



TEXAS TECH UNIVERSITY SYSTEM

2020 Bond Issue

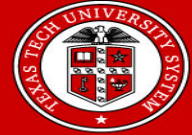
Gary Barnes

Vice Chancellor and Chief Financial Officer

May 14, 2020



BOR Action Item



- Request the Board of Regents to approve a resolution delegating the CFO or Chancellor authorization to sale and take delivery of **“Board of Regents of Texas Tech University System Revenue Financing System Refunding and Improvement Bonds, Series 2020A and/or 2020B tax-exempt and/or taxable bonds in the maximum aggregate amount of \$350 million.”**

Summary of Projects in Next Bond Issuance



Entity	Project	Repayment Source	Approved Finance Total
ASU	Centennial Village Phase II	Aux-Housing Room Fees	\$ 13,686,826
ASU	Food Service Renovation	Aux-Dining Fees	4,876,000
ASU	University Museum with Art Classrooms	Gifts/Pledges, HEF	15,648,124
TTU	Womble Basketball Practice Center	Gifts/Pledges	22,750,000
TTU	Cash Family Sports Nutrition Ctr aka Athletic Dining Facility	Gifts/Pledges, Quasi-End Funds	4,961,642
TTU	School of Veterinary Medicine Facilities	Gifts/Pledges	90,000,000
HSCelp	Dental Oral Health Clinic Bldg Renovation	MPIP Clinic Revenues	30,500,000
HSCelp	Dental School Learning Finish out MSB II	Institutional, HEF, MPIP	12,518,175
New Project Total			\$ 194,940,767
Potential Refunding of 2012A Series 14 Bond - callable principal			80,665,000
Potential Refunding of 2012B Series 15 Bond - callable principal			17,440,000
Potential Refunding Total			98,105,000
Combined Potential New Issuance Total			\$ 293,045,767

Estimated Savings of Advanced Refundings



Series	Call Date	Refunding Par (Proposed)	Estimated Net PV Savings (\$)	Estimated Net PV Savings (%)
2012A 14 th Series – Tax-Exempt	8/15/2021	\$80,665,000	\$9,828,000	12.90%
2012B 15 th Series – Taxable	8/15/2021	\$17,440,000	\$1,142,000	6.55%
TOTALS:		\$98,105,000	\$ 10,970,000	11.20%

Most Recent Higher Education Issuances



Date Priced	Borrower (ratings)	Size (Millions)	Average Bond Life (Years)	Taxable Cost of Capital
4/28/2020	Missouri System (Aa1/AA+/NR)	\$ 100	30	2.75%
4/14/2020	Harvard University (Aaa/AAA/NR)	\$ 500	30	2.52%
4/14/2020	Arizona State University (Aa2/AA/NR)	\$ 182	18	3.39%
4/14/2020	Oklahoma State University (NR/AA-/AA-)	\$ 127	14	3.39%
3/11/2020	University of Chicago (Aa2/AA-/AA+)	\$ 335	18	2.76%
3/10/2020	Rice University (Aaa/AAA/NR)	\$ 200	30	2.60%
10/24/2019	Texas State University System (Aa2/NR/AA)	\$ 176	10	2.49%

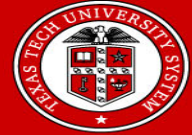
2020 Bond Issue






Texas Tech University System Credit Profile



Underlying Debt Ratings



	AA+
	AA+
	Aa1

TTUS Credit Profile

Peer Comparisons, FY 2018



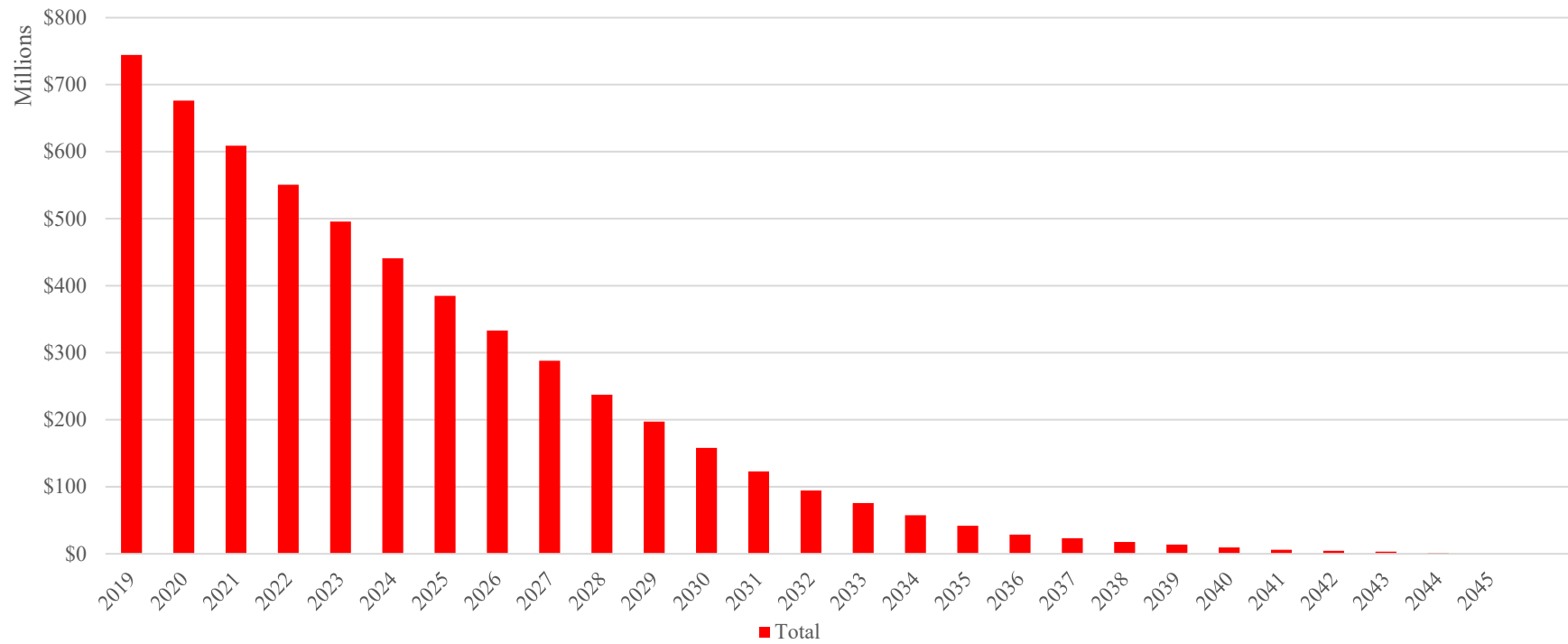
MOODY'S



	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 (Moody's, S&P, Fitch)	<i>Aaa/AAA/AAA</i>	<i>Aa2/NR/AA</i>	<i>Aa1/AA+/AA+</i>	<i>Aa2/NR/AA</i>	<i>Aaa/AAA/AAA</i>	<i>Aa2/AA/NR</i>
Operating Revenue (\$MM)	\$4,613	\$1,287	\$1,896	\$936	\$19,532	\$1,344
<i>RANKING:</i>	2	5	3	6	1	4
Operating Cash Flow Margin (%)	15.5%	16.0%	11.0%	10.9%	20.2%	16%
<i>RANKING:</i>	4	2 (tied)	5	6	1	2 (tied)
Max Single Revenue Contribution (%)	32.8%	54.8%	31.4%	46.7%	42%	51.8%
<i>RANKING:</i>	2	6	1	4	3	5
Spendable Cash & Investments to Operating (x)	2.0	0.7	1.0	0.6	1.5	0.8
<i>RANKING:</i>	1	5	3	6	2	4
Spendable Cash & Investments to Total Debt (x)	1.7	0.8	2.2	0.8	2.5	0.7
<i>RANKING:</i>	3	4 (tied)	2	4 (tied)	1	6
Total Debt-to-Cash Flow (x)	7.3	5.3	3.9	6.7	2.7	6.6
<i>RANKING:</i>	6	3	2	5	1	4
<u>AVERAGE RANKING:</u>	<u>3</u>	<u>4.17</u>	<u>2.67</u>	<u>5.17</u>	<u>1.5</u>	<u>4.17</u>
	<u>3</u>	<u>4 (tied)</u>	<u>2</u>	<u>6</u>	<u>1</u>	<u>4 (tied)</u>

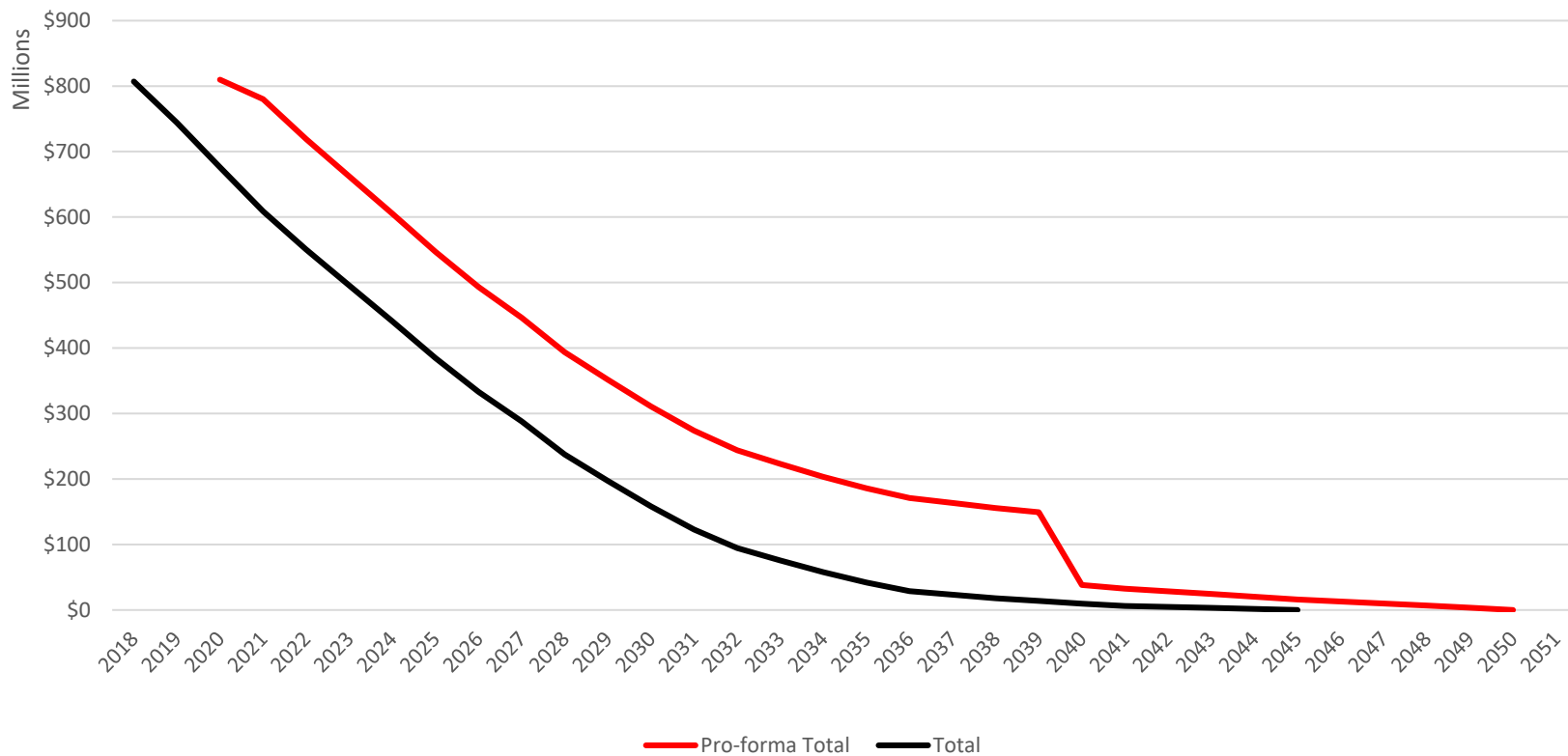
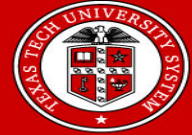
Current Outstanding Debt Balance Amortization

Fiscal Year End 2019 – 2045



Pro-Forma versus Current Outstanding Debt Balance Amortization

Fiscal Year End 2018 – 2051

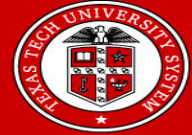


Tentative Schedule of Events



DATE	ACTION
May 1st	Select Underwriting Syndicate
Week of May 4th	Draft POS Prepare Rating Presentations
May 14th	BOR meeting, approve bond resolution
Late May	Moody's Call S&P Rating Call Fitch Rating Call
Week of May 18th	Finalize POS Due Diligence Meeting Receive Ratings
June 1	Electronic Distribution of POS Premarketing of Bonds
Week of June 8th or 15th	Price Bonds
7 days after pricing	Final OS delivery
July 15	Receive approval from AG Closing
60 days after closing	Submit BRB Final Report

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