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**Utah State
Treasurer**



Build America Bonds

The Utah Experience

NAST Issues Conference

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Utah's Capital Plan

- \$6.0 billion of capital needs
 - Includes \$3.5 billion of GO bonds
- 20 year maturity (constitutional)
- Began with \$1.0 billion of outstanding GO bonds
- \$4.5 billion constitutional debt limit



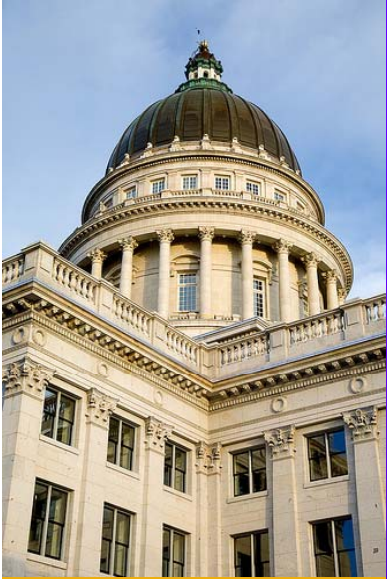
Initial BAB reaction

- Not a fit for Utah
 - Short maturities
 - No large term bonds
 - Call provisions
 - Question about ongoing federal commitment



Deal Education

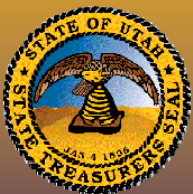
- Installed a revolving door





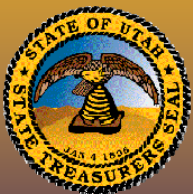
Is it the Real Deal?

- BAB market began to mature
- RFP for underwriters
 - Flexibility for BAB option
- Tested waters with a \$125 million Lease Revenue deal (22 years)
 - 10 year par call



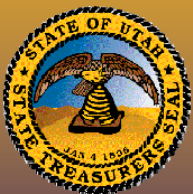
Ready for a Real Deal

- \$850mm highway/\$150mm buildings
 - 15 year/7 year maturities
- Cross over point at 6 or 7 years
 - \$700mm/\$300mm structure (BAB/TE)
- Net Roadshow
 - Viewed by 57 firms
 - 4 placed tax-exempt orders
 - 16 placed taxable orders



Bond Sale Results

- 10 year serial maturity priced at 10Y Treasury + 70
- 15 year term bond priced at 10Y Treasury + 110
- Initial pricing was tightened 15 bps



Bond Sale Results

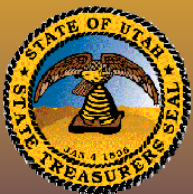


	Series 2009C Tax Exempt	Series 2009D Taxable BAB	Combined
Par Amount	\$490,410,000	\$491,760,000	\$982,170,000
All-in TIC (net)	2.24%	2.99	2.73%
Average Life	5.8 years	12.3 years	9.0 years



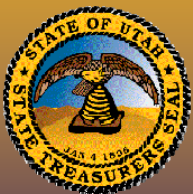
Bond Sale Results

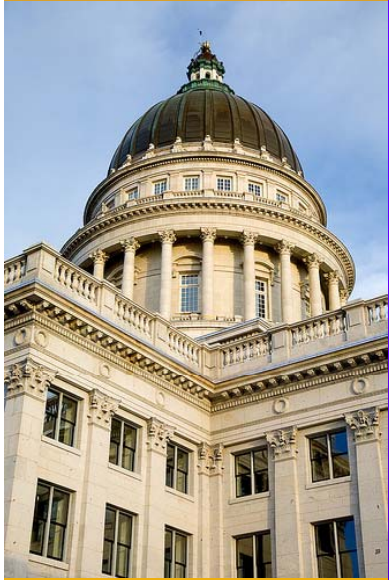
- BABs reduced the All-in TIC by 32 bps compared to an all tax-exempt structure
- BABs resulted in a NPV debt service savings of \$24.6 million



Takeaways

- Must be comfortable with Treasury's obligation to make payments
- Must be comfortable with Make Whole call provisions for best pricing (no future refunding)
- Investor education needed





Takeaways

- Timing of formal bond approval process
- Taxable syndicate structure is different
- Process for actually getting the direct payment
- Rating agency concerns

