

Modeling of General Obligation Debt Issuance

The State of Utah often uses bonds to finance large capital expenditures, including new facility construction, major remodeling, and highway projects. General Obligation (G.O.) bonds are backed by the full faith and credit of the state. Current outstanding G.O. bonds total \$2,498,895,000. The State made payments toward G.O. bond principal totaling \$331,255,000 on July 1, 2015. The next payments toward principal will total \$324,910,000 and will occur on July 1, 2016.

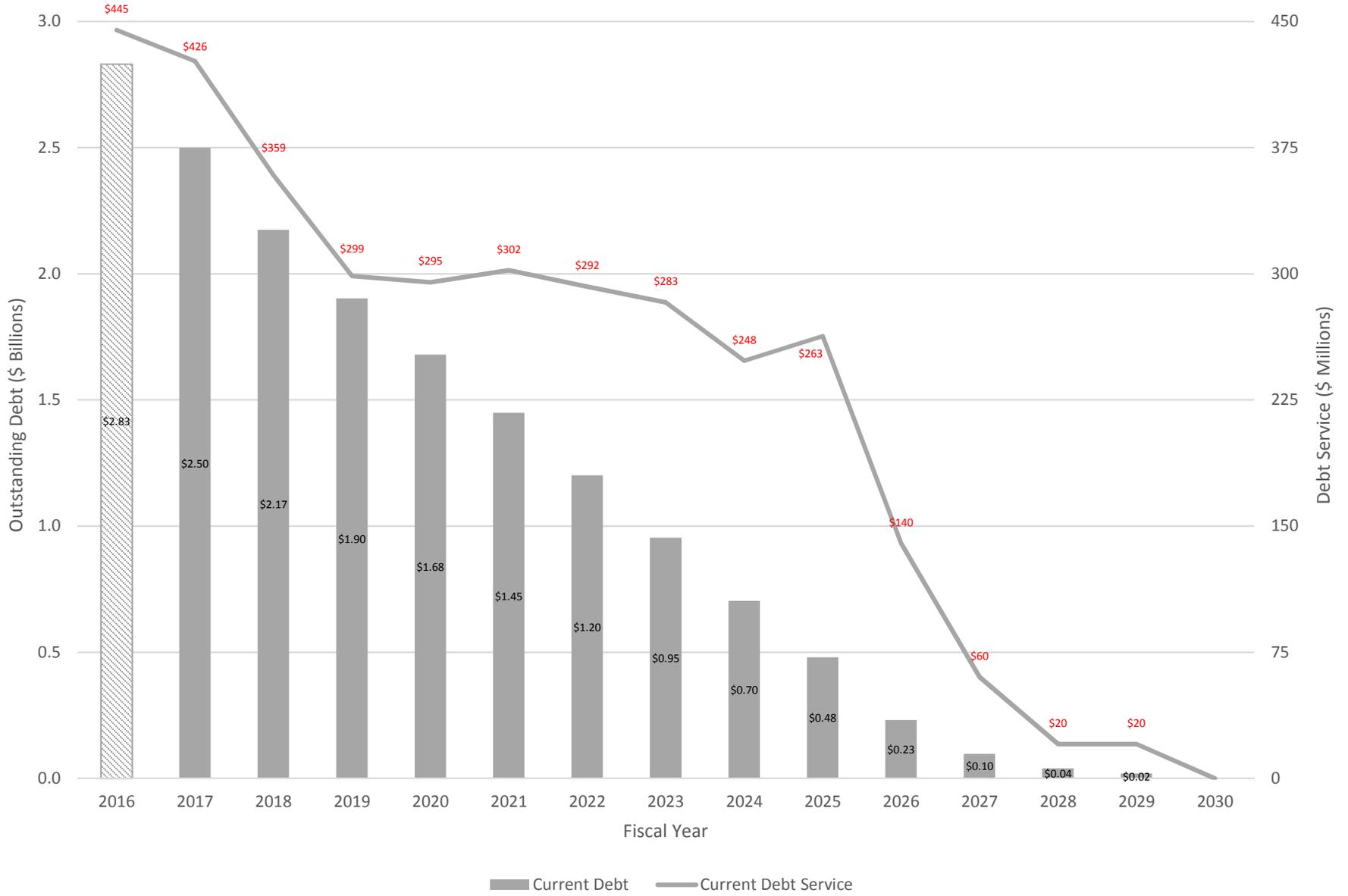
In the 2015 General Session, the Legislature authorized issuance of up to \$470 million in bonds for prison relocation. Additional bonding may be authorized by future Legislatures. The charts on the following pages model the State's current payoff schedule along with hypothetical scenarios of bond issuance as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Issuance</u>	<u>Start Date</u>	<u>First Payment</u>
<i>Prison Relocation (\$470 m total)</i>					
Series 1	3%	7 years	120,000,000	7/1/2016	7/1/2017
Series 2	3%	7 years	230,000,000	7/1/2017	7/1/2018
Series 3	3%	7 years	120,000,000	7/1/2018	7/1/2019
<i>Transportation (\$410 m total)</i>					
Series 1	3%	15 years	100,000,000	7/1/2016	7/1/2017
Series 2	3%	15 years	210,000,000	7/1/2017	7/1/2018
Series 3	3%	15 years	100,000,000	7/1/2018	7/1/2019
<i>Water Project #1 (\$1 b total)</i>					
Series 1	5%	15 years	500,000,000	7/1/2020	7/1/2021
Series 2	5%	15 years	500,000,000	7/1/2022	7/1/2023
<i>Water Project #2 (\$1 b total)</i>					
Series 1	5%	15 years	300,000,000	7/1/2030	7/1/2031
Series 2	5%	15 years	550,000,000	7/1/2035	7/1/2036
Series 3	5%	15 years	150,000,000	7/1/2040	7/1/2041

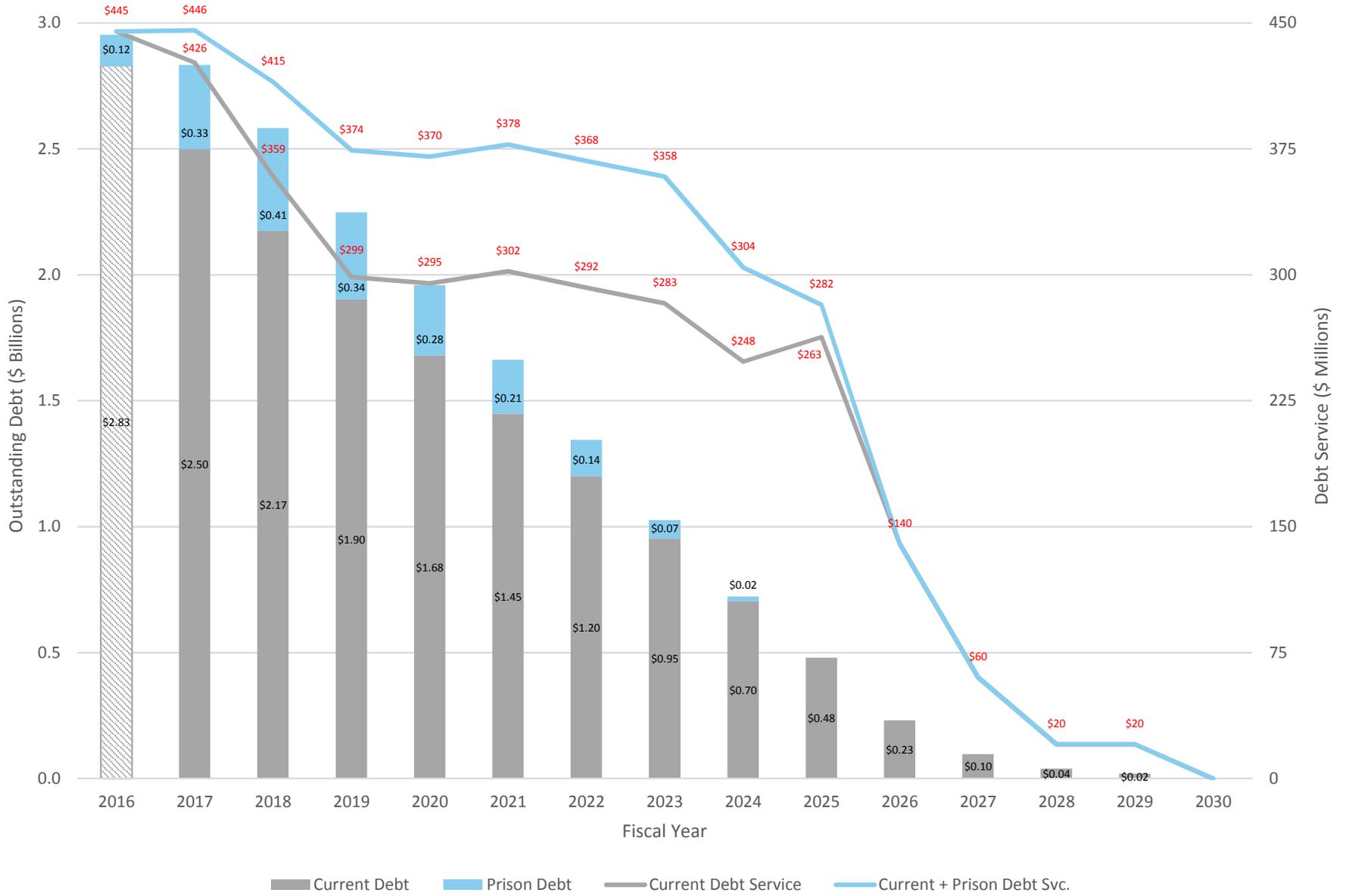
The first chart shows the payoff schedule of current debt outstanding and debt service each fiscal year through 2030 when current debt will be retired. Debt outstanding is depicted as columns with black font in the columns showing the debt amount, and the scale is the left hand y-axis; debt service is depicted as a line with red font showing the amount, and the scale is the right hand y-axis. Subsequent charts are set up similarly and show the following:

- Chart 2 – \$470 million in prison bonds added to existing debt
- Chart 3 – \$410 million in transportation bonds added to existing debt
- Chart 4 – combines prison and transportation debt to existing debt
- Chart 5 - \$2 billion in water infrastructure bonds added to existing debt
- Chart 6 – combines prison, transportation, and water bonds to existing debt

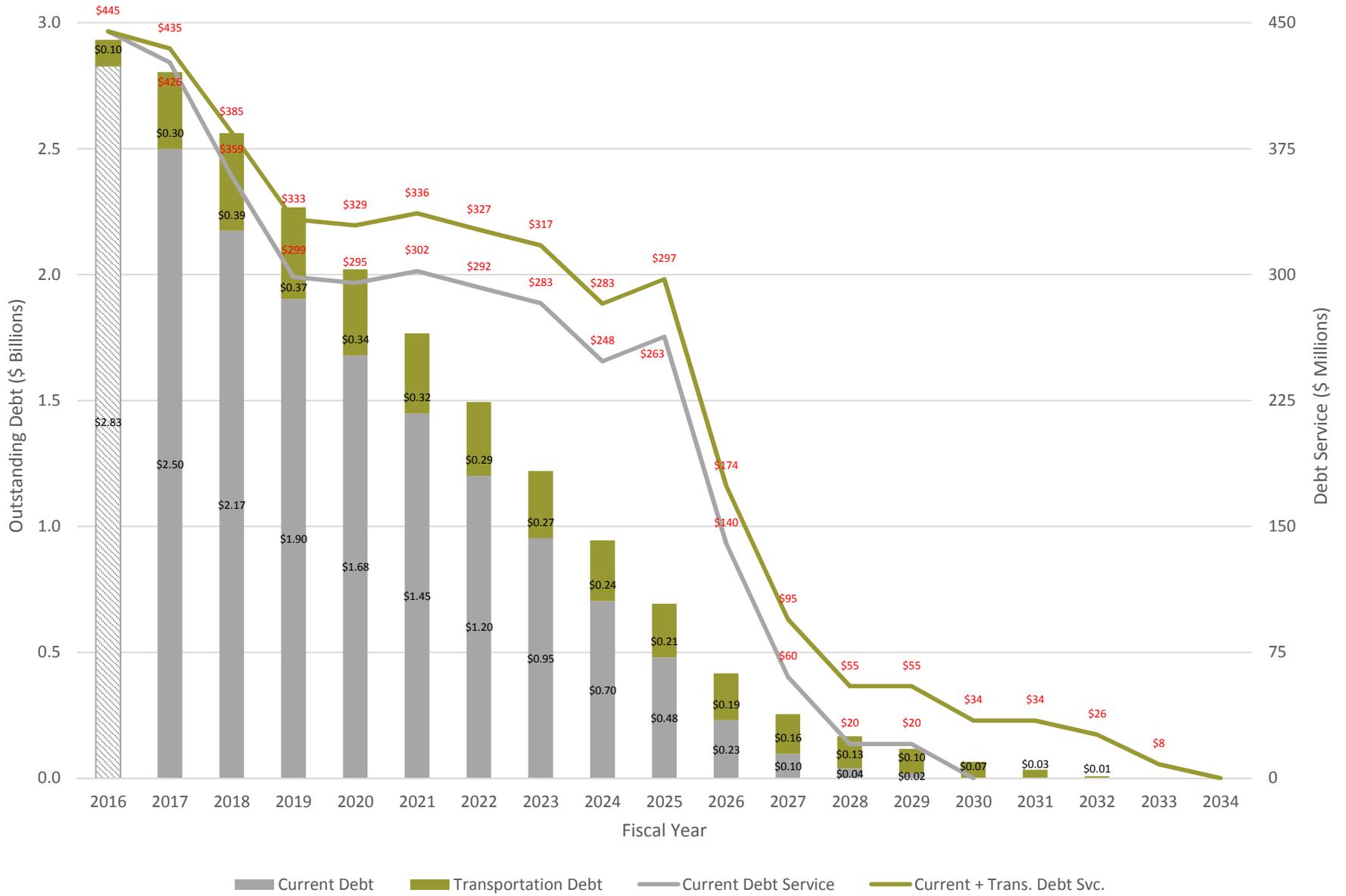
Debt and Debt Service Current



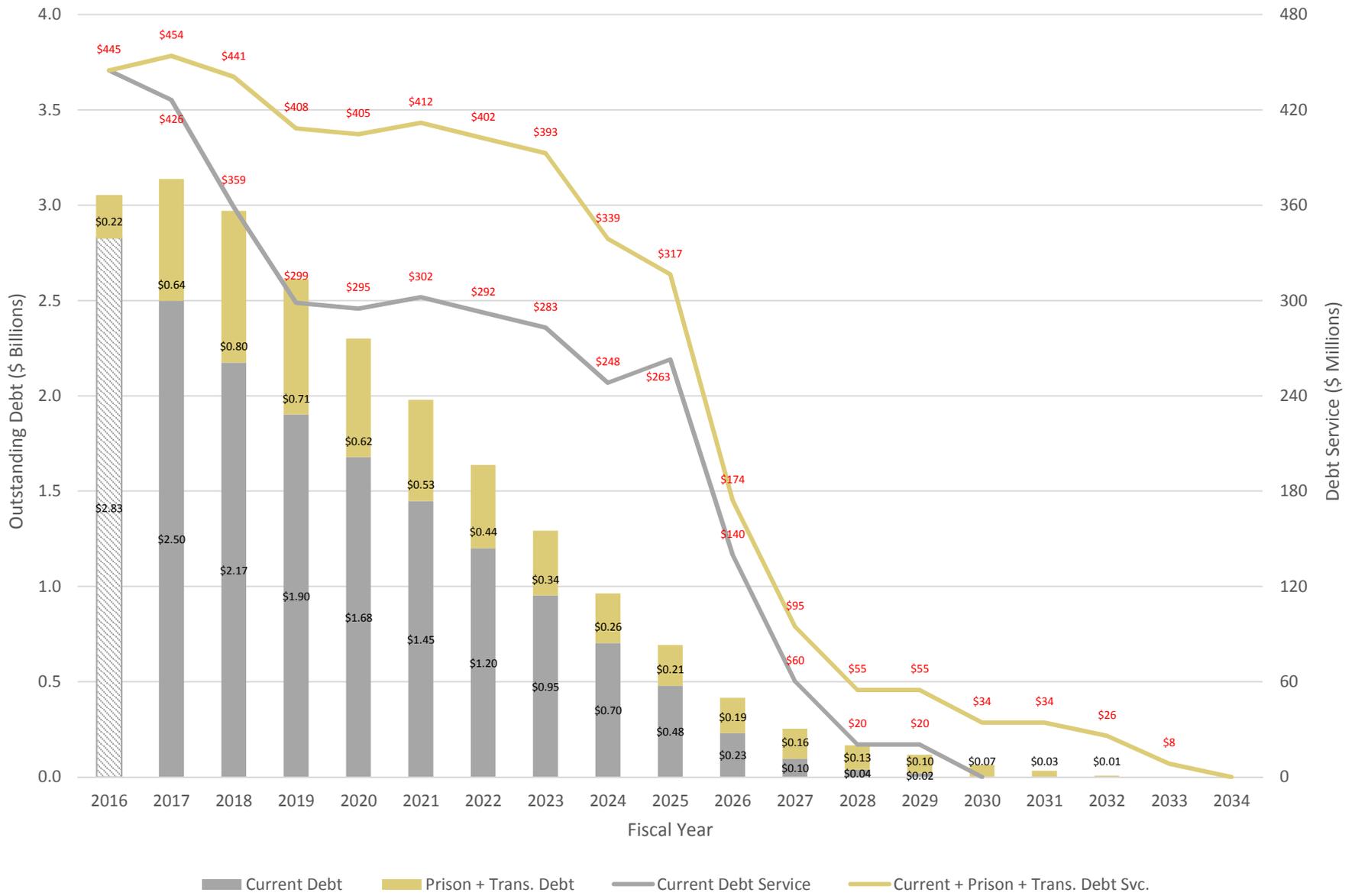
Debt and Debt Service Current + Prison Relocation



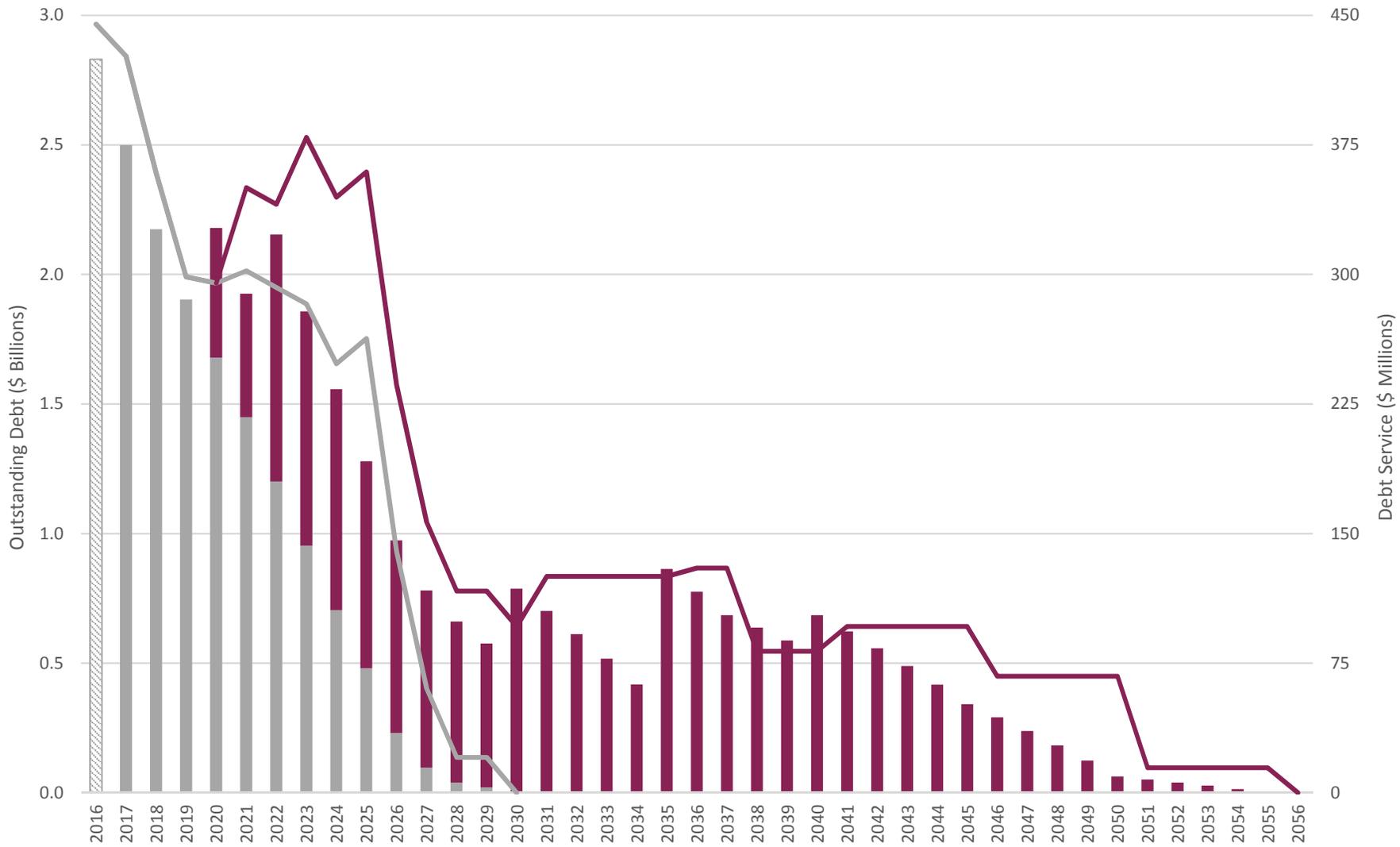
Debt and Debt Service Current + Transportation



Debt and Debt Service Current + Prison + Transportation



Debt and Debt Service Current + Water



Current Debt
 Water Debt
 Current Debt Service
 Current + Water Debt Svc.

Debt and Debt Service

Current + Prison + Transportation + Water

