of DTC on or about July 31, 2014.

RBC Capital Markets
 July 21, 2014

Favorable permanent financing

16

- Favorable interest rate
 - Initial cost of funds: 0.70%
(variable using one-month LIBOR plus 0.55%)



Strong investor demand: Orders exceeded available bonds by 1.6 times

17



\$100 million



\$100 million



\$40 million



\$33 million

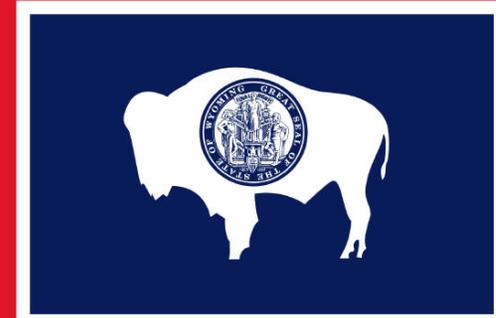


\$4 million

Favorable permanent financing

18

- ❑ Favorable permanent financing replaces temporary letter of credit used to acquire Wyoming Student Loans (February 27, 2014)
 - ❑ \$208.2 million
 - ❑ 20,500 borrowers
 - ❑ 46,200 loans



Wyoming loan portfolio advantages to the Board

19

- ❑ Strong economic advantages with limited risk
- ❑ Federally-insured loans
- ❑ High-quality collateral
- ❑ Wyoming loans assimilated into UHEAA operations with no staff increase



Successful UHEAA student loan financing

UHEAA's Strength:



- ✓ AAA rating 
- ✓ Strong balance sheet
- ✓ Reputation in market
- ✓ Long history of favorable access to capital

Total bond restructure

- ❑ As of the end of July 2014, UHEAA has completed a total bond restructure of more than \$1.3 billion since the financial market disruption of 2009.
- ❑ Successfully completed the acquisition of the Wyoming Student Loan portfolio.
- ❑ All bonds moved to stable financial footing.
- ❑ Significant equity increase to UHEAA's net position totaling \$75.7 million.



UHEAA financings as of August 22, 2014

Auction-Rate Certificates	\$ 39 M
Floating-Rate Notes	\$855 M
Fixed-Rate Bonds with swap	\$345 M
Building Bonds	<u>\$ 6 M</u>
Total Outstanding	\$1.25 B



UHEAA financings: Full compliance



Full compliance with all debt covenants and scheduled bond interest and principal payments.

Funds restricted within the bonds

No undesignated net assets

Moral obligation of the State of Utah

Supplemental loan program

Critical need for supplemental loan funds for students in high cost, high demand programs

- ▣ Costs of attendance in excess of Federal student loan limits

- ▣ Medicine
- ▣ Physicians Assistant
- ▣ Pharmacy
- ▣ Physical Therapy
- ▣ Law



- ▣ Nurse Anesthetist
- ▣ Engineering
- ▣ Computer Science
- ▣ Business
- ▣ Veterinary medicine

Progress on Supplemental loan program



- Coordinating with **CampusDoor**
- Next step: program development and implementation plan for UHEAA Board review

UHEAA Grants and student aid

26

Why we do the things we do!



UHEAA Grants



Since 2000, UHEAA has given more than **\$11,100,000** in grants to over **12,300** students at Utah's colleges and universities.



UHEAA Grants

uheaa[®]
made it possible



UTAH SYSTEM OF HIGHER EDUCATION



UHEAA Grants – Jared Call Utah State University

“My father was diagnosed with melanoma two years ago.”

“Words can’t describe adequately the amount of pain and utter struggle he faces every day.”

“Due to his illness he has been unable to work. My mom went back to work for some time...until the point where my dad needed her constant care.”

“I took last semester off so that I could make some money and try to help out...”



UHEAA Grants – Jared Call Utah State University

“Thank you so much for the aid and help you are giving me.”

“I am so grateful that there are organizations and people willing to help others reach their goals.”



UHEAA Grants – Jared Call Utah State University



Jared's father's cancer is now in remission!

UHEAA Grants – Jared Call Utah State University



Jared is on track to graduate Spring 2016.

UHEAA Grants

uhea^a
made it possible



UTAH SYSTEM OF HIGHER EDUCATION

