UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration


DATE PREVIOUSLY SUBMITTED:

SUMMARY:
The System received bids on the $265.5 million of series 2011A bonds and the $21.3 million of series 2011B bonds on December 6, 2011. The bonds closed on December 29, 2011. The Series 2011A bonds are tax-exempt and received eight bids. Bank of America Merrill Lynch (BAML) led a syndicate providing the low true interest cost of 3.71%. The BAML syndicate included three minority firms. The series 2011B bonds are taxable and received five bids. Morgan Keegan led a syndicate providing the low true interest cost of 4.31%. The Morgan Keegan syndicate included four minority firms. On a combined basis, the series 2011A and 2011B bonds resulted in a weighted rate of 3.75%. Included in the Series 2011A sale was the refunding of $87.45 million of debt which generated gross savings of $12.68 million. On a present value basis, the savings equaled $11.4 million representing 13.06% of the refunded bonds. About 70% of the savings benefits the State of Texas since they are TRBs, and 30%, or $375 thousand in debt service savings per year for nine years, accrues to the System.

SUPPORTING DOCUMENTATION: Report on UH System Bonds

FISCAL NOTE: $856.8 million outstanding bonds as of January 31, 2012.

ACTION REQUESTED: Information

COMPONENT: University of Houston System

EXECUTIVE VICE CHANCELLOR Carl Carlucci 1/30/2012
CHANCELLOR Renu Khator 1/31/12

02/15/12
F&A – K-77