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Infrastructure Finance & State Debt

August 19, 2020

Series 2020B G.O. Bond Issue



Transaction Proceeds	\$528.73MM*
– \$178MM highway	
– \$351MM prison	
True Interest Cost	1.156%
Average Life	5.8 years
Priced	May 14, 2020
Rollout	Seven weeks

*(Substantially all remaining authorizations)

Outstanding Debt

Estimated Total State Debt⁽¹⁾

G.O. Debt \$2,752,777,067

SBOA LR Debt \$ 282,295,940

TOTAL **\$3,035,073,007**

Constitutional Debt Limit \$6,917,204,014

% of Constitutional Debt Limit⁽¹⁾⁽²⁾⁽³⁾ 41%

⁽¹⁾ on July 1, 2020

⁽²⁾ includes unpaid annual leave

⁽³⁾ SBOA LR debt is not a constitutional debt obligation

Integral Factors in AAA Bond Rating

- Economic & demographic factors
- Structural balance
- Strict limitations on use of debt (i.e. CDL)
- Use – essential & prioritized infrastructure
- Short amortizations
- Adequate reserves, statutory formula
- Moderate l/t liabilities (well-funded OPEB, pension)

AAA Bond Rating Waterfall

- **Market Access**

- **Cost of capital**

- **State Guaranteed Debt**

School Bond Guaranty

\$3.53 Billion

- **Moral Obligation Pledged Debt**

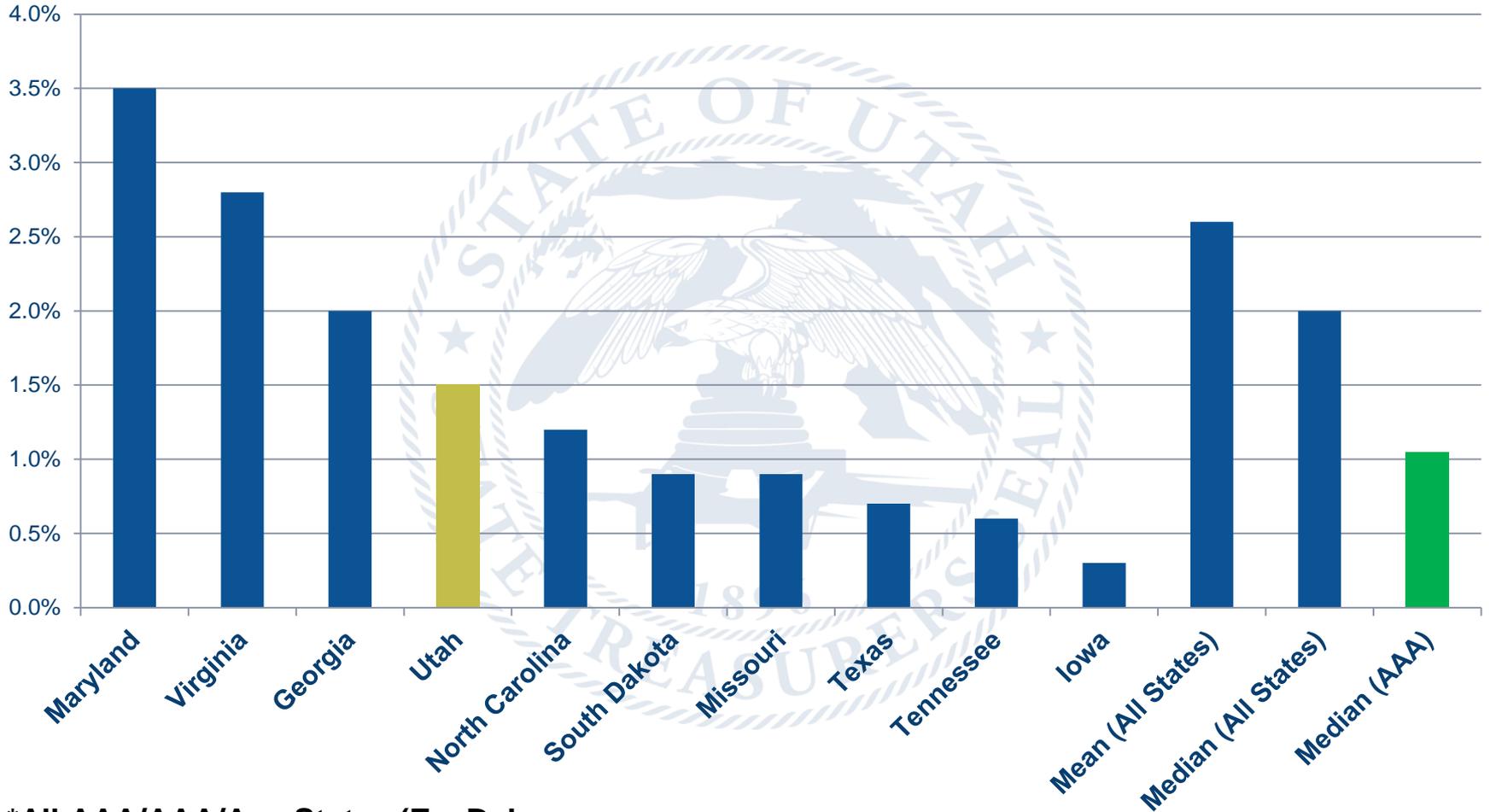
Charter School Credit Enhancement \$366.1MM

Board of Regents (Student Loan) \$494.5MM

Board of Regents (Higher Education) \$1.43 Billion

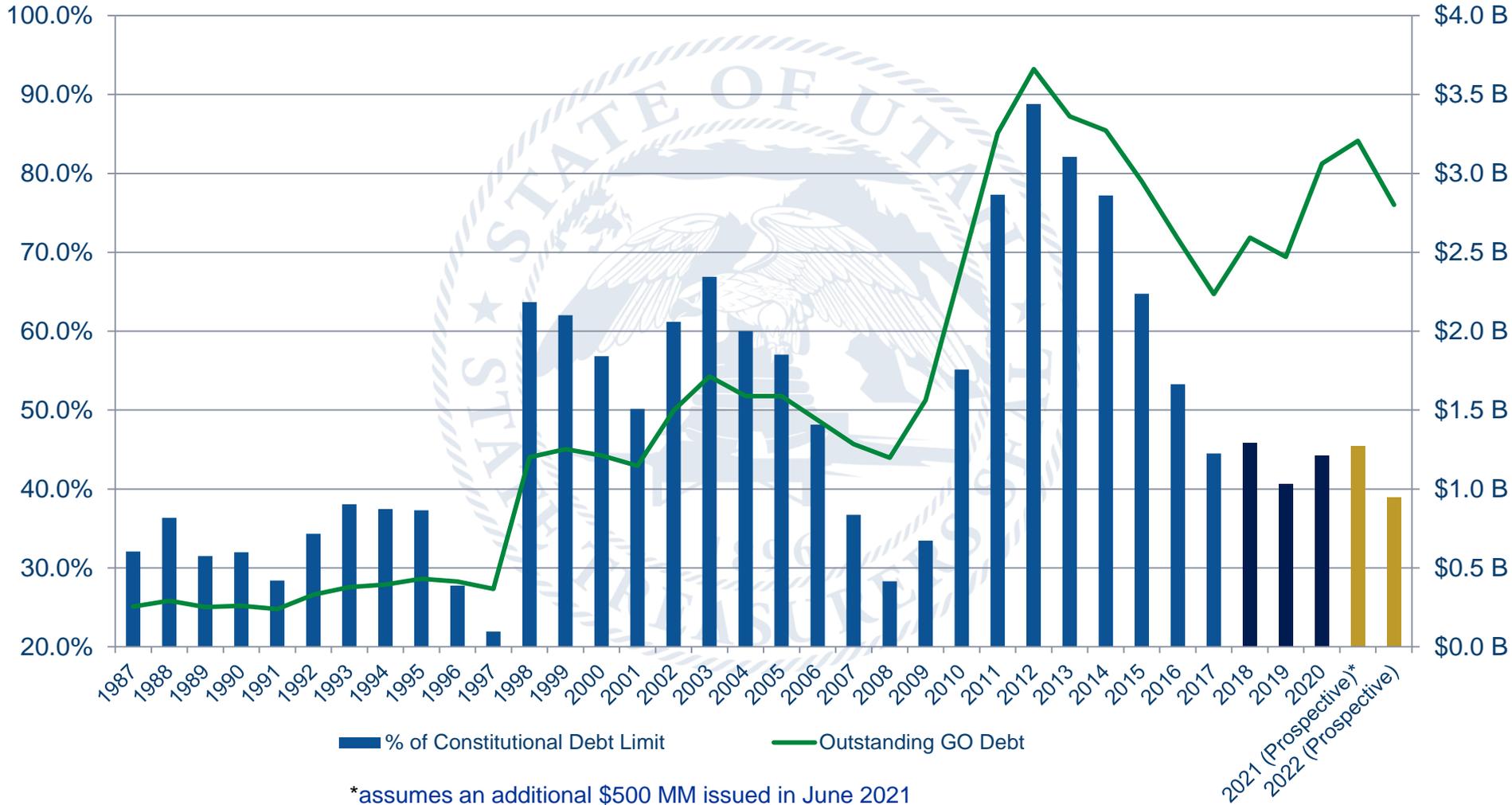
Recapitalization Revenue Bonds \$13.35MM

Debt as a Percentage of Personal Income (2019)

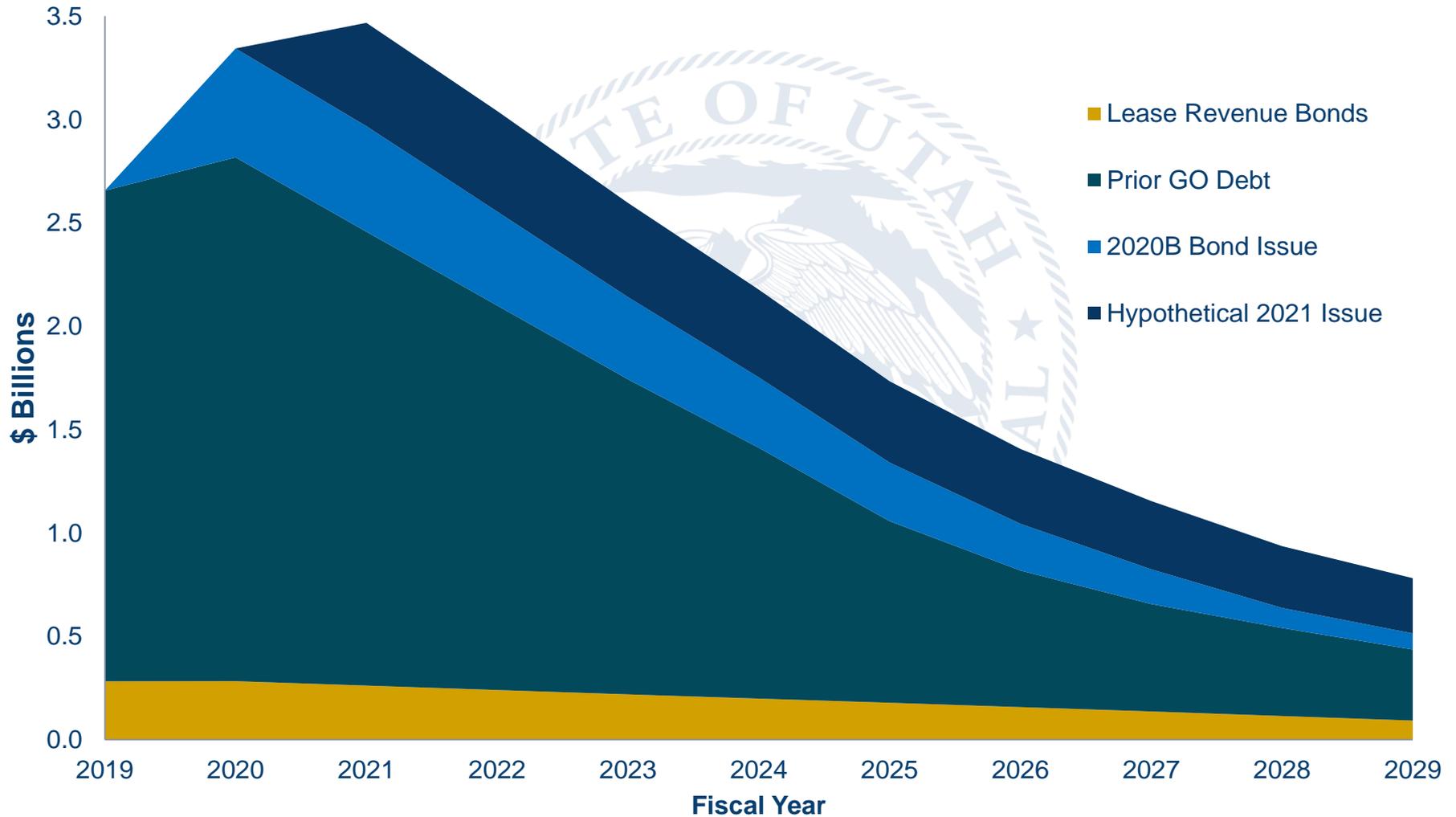


*All AAA/AAA/Aaa States (Ex. Delaware)

G.O. Debt: Historical & Prospective

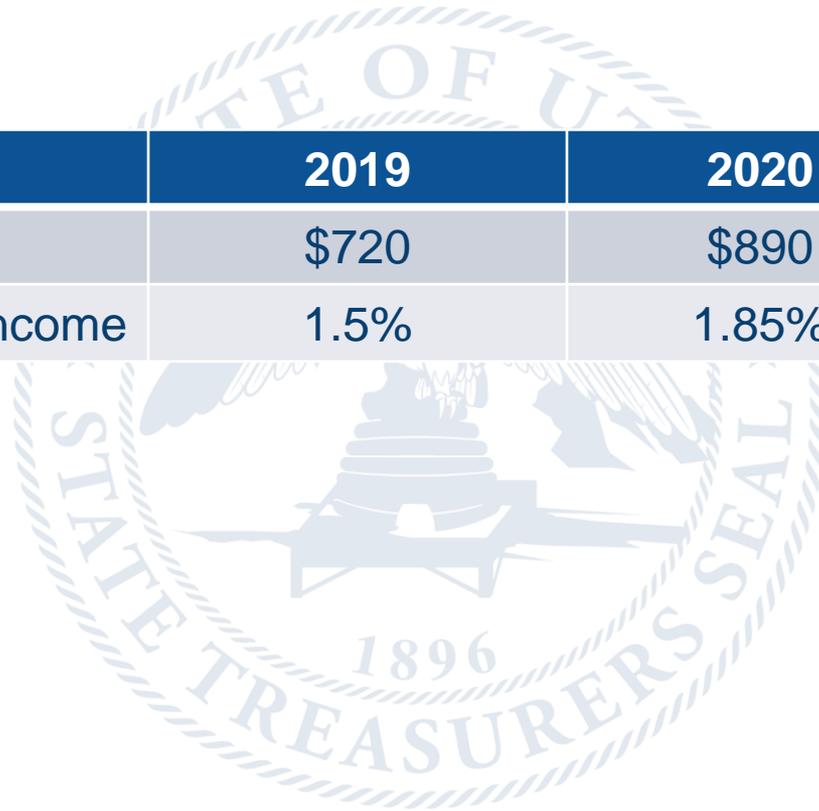


Forward Debt Structure



Affordability Implications of the Hypothetical

	2019	2020	2021
Debt per capita	\$720	\$890	\$904
Debt to personal income	1.5%	1.85%	1.88%



Two-Way Competition for Capacity

Sale Dates	Highway Bonds	Prison Bonds	Total Issuance
Jul-17	\$47 MM	\$120 MM	\$167 MM
Feb-18	\$285 MM	\$100 MM	\$385 MM
Jan-19	\$150 MM		\$150 MM
Feb-20	\$541 MM		\$541 MM
May-20	\$178 MM	\$351 MM	\$529 MM
TOTAL:	\$1.20 B	\$571 MM	\$1.77 B

Three-Way Competition for Capacity

Lake Powell Pipeline

- Rough Cost Estimated at \$1.3 B to \$1.9 B
- Potential Sources of Capital
 - WCWCD Senior Revenue Bonds (0% to 25%)
 - Utah G.O. Bonds (25% to 51%)
 - Federal WIFIA (0% to 49%)

Bear River Pipeline...

Yield Curve & Implications



Use of Debt Considerations

- Prioritization of paygo
- Essential, prioritized infrastructure
- UDOT/DFCM capacity to utilize proceeds
- L/T nonresidential cost inflation ~3.5%
- Relative impact of inflation > impact of i
- Affordability of d/s
- Extraordinary economic context
- Limitations of l/t forecasting



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