

STATE BONDING COMMISSION
APPROVED Minutes of the July 3, 2014 Meeting
State Treasurer's Office, Large Conference Room
C170 State Capitol
Salt Lake City, UT 84114

Commission Members Attending:

Richard Ellis, State Treasurer
Buzz Hunt, Member of the State Bonding Commission Board
Spencer Cox, Lieutenant Governor (joined telephonically)

Others in Attendance:

David Damschen, Chief Deputy State Treasurer
Perri Babalis, Assistant Attorney General
Jon Bronson, Zions Bank Public Finance
Blake Wade, Ballard Spahr
Ryan Bjerke, Chapman & Cutler LLP
Tom Shaw, Division of Facilities Maintenance and Construction
Dorothy Taylor, Division of Facilities Maintenance and Construction

Election of Officers – Mr. Hunt nominated Mr. Cox as Chair of the Commission. Mr. Ellis seconded, and the motion passed unanimously. Mr. Ellis nominated Mr. Hunt as Vice Chair of the Commission. Mr. Hunt seconded, and the motion passed unanimously. Mr. Hunt nominated Mr. Ellis as Secretary of the Commission. Mr. Ellis seconded, and the motion passed unanimously.

Approval of Minutes – Mr. Ellis made a motion to approve the minutes of the July 11, 2013 meeting of the Commission. Mr. Hunt seconded the motion. The motion passed unanimously.

Adoption of Resolution – Mr. Ellis explained that his office regularly monitors the state's outstanding bonds for refunding opportunities that can significantly reduce the state's interest costs, briefly discussed market and interest rate conditions, explained the function of the parameters resolution, and noted that the calendar calls for a September bond sale. Blake Wade, bond counsel, presented the parameters resolution which specifies par not to exceed \$235 million, coupon not to exceed 5 ½%, maturities not to exceed 12 years, and discount from par not to exceed 2%. Mr. Ellis explained the "rule of thumb" used to determine when net present value savings from refunding justifies going forward with a transaction. Jon Bronson, the state's financial advisor, pointed out that the 5 ½% rate specified within the resolution is coupon, not yield (or cost on a percentage basis), emphasizing that at current rates, the maximum yield on the longest maturities are estimated at approximately 2.6%.

Mr. Hunt made a motion to approve the parameters resolution. Mr. Ellis seconded the motion. The motion passed unanimously.

The meeting was adjourned.