TO: Jan Sullivan, Chair
Budget and Finance Committee

VIA: David Lassner
President

FROM: Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer

SUBJECT: SERIES 2015 UNIVERSITY OF HAWAII REVENUE BOND ISSUANCE - POST ISSUANCE RECAP

Attached is a presentation that highlights a summary of results from the recent University of Hawaii revenue bond transaction. The University of Hawaii sold $166.285 million in revenue bonds in September 2015. The bonds were sold to finance a number of new university facilities, to refinance outstanding bonds for interest rate savings, and to restructure a portion of outstanding bonds as taxable bonds. This presentation is an information item for discussion at the Budget and Finance Committee meeting on November 4, 2015.

Bond transactions of this nature are inherently complex. The intricacies and details of this transaction are too substantial to accommodate all aspects into this summary. The University Vice President for Budget and Finance/Chief Financial Officer will present this summary at the committee meeting and will be available for any questions that will arise.

Attachment

c: University Budget Office
University Controller
University of Hawaii
Revenue Bonds
Series 2015A - E

November 4, 2015
Board of Regents
Committee on Budget and Finance
$166,285,000 Transaction

**Series 2015-A**
- $8,575,000
- Taxable
- New Money

**Series 2015-B**
- $47,010,000
- Tax-Exempt
- Refunding

**Series 2015-C**
- $17,585,000
- Taxable
- Refunding

**Series 2015-D**
- $25,715,000
- Taxable
- Refunding
- Medical School

**Series 2015-E**
- $67,400,000
- Tax-Exempt
- Refunding
- Medical School
- Forward-Delivery
1. Credit ratings affirmed by all rating agencies
   • Moody’s – ‘Aa2’, Negative Outlook
   • S&P – ‘A+’, Stable Outlook
   • Fitch Rating – ‘AA’, Stable Outlook
   • $14,975,000 bonds went to Hawaii retail investors (individual and professional)
   • $4,465,000 bonds went to non-Hawaii retail investors (individual and professional)
   • $89,235,000 bonds purchased by institutional-classed investors
4. Taxable bonds (new money and refunding) and tax-exempt bonds (refunding).
5. $57,610,000 bonds had to be underwritten.
Series 2015-A

1. $8,575,000 taxable (new money) bonds.
3. Issued to fund in part new project at UH-Manoa Law School and UH-Hilo Pharmacy School.
4. Sold as taxable bonds to pre-emptively accommodate potential future private activity.
5. Coupon rates between 1.048% and 4.693%.
6. 30-year level debt service. Approximately $524K annually.
7. True Interest Costs (TIC) = 4.453%
Series 2015-B

1. $47,010,000 tax-exempt refunding bonds.
3. Refunded bonds issued as Series 2006-A University Revenue Bonds.
4. Previously funded projects include UH-Manoa and UH-Hilo housing projects,
5. Coupon rates between 4.00% and 5.00%.
6. Refunded TIC = 3.660%
Series 2015-C

1. $17,585,000 taxable refunding bonds.
4. Previously funded projects include UH-Manoa and UH-Hilo housing projects.
5. Sold as taxable bonds to accommodate occurrences of private activity.
6. Coupon rates between 0.811% and 3.035%.
7. Refunded TIC = 2.585%
Series 2015-D

1. $25,715,000 taxable refunding bonds.
3. Refunded bonds issued as Series 2006-A (Medical School) University Revenue Bonds (tax-exempt).
4. Previously funded JABSOM Kakaako construction.
5. Coupon rates between 0.811% to 2.835%.
6. Annual debt service range $527K to $5.53M.
7. TIC = 2.486%.
Series 2015-E

1. $67,400,000 tax-exempt refunding bonds.
3. Refunded bonds issued as Series 2006-A (Medical School) University Revenue Bonds (tax-exempt).
4. Previously funded JABSOM Kakaako construction.
5. Sold as a forward-delivery dated for April 20, 2016. Forward-delivery necessary to conform to federal provisions for tax-exempt bonds.
6. 5.00% coupons.
7. TIC = 3.740%
Savings Results

1. Aggregate True Interest Cost 3.6240%.
2. For bonds that were refunded, aggregate real savings of $15.080 million til maturity (2036).
3. For all bonds in Series 2015 (including new money) debt service increased from $249.763 million to $250.033 million.
4. Debt duration lengthened from 2040 to 2045.
University of Hawaii
Annual Aggregate Debt Service Profile
All Outstanding Bond Debt
(Net BAB Subsidy)
Appendix: Comparables (Tax-Exempt)
Appendix: Comparables (Taxable)

**Board of Regents of the University of Hawai‘i**

**University Revenue Bonds**

**Series 2015**

$166,285,000

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