

Connecticut State University System

Developing a State of Minds

BR#05-30



RESOLUTION

concerning

AUTHORIZATION TO BORROW FROM THE STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY, IN AN AMOUNT NOT TO EXCEED \$92,400,000 FOR THE PURPOSE OF FINANCING IN ONE OR MORE SERIES VARIOUS ADDITIONS AND IMPROVEMENTS TO RESIDENTIAL AND OTHER FACILITIES OF THE CONNECTICUT STATE UNIVERSITY SYSTEM AND RELATED EXPENSES AND FINANCING COSTS, AUTHORIZATION TO PLEDGE CERTAIN REVENUES AND THE ENTRY INTO VARIOUS AGREEMENTS WITH THE CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY TO SECURE SUCH LOANS AND THE BONDS

May 6, 2005

WHEREAS, The Board of Trustees for the Connecticut State University System (CSU) has requested and may request in the future the State of Connecticut Health and Educational Facilities Authority (CHEFA) to issue its revenue bonds pursuant to the provisions of the State of Connecticut Health and Educational Facilities Authority Act, being Chapter 187 of the General Statutes of Connecticut, as amended, including Public Act No. 95-270 (the CHEFA Act) to finance in one or more series all or a portion of the cost of (i) various additions and improvements to residential and other facilities of CSU and related expenses; (ii) to fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund requirement; and (iii) any other financing costs associated with the capital program (see Exhibit A, attached); and

WHEREAS, CHEFA will submit to CSU for approval and execution in the name of and on behalf of CSU, various agreements, contracts, and other instruments, which may include, without limitation, loan agreements, pursuant to which CSU will be obligated to make payments of the principal of, premium, if any, and interest on CHEFA's revenue bonds, and will secure its repayment obligations by pledges of revenues of the University Fee, and all or part of revenues from Student Parking Fees and Housing Fees at Southern Connecticut State University, Eastern Connecticut State University, Western Connecticut State University and Central Connecticut State University as are necessary to secure the bonds, and certain other charges of CSU; tax compliance agreements pertaining to certain representations and agreements of CSU to preserve the tax exemption on CHEFA's revenue bonds; representation and indemnity agreements, pursuant to which CSU will make various representations and indemnifications in connection with the sale and issuance of CHEFA's revenue bonds; continuing disclosure agreements, pursuant to which CSU will agree to provide financial statements and other operating data to the secondary bond

market; environmental indemnity agreements, pursuant to which CSU will make various representations and indemnifications concerning environmental and related matters; official statements pursuant to which CHEFA's revenue bonds will be sold, and other documents and agreements requested by CHEFA which are necessary or appropriate to effectuate the financing of the capital program; and CSU will issue its notes to secure its obligations under the loan agreements; and

WHEREAS, The Board of Trustees for the Connecticut State University System is requesting assistance from CHEFA in connection with financing the capital program; now therefore be it

RESOLVED, That the Board of Trustees for the Connecticut State University System approves the following provisions for authorization of CSU to borrow from CHEFA as described below:

Section 1. That the Board hereby approves the capital program substantially in the form as described in *Exhibit A* hereto, but reserves the right, in its discretion, not to undertake any one or more of the components of the capital program, to amend the scope and details of any component of the capital program, or to add additional components to be financed by any borrowings to finance the capital program.

Section 2. That the action of the officers of CSU, in submitting a request to CHEFA in the name of and on behalf of CSU in connection with financing of the capital program, be and the same is hereby ratified and approved and any future similar request of officers of CSU in furtherance of financing portions of the capital program in *Exhibit A* is hereby authorized.

Section 3. That CSU borrow a sum not to exceed \$92,400,000 million from CHEFA to be used for the purpose of financing so much of the capital program, as described in *Exhibit A* hereto, as may be financed with proceeds of such borrowings, including but not limited to design and construction costs, equipment, materials, architect and engineering fees and other expenses related to the capital program, funding of a Debt Service Reserve Fund and paying costs of the financings; and that CSU may spend additional moneys on any component of the capital program from available funds from State General Obligation Bonds and past and future borrowings from CHEFA.

Section 4. That the Board hereby approves the pledge to CHEFA, in order to secure the financings, for the purposes and in accordance with the provisions of the CHEFA Act and Public Act No. 95-270, of all or any part of CSU's right, title and interest in and to any revenues of the University Fee, any revenues of Student Parking Fees and Housing Fees at Southern Connecticut State University, Eastern Connecticut State University, Western Connecticut State

University and Central Connecticut State University as are necessary to secure the bonds, and certain other charges of CSU presently owned or hereafter acquired.

Section 5. That the Board hereby approves, as further security for the financing of the capital program, that CHEFA's revenue bonds are secured by a State Special Capital Reserve Fund (SCRF) as provided for in the CHEFA Act and, in particular, Section 10a-186a of the General Statutes, as amended, including Public Act No. 95-270, to be funded with proceeds of CHEFA's revenue bonds.

Section 6. That the Board hereby authorizes the Chancellor, and in his absence, the Chief Financial Officer of CSU, for and in the name of and on behalf of CSU, to execute one or more loan agreements and notes in as many counterparts as may be necessary, said loan agreements and notes to be in such form as such officer shall approve, such approval to be conclusively evidenced by such execution.

Section 7. That the Chancellor, and in his absence, the Chief Financial Officer of CSU, are further authorized for and in the name of and on behalf of CSU, to execute and deliver, in the manner provided in Section 6 of this resolution, any and all other financing documents and written agreements, contracts, evidences of indebtedness, certifications and other instruments to which CSU may be or become a party or which may be required to be executed and delivered in the name of and on behalf of CSU, including but not limited to the establishment of one or more accounts dedicated to make the payments required to be made to CHEFA or to secure CHEFA's revenue bonds, and a pledge of revenues from the University Fee, and all or part of revenues from Student Parking Fees and Housing Fees at Southern Connecticut State University, Eastern Connecticut State University, Western Connecticut State University and Central Connecticut State University as are necessary to secure the bonds, and certain other charges of CSU, as shall be determined by the Chancellor, and in his absence, the Chief Financial Officer of CSU, all such agreements, contracts and other instruments to be in such form as such officers may approve, such approval to be conclusively evidenced by such execution.

Section 8. That the Board hereby authorizes the Chancellor, and in his absence, the Chief Financial Officer of CSU, to approve, for and in the name of and on behalf of CSU, the use in Official Statements of CHEFA of information with respect to CSU, and to execute and deliver to CHEFA letters for use in Official Statements of CHEFA, such letters to be in such form as such officer may approve, such approval to be conclusively evidenced by such execution.

Section 9. That the Chancellor, and in his absence the Chief Financial Officer of CSU, is further hereby authorized, for and in the name of and on behalf of CSU, to approve or to execute, as appropriate, any or all instruments in

connection with CHEFA's revenue bonds to be issued for the purposes herein approved; and any Trust Indenture between CHEFA and the Trustee to be selected by CHEFA, and any other agreement, instrument or document necessary or useful to consummate the financings of the capital program through CHEFA; and to cooperate with CHEFA in the issuance and sale of CHEFA's revenue bonds.

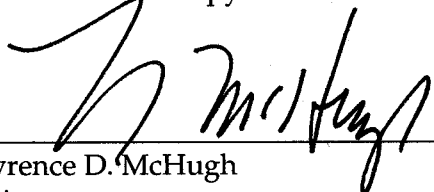
Section 10. It is the intention of the Board by this resolution to authorize the officers of CSU hereinabove named without further action by the Board, to approve all of the terms of CHEFA's revenue bonds, the terms of the loans from CHEFA, including the dates, amounts, interest rates, interest periods, maturities and financial and other covenants.

Section 11. The officers of CSU are, and each of them hereby is, authorized and directed to perform and take such other actions as may be desirable, necessary, proper or convenient to accomplish the intent and purposes expressed herein, and the performance thereof by such officer shall be conclusive as to the approval by such officer of the terms thereof.

Section 12. CSU hereby declares its official intent under Federal Income Tax Regulation Section 1.150-2 that project costs may be paid from temporary advances of available funds and that CSU reasonably expects to reimburse any such advances from the proceeds of borrowings in an aggregate principal amount not in excess of the amount of borrowing authorized above for financing the capital program; and no funds from sources other than the reimbursement bond issue are or are reasonably expected to be reserved, allocated on a long term basis, or otherwise set aside by CSU pursuant to CSU's budget or financial policies to pay the bond-financed portion of the capital program, except as set forth in *Exhibit A*; and be it further.

RESOLVED, That the resolution shall take effect immediately upon its adoption.

A Certified True Copy:



Lawrence D. McHugh
Chairman

EXHIBIT A

DESCRIPTION OF CAPITAL PROGRAM

University	Project Title	Project Cost	Anticipated State Funds	CHEFA Series A Bonds	CHEFA Series B Bonds	CHEFA Series C Bonds	CHEFA Series D Bonds	CHEFA Series E Bonds	Anticipated CHEFA Series G Bonds	To Fund With Future Bonds or Excess Proceeds
Western	Renov. Newbury Hall Incl. Code Compl. Improv.	\$ 873,889.64	\$ -	\$ 873,889.64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Reroof Newbury Hall	130,900.00	7,200.00	123,700.00	-	-	-	-	-	-
	Minor Capital Improvements: Phase I Program	100,000.00	100,000.00	-	-	-	-	-	-	-
	Minor Capital Improvements: Phase II Program	225,000.00	225,000.00	-	-	-	-	-	-	-
	Minor Capital Improvements: Phase III Program	403,000.00	-	-	-	403,000.00	-	-	-	-
	Minor Capital Improvements: Phase IV Program	553,500.00	505,000.00	-	-	48,500.00	-	-	-	-
	Minor Capital Improvements: Phase V Program	285,000.00	-	-	-	-	-	-	285,000.00	-
	Minor Capital Improvements: Phase VI Program	365,000.00	-	-	-	-	-	-	-	365,000.00
	Minor Capital Improvements: Phase VII Program	285,000.00	-	-	-	-	-	-	-	285,000.00
	Minor Capital Improvements: Phase VIII Program	825,000.00	-	-	-	-	-	-	-	825,000.00
	Minor Capital Improvements: Phase IX Program	355,000.00	-	-	-	-	-	-	-	355,000.00
	Construct Westside Residence Hall	21,661,678.17	-	15,858,757.20	5,802,918.97	-	-	-	-	-
	Renovations and Additions to Memorial Hall	8,858,000.00	6,656,000.00	-	2,200,000.00	-	-	-	-	-
	Renov. Fairfield Hall Incl. Code Compl. Improv.	631,515.12	61,790.00	569,725.12	-	-	-	-	-	-
	Renov. Grasso Hall Incl. ADA Compl. Improv.	2,124,700.00	2,124,700.00	-	-	-	-	-	-	-
	Litchfield Hall: HVAC/EMS Improvements	120,000.00	120,000.00	-	-	-	-	-	-	-
	Construct Westside Student Center	17,871,579.00	-	-	-	1,218,000.00	2,197,000.00	14,456,579.00	-	-
	Newbury Hall: HVAC Installation	1,377,568.00	-	-	-	50,000.00	92,428.16	429,954.57	805,185.27	-
	Construct New Residence Hall and Parking Garage	30,017,372.00	-	-	-	-	-	30,017,372.00	-	-
	Construct Second Midtown Campus Parking Garage	17,552,162.00	-	-	-	-	-	-	17,552,162.00	-
	Renovate Fairfield Hall	6,881,000.00	-	-	-	-	-	-	495,000.00	6,386,000.00
Newbury Hall Bathroom Renovations	360,000.00	-	-	-	-	-	-	-	360,000.00	
Midtown Student Center Kitchen Renovation	240,000.00	-	-	-	-	-	-	-	240,000.00	
Litchfield Hall Reroof	320,000.00	-	-	-	-	-	-	-	320,000.00	
Pinney Hall Security Screens	320,000.00	-	-	-	-	-	-	-	320,000.00	
Pinney Hall Connector Road	310,000.00	-	-	-	-	-	-	-	310,000.00	
TOTALS:		\$ 533,252,727.37	\$ 38,771,421.00	\$ 45,172,335.51	\$ 41,558,694.27	\$ 22,316,545.64	\$ 71,654,517.11	\$ 130,958,493.57	\$ 81,955,720.27	\$ 100,865,000.00
Other Costs:	Debt Service Reserve Fund (estimated for this issue):			\$ 4,299,620	\$ 3,648,295	\$ 2,203,755	\$ 6,994,575	\$ 9,203,000	\$ 6,061,383	\$ -
	Capitalized Interest:			\$ -	\$ -	\$ -	\$ -	\$ 8,280,010	\$ 4,151,171	\$ -
	Financing Costs (estimated for this issue):			\$ 202,822	\$ 196,983	\$ 195,599	\$ 197,108	\$ 233,206	\$ 235,000	\$ -
Estimated Total Project Costs:				\$ 49,674,578	\$ 45,403,972	\$ 24,715,900	\$ 78,846,200	\$ 148,674,709	\$ 82,403,273	\$ 100,865,000
Source of Funds:	Bond Finance Portion (estimated for this issue):			\$ 44,580,000	\$ 38,995,000	\$ 22,735,153	\$ 76,186,768	\$ 147,377,222	\$ 86,531,123	\$ 75,865,000
	Interest Earnings (Estimated for this issue)			\$ 5,313,235	\$ 6,855,802	\$ 2,181,280	\$ 2,037,525.2	\$ 1,297,487	\$ 2,000,000	\$ -
	Bid Premium (Discount) (Estimated for this issue)			\$ (218,658)	\$ (446,628)	\$ (200,533)	\$ 621,907	\$ -	\$ 447,150	\$ -
	State General Obligation Bonds			\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,425,000	\$ 25,000,000
TOTAL				\$ 49,674,577	\$ 45,403,974	\$ 24,715,900	\$ 78,846,200	\$ 148,674,709	\$ 92,403,273	\$ 100,865,000

ITEM

Authorization to borrow from the State of Connecticut Health and Educational Facilities Authority, in an amount not to exceed \$92,400,000 for the purpose of financing in one or more series various additions and improvements to residential and other facilities of the Connecticut State University System and related expenses and financing costs, authorization to pledge certain revenues and the entry into various agreements with the Connecticut Health and Educational Facilities Authority to secure such loans and the bonds.

BACKGROUND

Public Act No. 95-270 authorizes the Board of Trustees for the Connecticut State University System to borrow money from the Connecticut Health and Educational Facilities Authority (CHEFA) to finance dormitories, residential facilities, student centers, food service facilities and other auxiliary service facilities and related buildings and improvements. As further security for the financing of the capital program, the legislation provides that CHEFA's revenue bonds may be secured by a State Special Capital Reserve Fund (SCRF). Repayment of the debt is generally provided through a pledge of University Fee, Housing Fee and Parking Fee revenues. Prior to Public Act 95-270, funding for auxiliary service projects was obtained through action by the legislature as self-liquidating bonds authorized under the State's general obligation bond program.

In November 1995, the Board of Trustees for the Connecticut State University System secured \$44,580,000 in bonds through CHEFA to finance a variety of auxiliary service capital projects at the four universities. This Series A Bond Issue was CSU's first opportunity to obtain funding for auxiliary service capital projects without seeking General Assembly approval. In March 1997, the Series B Bond Issue was implemented to secure \$38,995,000 to finance auxiliary service capital projects. The Series C Bond Issue, completed in November 1999, provided an additional \$23,000,000 for projects at the universities. Included in the Series C Bond Issue was funding for the construction of a 604-vehicle parking garage for Southern Connecticut State University. Southern established a separate revenue stream to finance debt service for the parking garage through the implementation of a student parking fee charged to all full-time and part-time students at the university. The Series D Bond Issue, completed in March 2002, provided \$76,150,000 to finance university projects including a 1,030-vehicle parking garage at Central, a 710-vehicle parking garage at Eastern, and a new student center at Southern. Both Central and Eastern established separate revenue streams to finance the debt service for their proposed parking garages through the implementation of a student parking fee charged to all full-time and part-time students at the university. The Series E Bond Issue, completed in May 2003, provided \$142,090,000 to finance the construction of a student center on the Westside campus of Western Connecticut State University, as well as the development of three 251-bed residence halls at Eastern, a 365-bed residence hall and 450-vehicle parking garage at Southern, and a 351-bed residence hall and 325-vehicle parking garage at Western. Each university established separate revenue streams to finance debt service for their proposed residence halls and

parking garages through housing fees and other revenues. In February 2004, the Series F Bond Issue was completed to provide for the advanced refunding of select maturities of the Series A, Series B, Series C and Series D revenue bonds totaling \$49,475,000. The refunding resulted in a net present value savings of \$1,834,336.

It is proposed that CSU secure additional bonding through CHEFA to finance auxiliary service capital projects proposed for funding in FY 2004-05. We anticipate the bond sale (Series G Bond Issue) to take place in June 2005.

ANALYSIS

Subsequent to the Series B Bond Issue, legislation was established under Section 4 of Public Act No. 97-293 ("An Act Concerning Advancement of Public Institutions of Higher Education") which provides a commitment of \$5 million per year to finance projects impacting residential and other auxiliary service facilities at CSU campuses. This commitment is for a period of ten years, beginning July 1, 1998. The language specifies that the General Assembly will either provide \$5 million from the General Fund to pay toward debt service on auxiliary service capital projects, or provide annual authorizations of \$5 million from general obligation bonds to be allocated by the Bond Commission for auxiliary service projects. The program was designed to supplement funds issued to CSU through CHEFA. This funding source permits the continuation of CSU's program of facility renewal and new construction for auxiliary service capital projects at the four universities, without substantially increasing the student university fee.

Funding requirements for auxiliary service projects at the Connecticut State Universities in FY 2004-05 total \$81,955,721 and will finance, in whole or in part, 21 projects. The \$3,425,000 remaining from this year's general obligation pledge reduces the amount required for funding through CHEFA to \$78,530,721. The projects identified for funding at Central include a pre-design feasibility study (\$150,000) for renovations to Memorial Hall dining facility, design for heating, ventilating and air conditioning system conversion in five residence halls (\$496,000), design funds for the comprehensive renovation of Carroll Hall dormitory (\$1,348,000), residence hall security improvements (\$466,000) and the minor capital projects program (\$800,000). Projects proposed at Eastern include the renovation and expansion of the student center (\$21,760,573), design funds for sprinkler and fire alarm upgrades (\$80,500) and door replacement and elevator improvements (\$23,500) in Occum Hall residence facility, construction funds for waterproofing and exterior and interior repairs to Burr Hall dormitory (\$1,691,800), and minor capital projects (\$398,000). At Southern, projects include the repair and resurfacing of parking lots #3 and #4 (\$315,000) as well as reconstruction of the West Campus entrance drive (\$512,000), design for the replacement of roofs on the North Campus residence hall and Brownell Hall dormitory, as well as construction funds for roof replacement on the North Campus residence hall (\$1,498,000), replacement of windows, doors and brick repairs at the North Campus Residence Hall (\$1,643,000), design funds for renovations to Farnham Hall dormitory (\$636,000), and minor capital projects (\$1,000,000). For Western, funds are required for the installation of a heating, ventilating and air conditioning system in Newbury Hall dormitory

(\$805,186), design of renovations to Fairfield Hall, the Georgian-style women's residence hall constructed in 1926 (\$495,000), and the minor capital projects program (\$285,000).

Debt service on bonds issued to fund the aforementioned projects will be paid from University Fee revenues charged to full-time undergraduate and graduate students enrolled at the Universities. The annual fee presently charged to in-state students is \$765. The fee for out-of-state students is set at \$1,879. This represents revenue of approximately \$18,625,435. As of June 30, 2004, the fund balance to finance outstanding indebtedness and projected debt service requirements totaled \$42,492,650. This fund balance is restricted by CHEFA bond covenants, and is wholly separate and apart from either the system or university fund balances derived from operating funds. Outstanding debt (principal and interest) for projects funded through University Fee revenues totals \$248,020,483.

It should be noted that the CSU System has additional outstanding indebtedness totaling \$260,760,734 to finance the construction of one parking garage at Central, three residence halls and one parking garage at Eastern, one residence hall and two parking garages at Southern, and one residence hall and one parking garage at Western. Debt service for these facilities is provided through separate revenue streams previously established for each university including Housing Fee revenues (in the case of Eastern, Southern and Western), and Student Parking Fee revenues (at Central, Eastern and Southern). These revenue streams also are restricted by CHEFA covenants to finance outstanding indebtedness for the specified residence halls and parking garages.

The proposed Series G Bond Issue also includes funding of an 800-vehicle parking garage to be constructed on Western's Midtown campus (\$17,552,162) and the purchase and renovation of the Essex House apartment building (\$30,000,000) located on East Street in New Britain, in close proximity to Central's main campus. The cost of Western's parking garage is based upon bids received on March 24, 2005. The dollar amount associated with the purchase and renovation of the Essex House is based upon the negotiated purchase price of the facility and the estimated renovation costs determined from a planning study completed for Central by an architectural consultant. Central and Western have established separate revenue streams to finance debt service for these projects, through a housing fee (at Central) and student parking fees (at Western) and other revenues.

At Central, annual revenue requirements identified for the purchase and renovation of the Essex House apartment building assumes a facility designed to accommodate 600 students in 150 apartment units, to be occupied by two students in each of two bedrooms. The projected annual fee available for debt service, beginning in 2007-08, will be \$4,200. This fee is net of operations and maintenance costs and will increase by approximately 2.5% each year.

At Western, debt service for the parking garage will be paid through revenues from a parking fee charged to all full-time and part-time students at the university. Presently, all full-time students pay an annual parking fee of \$110, while part-time

students are assessed a \$30 fee each time they register for courses during the fall and spring semesters, winter intersession and summer session. In order to provide sufficient coverage of debt service costs, the university proposes a one-time increase in the fee for full-time students of \$50, occurring in the FY 2006-07 academic year, followed by annual fee increases of 5%. The fee for part-time students will increase annually by 5%, beginning in FY 2006-07. At present, \$1,059,177 has been collected in parking fees to go towards debt service for the parking garage. Parking fee revenues will be supplemented with an additional \$944,823 from operating reserves, to ensure that there is sufficient debt service coverage until FY 2017-18, at which time annual parking fee revenues will become sufficient to cover debt service requirements.

The Series G Bond Issue will be structured so that debt service for the purchase and renovation of Essex House at Central and the Midtown campus parking garage at Western will be amortized over 30 years, utilizing level principal and level debt service payments, respectively. Debt on the remaining projects funded through University Fee revenues, will be amortized over 20 years, utilizing level debt service payments. The Series A, Series B, Series C and Series D bond issues, which included the construction of parking garages at Central, Eastern and Southern, were structured for repayment over 20 years, utilizing level principal payments. Level principal amortization requires higher debt service payments in the first year, declining each year until the final year of payment, while level debt service spreads the payments evenly throughout the life of the bond. Because Eastern, Southern and Western did not have reserves sufficient to finance the first years of payments for construction of residence halls under the level principal amortization scenario, the Series E bond issue was structured with level debt service. Given that the majority of the revenue stream could not be collected until the residence halls were completed and rooms were occupied by students, interest was capitalized for the first two years of the bond issue for Southern and Western, and three years for Eastern, thus permitting a matching of the payment schedule to the revenue stream. Given that it may take as much as three years to complete the purchase, design and renovation of Essex House, Central requests that interest on this portion of the Series G Bond Issue be capitalized for the first three years of the bond issue, thereby negating the need to make its first debt service payment until FY 2007-08.

While a purchase price for the Essex House has been negotiated with the owner, determination as to whether purchase and subsequent renovation of the facility may be funded through CHEFA has yet to be definitively confirmed pending the resolution of several outstanding issues. If these issues are not resolved prior to the date of the bond sale, the project and associated funding will be removed from the Series G Bond Issue and reinstated at some time in the future, upon satisfactory resolution of all outstanding issues.

In May 2003, when the Board of Trustees approved the Series E Bond Issue which financed projects requiring funding in FY 2003-04, future funding requirements for FY 2004-05, FY 2005-06 and FY 2006-07 were also identified. Debt service projections provided at that time have been updated to reflect revised project costs, changes in university priorities, the inclusion of the Essex House purchase and renovation

project for Central and the new Midtown campus parking garage at Western, and further identified funding requirements for projects scheduled for implementation in FY 2007-08 and FY 2008-09. The plan also has been modified to reflect revised interest earnings projections on University Fee revenues, actual debt service requirements for the Series E Bond Issue and reductions as a result of the Series F Refunding Bond Issue, and anticipated interest rates for the proposed bond sale. These debt service projections are reflected in the attached documents.

As noted above, the funding requirements for FY 2004-05 total \$78,530,721; adding the cost of issuance, estimated underwriter's discount and deposit to a debt service reserve fund, the par amount of the bonds is estimated to be \$89,430,000. The debt service reserve fund is required to ensure that CSU is able to finance at least one year of debt service payments. A State Special Capital Reserve Fund (SCRF) would guarantee the replenishment of the fund should CSU not be able to maintain the debt service reserve fund at the required level. Authorization is requested to proceed with the sale of CHEFA Series G revenue bonds in an amount not to exceed \$92.4 million.

Because this is CSU's seventh application for funding through CHEFA, including the refunding, the application process requires that information previously submitted to CHEFA be updated, and projects proposed for inclusion in the Series G Bond Issue be identified and costs defined. The information to be updated includes CSU system history and structure, strategic planning efforts and fund raising activities, system budgeting procedures and revenue and expenditure trends, and statistical information such as enrollment history, admissions, degrees conferred, SAT scores of entering freshman, housing availability, tuition and fee rates, faculty and staff data, and financial aid.

In order to obtain funding for the auxiliary services capital program through CHEFA, CHEFA's bond counsel has provided the terms and conditions required for acceptance by the Board. This resolution incorporates the following terms and conditions:

- approval of the proposed capital program,
- confirmation that CSU is authorized to submit a request for financing to CHEFA on the Board's behalf,
- approval to borrow funds necessary to finance the capital program, not to exceed \$92.4 million,
- approval of a pledge to CHEFA of revenues of the University Fee, the Student Parking Fees and Housing Fees at Southern, Eastern, Western and Central Connecticut State Universities, and other fees (if required) to finance debt service associated with the financing,
- confirmation that the Board approves a State Special Capital Reserve Fund (SCRF), as further security for CHEFA's revenue bonds which was provided for in the CHEFA legislation,
- authorization of the Chancellor of CSU, and in his absence, the Chief Financial Officer of CSU to execute a series of legal documents on behalf of the Board including loan agreements and notes, and all other financing documents and

written agreements, including tax compliance agreements to preserve the tax exemption on CHEFA's revenue bonds, representation and indemnity agreements which indemnify CHEFA regarding information provided by CSU and on environmental related matters, a continuing disclosure agreement pursuant to which CSU will agree to provide financial statements and other operating data to the secondary bond market, permission for CHEFA to use information provided by CSU in official statements issued by CHEFA, and approval of any trust indenture between CHEFA and the Trustee to be selected by CHEFA in order to consummate the financing of the capital program,

- authorization to permit designated system officers to move forward with all actions necessary to accomplish the financing of the CHEFA bonds, including approval of the terms of CHEFA's revenue bonds, and
- a declaration of CSU's intent to comply with Federal income tax legislation, where appropriate.

CHANCELLOR'S RECOMMENDATION

Approve the authorization to borrow funds from the Connecticut Health and Educational Facilities Authority, in an amount not to exceed \$92.4 million, to finance various additions and improvement projects in residential and other auxiliary service facilities and related expenses and financing costs; authorization to pledge revenues from the University Fee, various housing fees, and various parking fees to finance debt service associated with this financing; and authorization to enter into various agreements with the Connecticut Health and Educational Facilities Authority in order to secure the loans and the bonds.