



TEXAS TECH UNIVERSITY SYSTEM

2015 Bond Issue

Jim Brunjes

Vice Chancellor and Chief Financial Officer

December 11, 2014



BOR Action Item



- The Board of Regents will approve a resolution authorizing the sale and delivery of **“Board of Regents of Texas Tech University System Revenue Financing System Refunding and Improvement Bonds, Sixteenth Series (2015A)”**
- Additionally, the Board of Regents will approve a second resolution authorizing the sale and delivery of **“Board of Regents of Texas Tech University System Revenue Financing System Refunding Bonds, Seventeenth Series (Taxable 2015B)”**

2015 Bond Issue



Funding History of Last Five Years - Capital Projects



Projects Completed in the Last Five Years

Texas Tech University



TTU	PROJECT	FUNCTION				Donor	Cash	HEAF-Cash	Student Fees	Revenues	BOND			TOTAL
		E&G	Ath	Aux	Rsrch						HEAF	TRB	Gifts	
	Engineering Expansion/Renovation Phase I	•									\$10,000,000			\$10,000,000
	Art 3D Ceramics	•				\$1,100,000								\$1,100,000
	Track Renovation		•										\$4,000,000	\$4,000,000
	Center for Pulse Power & Power Electronics	•						\$1,500,000						\$1,500,000
	Student Leisure Pool			•			\$1,500,000		\$6,000,000					\$7,500,000
	High Performance Research Computing Facility	•					\$1,800,000							\$1,800,000
	Jones AT&T Stadium East Side Expansion		•			\$18,830,000				\$2,000,000			\$13,800,000	\$34,630,000
	Jones AT&T Stadium NEZ Expansion		•										\$6,000,000	\$6,000,000
	Jones AT&T Stadium NEZ Facilities		•			\$18,830,000							\$1,300,000	\$20,130,000
	Art 3D Annex Finish Out (Sculpture)	•									\$3,800,000			\$3,800,000
	NRHC North Addition			•		\$1,833,000								\$1,833,000
	Rawls College of Bus Admin	•				\$13,000,000		\$10,000,000	\$15,000,000			\$25,000,000	\$7,000,000	\$70,000,000
	TT Baseball Park Improvements & Picnic Area		•						\$600,000				\$4,400,000	\$5,000,000
	Admin Bldg Abatement & Renovation	•						\$3,850,000						\$3,850,000
	Exp Sciences Build-Out	•									\$12,100,000			\$12,100,000
	Printech (HESS) Bldg Renovation	•						\$3,200,000		\$4,000,000				\$7,200,000
	Gerald Myers Indoor Soccer Facility		•			\$470,000							\$610,000	\$1,080,000
	Kent R. Hance Chapel			•		\$3,464,447								\$3,464,447
	Media and Communication	•										\$25,000,000		\$25,000,000
	Creative Movement Studio	•						\$2,200,000						\$2,200,000
	BSL3 Lab at TIEHH				•						\$2,400,000			\$2,400,000
	Talkington Residence Hall and Dining Facility			•					\$47,000,000					\$47,000,000
	Architecture Life Safety Upgrades	•									\$7,400,000			\$7,400,000
	Petroleum Engineering and Research Bldg	•				\$2,800,000				\$20,000,000				\$22,800,000
	Biological Sciences Bldg Life Safety Upgrades	•									\$8,300,000			\$8,300,000
	Jones AT&T Stadium NEZ Colonnade & Infill Seating		•			\$3,100,000				\$2,250,000				\$5,350,000
	Burkhart Ctr for Autism Education & Rsrch				•	\$8,573,852		\$1,233,800		\$1,000,000				\$10,807,652
	Video Scoreboard		•						\$853,000	\$10,147,000				\$11,000,000
	Track Team Building Renovation		•				\$1,295,627							\$1,295,627
	West Village			•						\$54,800,000				\$54,800,000
	Rawls Golf Course Clubhouse & Team Facility		•										\$3,700,000	\$3,700,000
	Admin Bldg 3rd Floor Interior Finish-Out	•						\$2,400,000						\$2,400,000
	SUBTOTAL	15	10	5	2	\$72,001,299	\$4,595,627	\$24,383,800	\$21,853,000	\$141,797,000	\$44,000,000	\$50,000,000	\$40,810,000	\$399,440,726

Total Gross Square Footage Added for **TTU** = 1,583,171 sq ft

Total Enrollment for **TTU** Fall, 2009 = 30,049

Total Enrollment for **TTU** Fall, 2014 = 35,204

*17% Enrollment increase for **TTU** since Fall, 2009

Projects Completed in the Last Five Years

HSC, ASU, System



HSC	PROJECT	FUNCTION				Donor	Cash	HEAF-Cash	Student Fees	Revenues	BOND			TOTAL
		E&G	Ath	Aux	Rsrch						HEAF	TRB	Gifts	
	Larry Combest Community Health & Wellness Center	•				\$5,108,500							\$5,108,500	
	Abilene School of Pharmacy	•				\$9,087,743							\$9,087,743	
	Abilene School of Nursing	•					\$12,635,000						\$12,635,000	
	F. Marie Hall SimLife Center	•				\$5,000,000		\$1,500,000					\$6,500,000	
	Amarillo School of Pharmacy Expansion	•									\$8,010,000		\$8,010,000	
	Amarillo Family Medicine Relocation	•						\$7,000,000					\$7,000,000	
	Amarillo Research Building				•						\$18,000,000		\$18,000,000	
	El Paso Medical Education Building	•									\$45,000,000		\$45,000,000	
	4C Cancer Research Lab				•			\$3,200,000					\$3,200,000	
	SUBTOTAL	7	-	-	2	\$14,087,743	\$17,743,500	\$11,700,000	\$0	\$0	\$0	\$71,010,000	\$0	\$114,541,243

Total Gross Square Footage Added for HSC = 310,849 sq ft

Total Enrollment for HSC Fall, 2009 = 3,250

Total Enrollment for HSC Fall, 2014 = 5,013

**54% Enrollment increase for HSC since Fall, 2009*

ASU	PROJECT	FUNCTION				Donor	Cash	HEAF-Cash	Student Fees	Revenues	BOND			TOTAL
		E&G	Ath	Aux	Rsrch						HEAF	TRB	Gifts	
	Rec/Wellness/CHP Expansion			•				\$7,000,000					\$7,000,000	
	ASU Plaza Verde Residence Hall Phase I			•					\$35,000,000				\$35,000,000	
	SUBTOTAL	-	-	2	-	\$0	\$0	\$0	\$7,000,000	\$35,000,000	\$0	\$0	\$0	\$42,000,000

Total Gross Square Footage Added for ASU = 175,726 sq ft

Total Enrollment for ASU Fall, 2009 = 6,376

Total Enrollment for ASU Fall, 2014 = 6,490

SYS	PROJECT	FUNCTION				Donor	Cash	HEAF-Cash	Student Fees	Revenues	BOND			TOTAL
		E&G	Ath	Aux	Rsrch						HEAF	TRB	Gifts	
	System Office Relocation (TT Plaza)	•						\$2,000,000					\$2,000,000	
	SUBTOTAL	1	-	-	-	\$0	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$2,000,000

GRAND TOTAL	\$86,089,042	\$22,339,127	\$38,083,800	\$28,853,000	\$176,797,000	\$44,000,000	\$121,010,000	\$40,810,000	\$557,981,969
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Total Gross Square Footage Added for System Administration = 51,141 sq ft

2015 Bond Issue



Projects Awaiting Bond Debt Funding



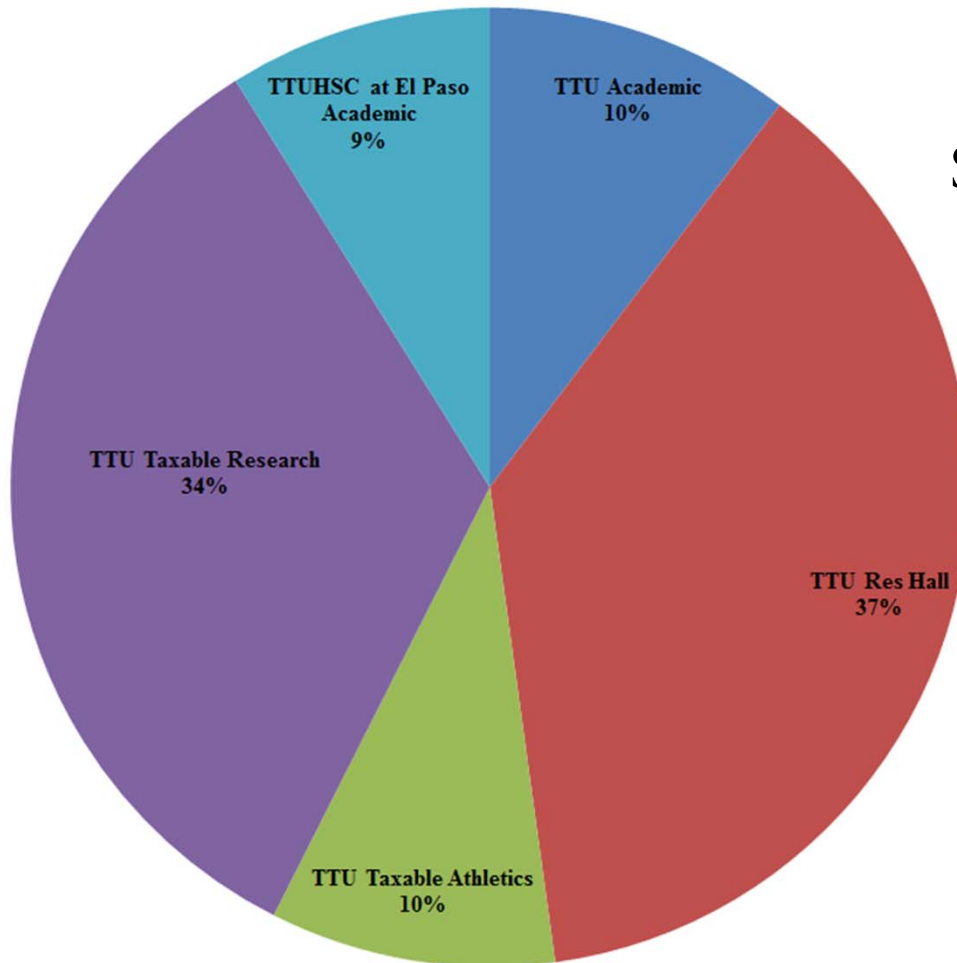
Summary of Projects in Next Bond Issuance



Entity	Project	Dept	Revenue Source	Tax-Exempt (TE) or Taxable (T)	Approved Financed Total	Estimated New Total Proceeds	CP as of 8/26/2014	Est CP at Issue
TTU	West Village	Housing & Hospitality	Aux Housing & Dining Revenues	TE	54,800,000	53,329,181	48,030,364	53,329,181
TTU	COBA Wing Addition	Academics	Student Facility Use Fee	TE	14,700,000	14,700,000	-	1,000,000
HSCELP	Gayle Greve Hunt School of Nursing Bldg	GGHSON	Hunt gift & MCA grant	TE	14,500,000	12,664,000	7,500,000	12,664,000
TTU	Research & Technology Park Phase I	Research	Grant Revenues - Indirect Cost Recovery	T	29,045,000	29,045,000	4,750,000	22,250,000
TTU	Bayer CropScience TRIAD Facility	Research	Institutional Funds	T	14,216,135	13,721,135	5,500,000	7,500,000
TTU	Video Screen	Athletics	Auxiliary - Athletics Revenues	T	11,000,000	7,568,000	7,568,000	7,568,000
TTU	Bayer CropScience Bldg Renovation / Previously University College	Research	Institutional Funds	T	5,100,000	5,100,000	2,760,000	4,800,000
TTU	United Supermarkets Arena Renovations	Athletics	United Supermarkets Gift	T	4,300,000	4,300,000	620,000	2,620,000
TTU	Jones Stadium North Colonnade	Athletics	Auxiliary - Athletics Revenues & Gifts	T	2,250,000	1,827,000	1,827,000	1,827,000

Tax-Exempt Totals	84,000,000	80,693,181	55,530,364	66,993,181
Taxable Totals	65,911,135	61,561,135	23,025,000	46,565,000
Overall Total	149,911,135	142,254,316	78,555,364	113,558,181

Breakdown of Projects in New Bond Issuance



Total Debt:
\$142,254,316

Refinancing Candidates



Series	Refinancing Amount
2003 Series 9 Tax-Exempt: Callable 8/15/2013	\$270,000
2006 Series 10 Tax-Exempt: Callable 2/15/2016	\$179,135,000
2009 Series 12 Tax Exempt: Callable 2/15/2020	\$111,585,000
Total Possible Refunding	\$290,990,000

Estimated Savings

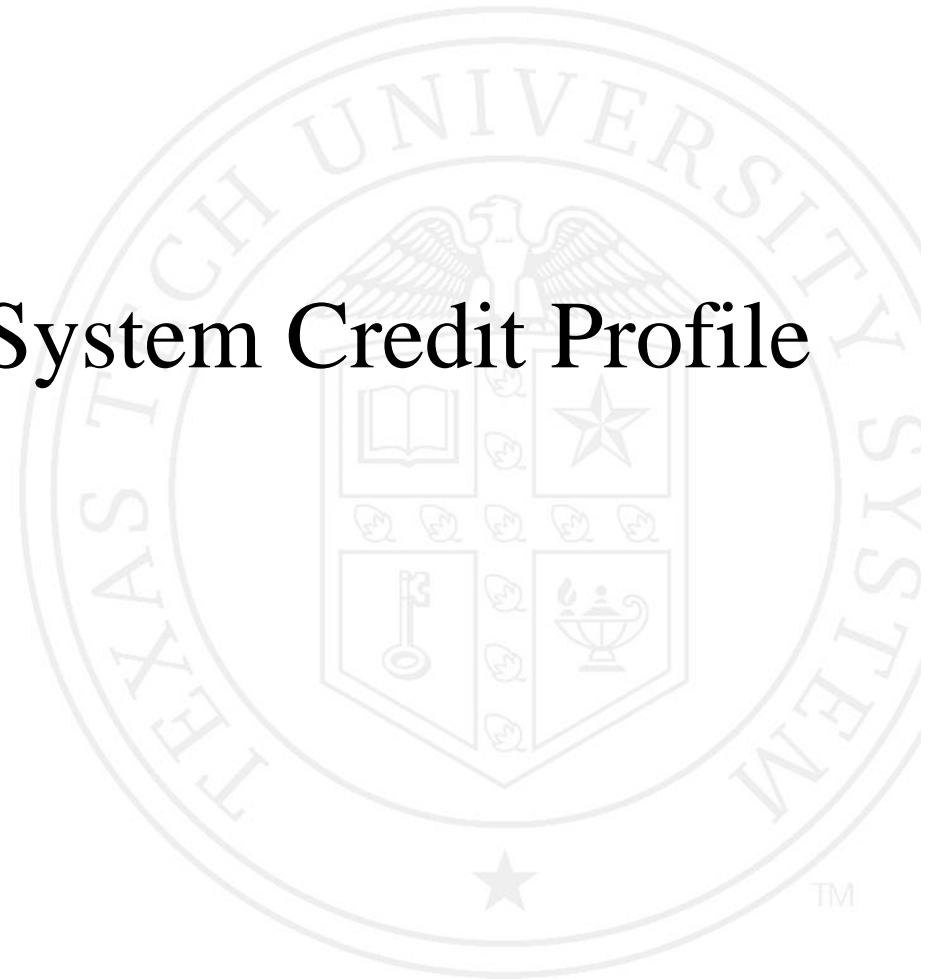


Series	Amount
2003 Series 9 Tax-Exempt Estimated NPV Savings % of refunded bonds	\$35,000 14.15%
2006 Series 10 Tax-Exempt Estimated NPV Savings % of refunded bonds	\$7,700,000 11.65%
2009 Series 12 Tax-Exempt	<u>TBD</u>
Total Estimated Net Present Value Savings	\$7,735,000
Estimated Aggregate NPV Savings of refunded bonds	11.75%

2015 Bond Issue



Texas Tech University System Credit Profile



TTUS Credit Profile

Select Ratio Comparison



MOODY'S



	Texas A&M University System	Texas State University System	Texas Tech University System	University of North Texas System	University of Texas System	University of Houston System
RATINGS	<i>Aaa/AA+/AA+</i>	<i>Aa2/--/AA</i>	<i>--/AA/AA</i>	<i>Aa2/--/AA</i>	<i>Aaa/AAA/AAA</i>	<i>Aa2/AA/--</i>
Operating Margin (%)	2.3%	2.6%	2.6%	(3.5%)	2.5%	2.9%
RANKING:	5	2	2	6	4	1
Maximum Annual Debt Service to operations (%)	8.4%	8.0%	3.5%	5.5%	4.1%	6.8%
RANKING:	6	5	1	3	2	4
Expendable financial resources-to-comprehensive debt (x)	2.10x	0.52x	1.99x	0.67x	1.49x	0.75x
RANKING:	1	6	2	5	3	4
Expendable financial resources-to-operations (x)	1.47x	0.42x	0.79x	0.41x	0.85x	0.61x
RANKING:	1	5	3	6	2	4
<u>AVERAGE RANKING:</u>	<u>3.25</u>	<u>4.5</u>	<u>2</u>	<u>5</u>	<u>2.75</u>	<u>3.25</u>
	<u>3</u>	<u>5</u>	<u>1</u>	<u>6</u>	<u>2</u>	<u>3</u>

TTUS Credit Profile

Analysis of FY 2013 and FY 2014 Ratios for TTUS



MOODY'S

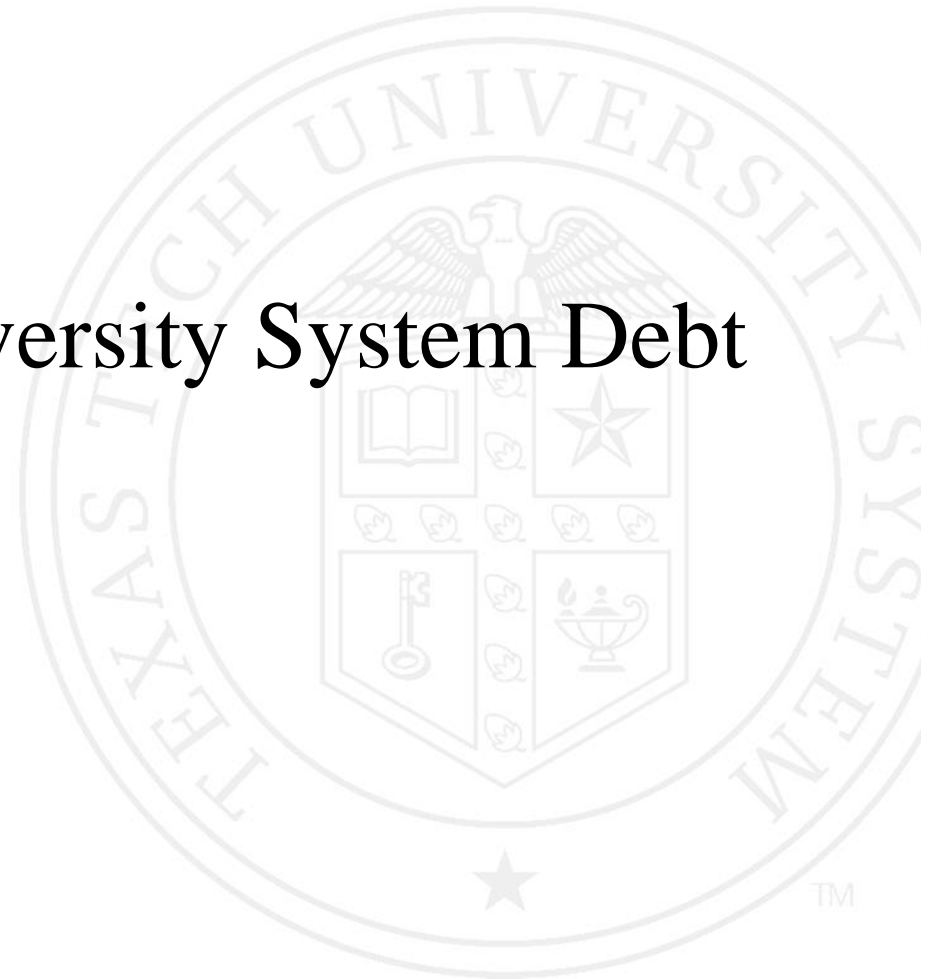


	TTUS – FY 2013	TTUS – FY 2014
Operating Margin (%)	2.6%	5.9%
		Better
Maximum Annual Debt Service to operations (%)	3.5%	4.1% (est)
		Better
Expendable financial resources-to-comprehensive debt (x)	1.99x	2.10x
		Better
Expendable financial resources-to-operations (x)	0.79x	0.83x
		Better

2015 Bond Issue

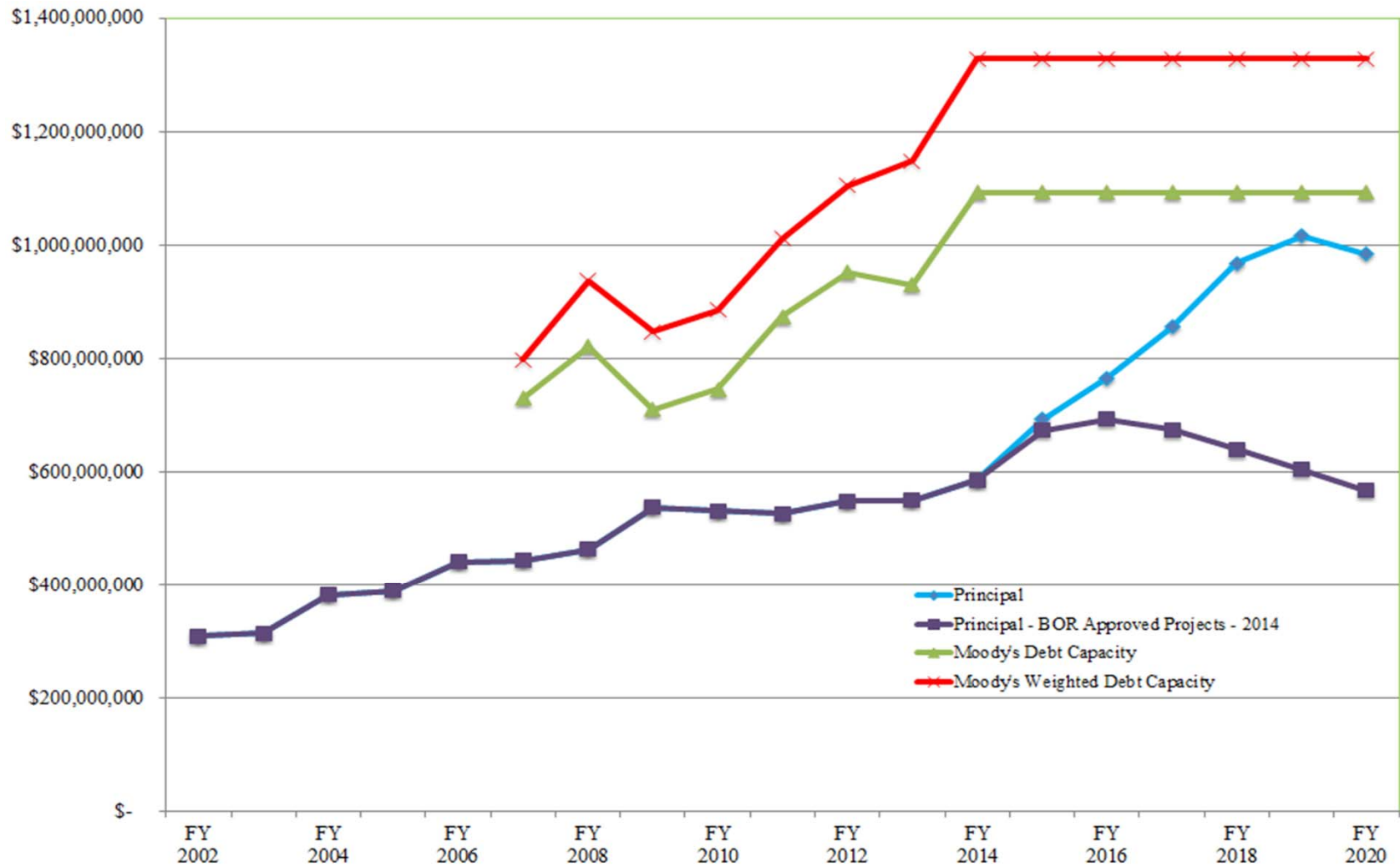


Future Texas Tech University System Debt



TTUS Debt Capacity Analysis

Principal vs. Debt Capacity



Tentative Schedule of Events



DATE	ACTION
December 11 & 12	BOR adopt bond resolution
December 15	Distribute underwriting RFP
January 9	UW's RFP's due
January 20	UW's oral presentation in Dallas Select Underwriting Syndicate and Underwriters Counsel Send out PA/R RFP's and make selection Submit rating requests
Week of February 2	Distribute first draft of POS
February 11	Fitch Rating Call 10:00am CT
February 12	S&P Rating Call 10:00am CT
Week of February 16	Finalize POS Due Diligence meeting
Week of February 23	Receive ratings Electronic distribution of POS
Week of March 3	Price Bonds Publish conditional call notice on series 2003 bonds
7 days after pricing	Final OS delivery
End of March or 1 st week in April	Receive approval from AG Closing
60 days after closing	Submit BRB Final Report

Dec-14

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Jan-15

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Feb-15



S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

Mar-15

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Debt Ratings



	AA
	AA+

Pricing Committee



The “Pricing Committee” shall include:

- The Chancellor
- The Chief Financial Officer (TTUS)
- Members of the Finance and Administration Committee of the Board of Regents

BOR Action Item



- The Board of Regents will approve a resolution authorizing the sale and delivery of **“Board of Regents of Texas Tech University System Revenue Financing System Refunding and Improvement Bonds, Sixteenth Series (2015A)”**
- Additionally, the Board of Regents will approve a second resolution authorizing the sale and delivery of **“Board of Regents of Texas Tech University System Revenue Financing System Refunding Bonds, Seventeenth Series (Taxable 2015B)”**



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