



TEXAS TECH UNIVERSITY SYSTEM

# 2017 Bond Issue

Gary Barnes

Jim Brunjes

*Vice Chancellor and Chief Financial Officer*

*December 15, 2016*



# BOR Action Item



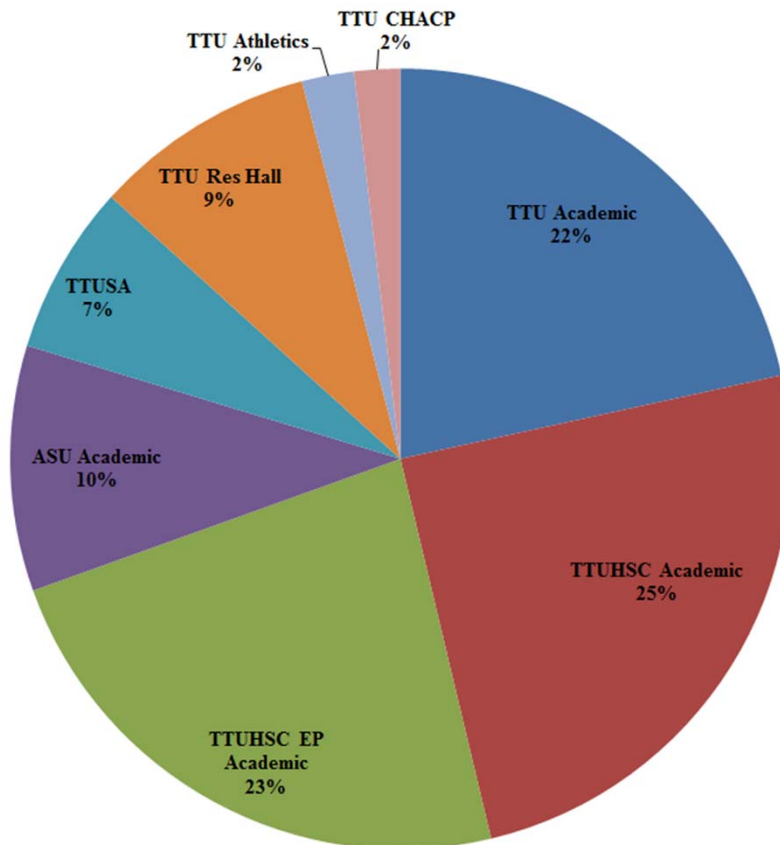
- The Board of Regents will approve a resolution authorizing the sale and delivery of **“Board of Regents of Texas Tech University System Revenue Financing System Refunding and Improvement Bonds, Series 2017A & 2017B Tax-exempt and Taxable Bonds in the Maximum aggregate amount of \$420 million.”**

# Summary of Projects in Next Bond Issuance



Entity	Project	Revenue Source	Revenue Debt (R) or Tution Revenue Bonds (TRB)	Approved Financed Total	Estimated New Total Proceeds	CP as of 12/1/2016	Est CP at Issue	
TTUS	System Building	Admin Fee	R	27,500,000	22,800,000	10,000,000	15,000,000	
TTU	Experimental Sciences Bldg II	TRB	TRB	70,000,000	70,000,000	5,757,000	8,000,000	
TTU	Honors Res Hall	Housing/Hospitality	R	29,900,000	29,953,763	8,740,000	20,000,000	
TTU	Sports Performance Center	Athletics Ops	R	39,871,005	7,000,000	4,300,000	-	
ASU	College of Health and Human Services	TRB	TRB	21,360,000	21,360,000	1,100,000	4,000,000	
ASU	College of Health and Human Services	Gift Pledge	R	4,000,000	4,000,000	-	-	
ASU	Refund TPFA/Govt Capital Corp Leases	Operating Revenues	R	7,650,868	7,650,868	-	-	
TTUHSC	Lubbock Education, Research and Technology Bldg	TRB	TRB	60,264,000	60,264,000	5,020,000	7,000,000	
TTUHSC	Amarillo Simulation Center	TRB	TRB	5,715,000	5,715,000	1,140,000	4,000,000	
TTUHSC	Permian Basin Academic Facility	TRB	TRB	14,256,000	14,256,000	600,000	4,000,000	
TTUHSC EP	Medical Science Building II	TRB	TRB	75,520,000	75,520,000	250,000	4,000,000	
TTU	Central Heating and Cooling Plant I	Utility Revenues	R	6,750,000	6,200,000	6,200,000	6,200,000	
<b>Revenue Totals</b>					<b>115,671,873</b>	<b>77,604,631</b>	<b>29,240,000</b>	<b>41,200,000</b>
<b>TRB Totals</b>					<b>247,115,000</b>	<b>247,115,000</b>	<b>13,867,000</b>	<b>31,000,000</b>
<b>Overall Totals</b>					<b>362,786,873</b>	<b>324,719,631</b>	<b>43,107,000</b>	<b>72,200,000</b>

# Breakdown of Projects in New Bond Issuance



Total Debt:  
\$324,719,631

# Refunding Candidates



Series	Call Date	Principal Outstanding	Refunding Par (Proposed)
2009 12 <sup>th</sup> Series - Tax-Exempt	2/15/2019	\$94,205,000	\$75,430,000
<b>TOTAL POSSIBLE REFUNDING:</b>			<b>\$75,430,000</b>

# Estimated Savings of Advanced Refunding

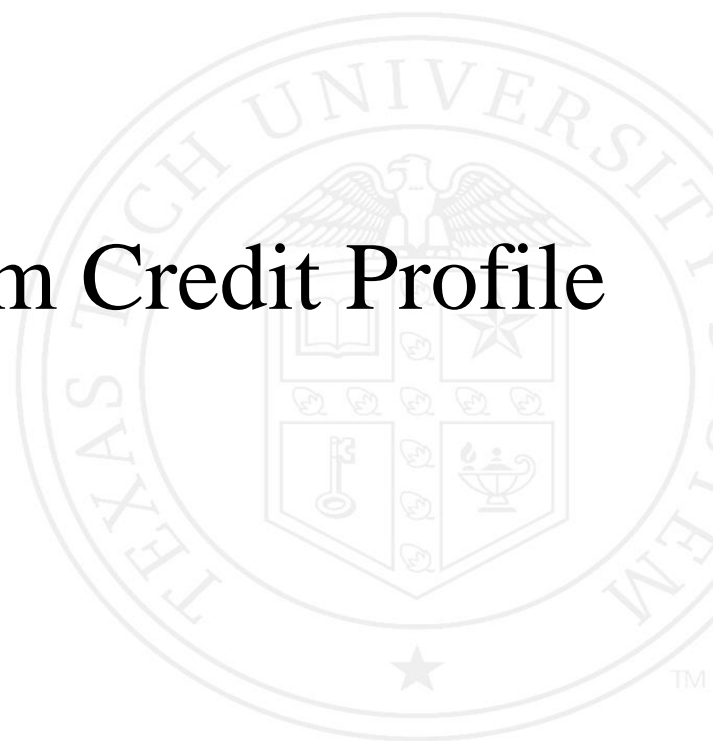


Series	Estimated Net PV Savings (\$)	Estimated Net PV Savings (%)
2009 12 <sup>th</sup> Series - Tax-Exempt	\$3,104,928	4.11%
<b>TOTAL ESTIMATED SAVINGS:</b>	<b>\$3,104,928</b>	<b>4.11%</b>

2017 Bond Issue



# Texas Tech University System Credit Profile



# TTUS Credit Profile

## Select Ratio Comparison FY 2015



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
<i>MOST RECENT RATING ISSUED BY MOODY'S</i>	<i>Aaa</i>	<i>Aa2</i>	<i>Aa1</i>	<i>Aa2</i>	<i>Aaa</i>	<i>Aa2</i>
Operating Margin (%)	3.7%	2.7%	4.8%	3.7%	5.0%	4.9%
<b>RANKING:</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>2</b>
Operating Cash Flow Margin	16.8%	14.2%	14.7%	12.3%	17.0%	15.4%
<b>RANKING:</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>1</b>	<b>3</b>
Spendable Cash & Investments to Total Debt (x)	1.8x	0.8x	2.3x	1.1x	2.4x	0.8x
<b>RANKING:</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>5</b>
Total Debt-to-Cash Flow (x)	5.1x	5.2x	2.5x	4.9x	2.9x	5.0x
<b>RANKING:</b>	<b>5</b>	<b>6</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>4</b>
<b><u>AVERAGE RANKING:</u></b>	<b><u>3.5</u></b>	<b><u>5.25</u></b>	<b><u>2.5</u></b>	<b><u>4.25</u></b>	<b><u>1.25</u></b>	<b><u>3.5</u></b>
	<b><u>3 (tie)</u></b>	<b><u>5</u></b>	<b><u>2</u></b>	<b><u>4</u></b>	<b><u>1</u></b>	<b><u>3 (tie)</u></b>



# TTUS Credit Profile

## Analysis of FY 2014 - FY 2016 Ratios for TTUS



MOODY'S

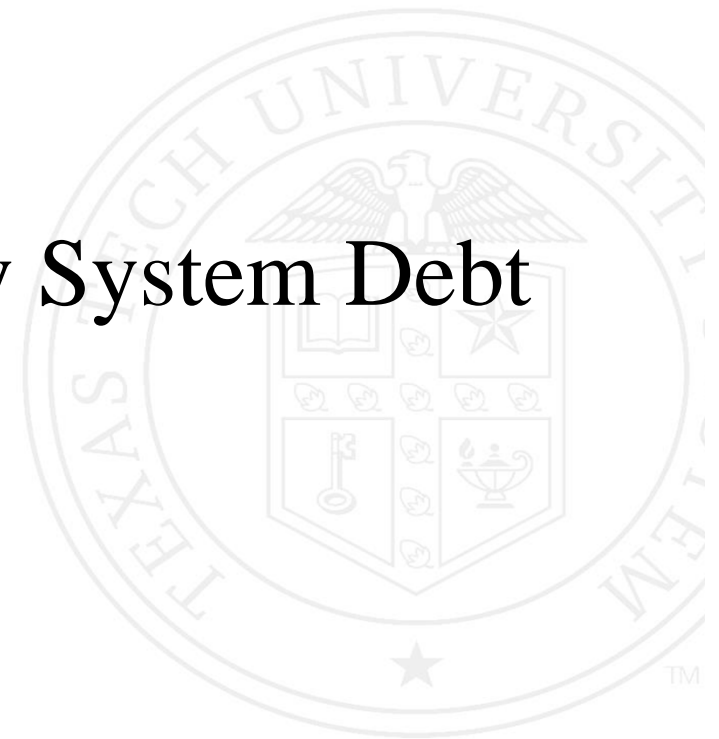


	TTUS – FY 2014	TTUS – FY 2015	TTUS – FY 2016 (est)
Operating Margin (%)	4.6%	4.8%	6.8%
		<b>Better</b>	<b>Better</b>
Operating Cash Flow Margin (%)	13.7%	14.7%	18.7%
		<b>Better</b>	<b>Better</b>
Spendable Cash & Investments to Total Debt (x)	2.3x	2.3x	2.6x
		<b>No Change</b>	<b>Better</b>
Total Debt-to-Cash Flow (x)	2.8x	2.5x	1.7x
		<b>Better</b>	<b>Better</b>

2017 Bond Issue

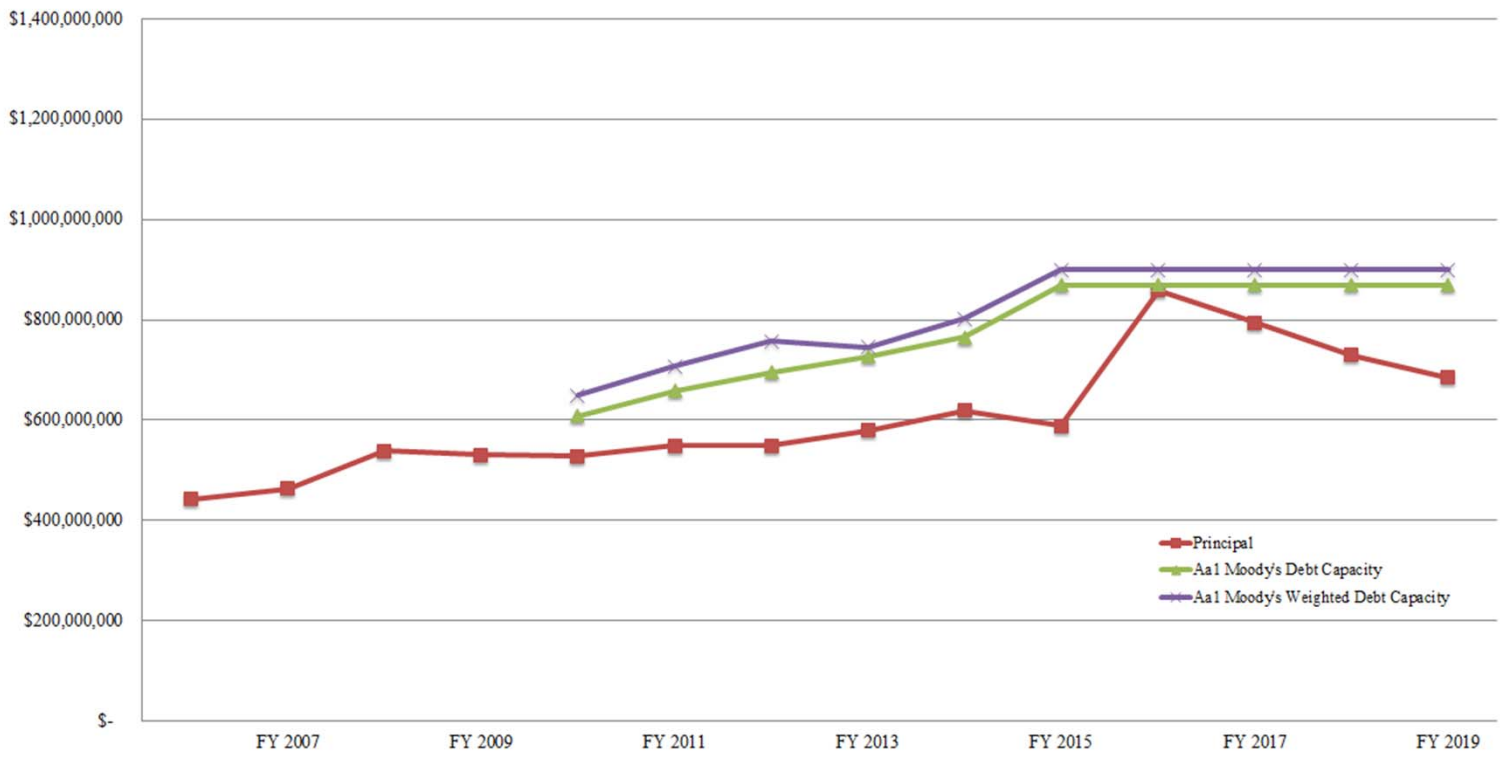


# Future Texas Tech University System Debt



# TTUS Debt Capacity Analysis

## Principal vs. Debt Capacity – Aa1 Medians

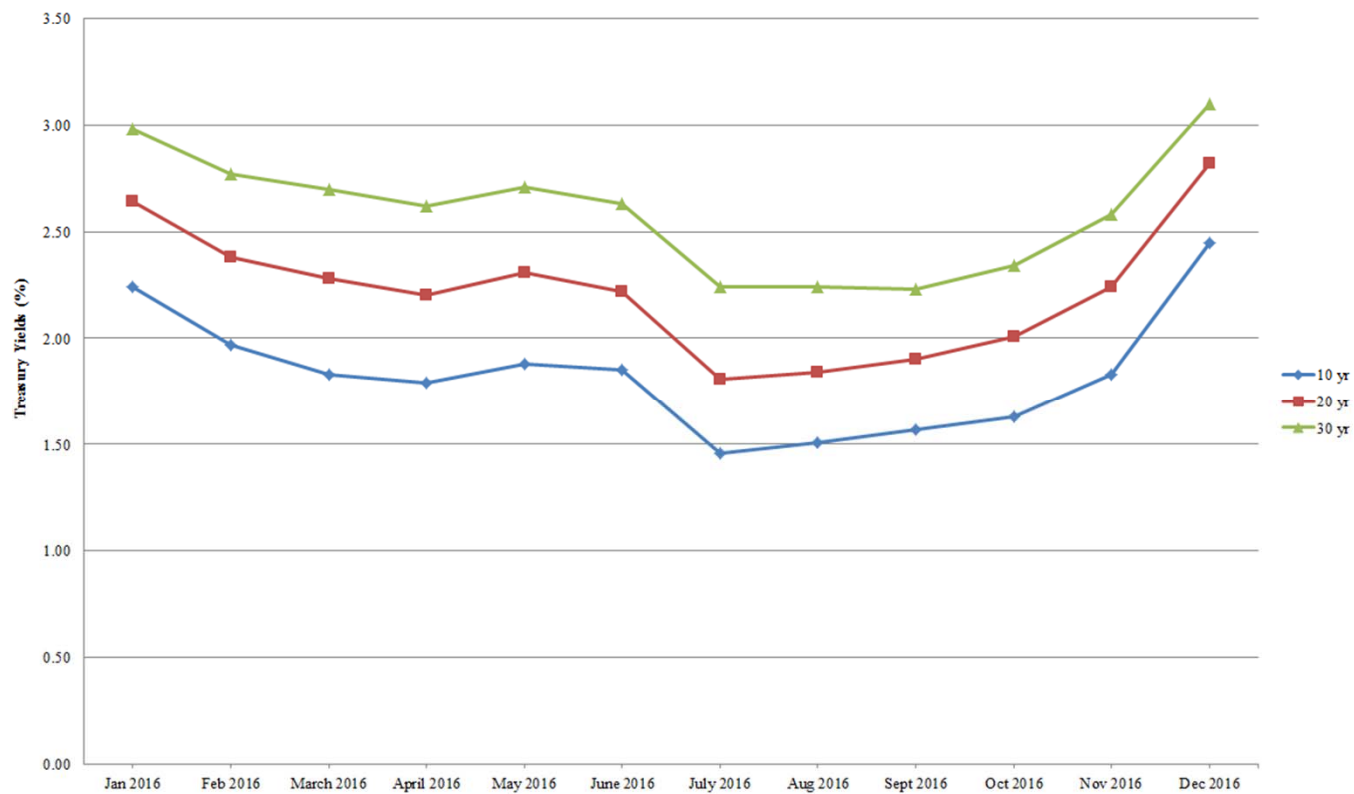


# Tentative Schedule of Events

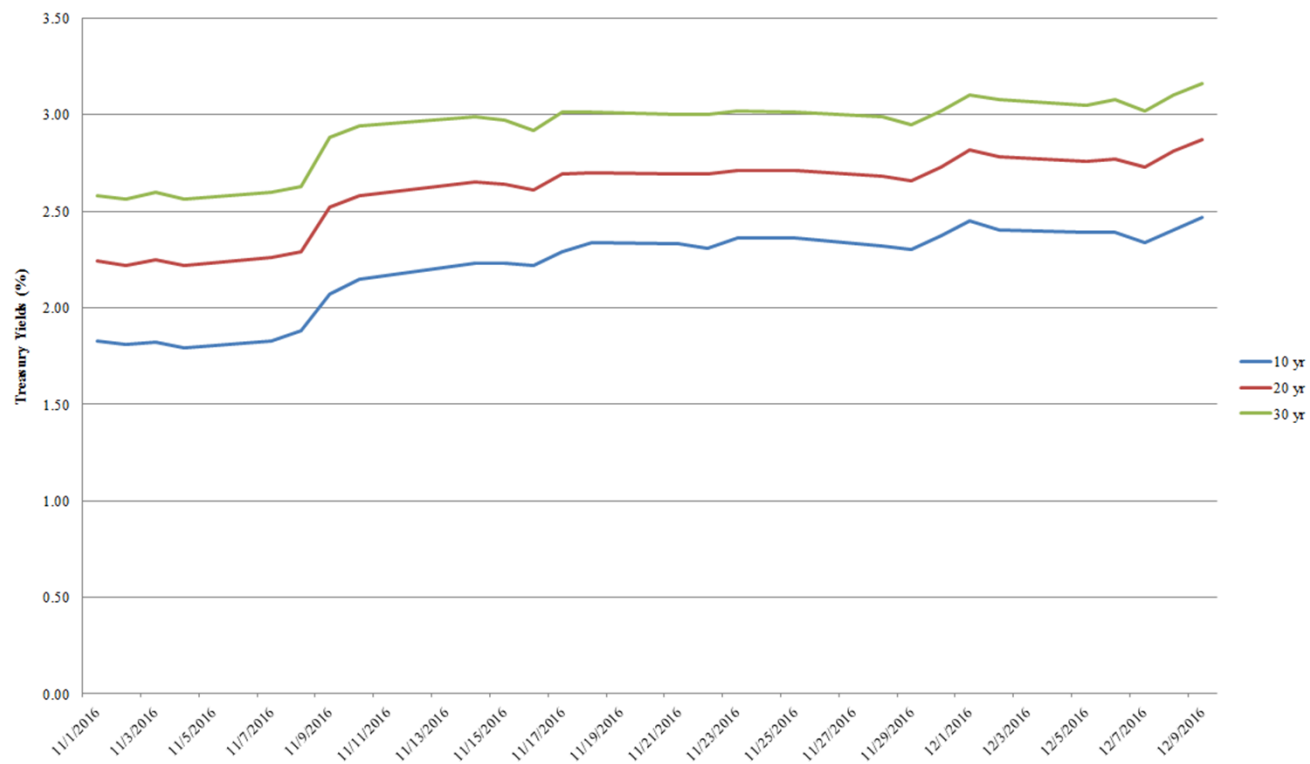


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60 days after closing	Submit BRB Final Report																																																																																																																		

# Monthly Trend of Daily Treasury Yields



# Daily Treasury Yields





# Tentative Schedule of Events



DATE	ACTION	
November 9	Oral UW interviews in Dallas Select Underwriting Syndicate	<b>Dec-16</b>
November 21	Send FY16 CAFR to rating agencies	S M T W T F S 1 2 3
December/January	Draft POS Prepare Rating Presentations	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
December 15 & 16	BOR meeting, approve bond resolution	
<del>Mid/Late January</del> January 6-13	Moody's Call S&P Rating Call Fitch Rating Call	<b>Jan-17</b>
<del>February 6</del> Week of January 16	Finalize POS Due Diligence Meeting Receive Ratings	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
<del>February 13</del> January 20	Electronic Distribution of POS	
<del>February 13</del> Week of January 23	Premarketing of Bonds	<b>Feb-17</b>
<del>Week of February 20/27</del> Week of January 30	Price Bonds in New York	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
7 days after pricing	Final OS delivery	
<del>March 15</del> February 22	Receive approval from AG Closing	
60 days after closing	Submit BRB Final Report	

# Debt Ratings



	AA+
	AA+
	Aa1



# 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, Series 2017A & 2017B Tax-exempt and Taxable Bonds in the Maximum aggregate amount of \$420 million.”**



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