



RESOLUTION

concerning

THE PLEDGE OF RESERVES BY  
SOUTHERN CONNECTICUT STATE UNIVERSITY  
FOR FINANCING OF A  
NEW PARKING GARAGE

July 9, 1999

- WHEREAS, Phase I of Southern Connecticut State University's (SCSU) Master Plan calls for a parking garage to be constructed on campus, and
- WHEREAS, Financing for this parking garage is anticipated to be effected through the Connecticut Health and Educational Facilities Authority (CHEFA) in conjunction with a proposed bond issue, tentatively scheduled to be completed in the Fall of 1999, and
- WHEREAS, Department of Public Works (DPW) procedures require that funding for projects be in place before a contract can be initiated, and
- WHEREAS, It is anticipated that contract negotiations will be completed and a contract ready for signature by September 1, 1999, which is prior to the proposed CHEFA bond issue, and
- WHEREAS, The construction timeline requires that DPW initiate the contract in August so that the project can be completed by the following August, for Fall 2000 occupancy, and
- WHEREAS, Total project costs are estimated at \$8.5 million, and
- WHEREAS, Actual obligations in the early stages of the project are expected to be minimal, therefore be it
- RESOLVED, That SCSU is authorized to pledge up to \$8.5 million in reserves to assure funding of the parking garage until the issuance of the proposed CHEFA bond.

A Certified True Copy:

William J. Cibes, Jr.  
Chancellor

## ITEM

Pledge of Reserves by Southern Connecticut State University (SCSU) for Financing of a New Parking Garage

## BACKGROUND

Phase I of SCSU's Master Plan calls for a parking garage to be constructed in the vicinity of Pelz Gymnasium and Davis Hall on an existing surface parking lot. The proposed garage, when completed, will provide 600 parking spaces for commuter students and is the first step in addressing a longtime parking problem for the university.

## ANALYSIS

Originally, financing for the garage was to be accomplished using tax-exempt bonds issued through the City of New Haven. Public Act 98-2 enabled SCSU to use the City of New Haven as a financing conduit. However, when the application for bond financing was initiated with the City, it became apparent that it would be more cost effective and efficient to use the Connecticut Health and Educational Facilities Authority (CHEFA) to finance the garage. CHEFA, its bond attorneys, and CSU System Office staff reviewed current legislation pertaining to CHEFA and determined that funding a garage through their bonds was acceptable. Additionally, it was determined there would be some economies if the garage could be coordinated with the proposed CSU CHEFA Series C bond issue, which will be brought before the Board of Trustees in October 1999.

Given the shortage of parking on campus, and the construction of this garage over an existing parking lot, it is imperative that a project schedule be in place that will minimize the amount of time that parking is displaced. The parking garage needs to be available for students for the Fall 2000 semester. With an anticipated nine-month construction period, this would require that construction begin no later than January 2000. In order to meet this schedule, DPW must sign a development agreement in August, 1999.

Currently, the parking garage project is in the final stages of developer selection. It is anticipated that contract negotiations will be completed and a contract ready for signature by September 1, 1999. Department of Public Works (DPW) procedures require that funding for projects be in place before any design or construction contract can be implemented. In order not to delay construction, SCSU is proposing to pledge a portion of its reserve balance so that funding would be assured until the CHEFA Series C bond issue is undertaken this Fall. The amount pledged would not exceed \$8.5 million.

Actual obligations between contract execution and the anticipated bond issuance should be minimal, and it is not expected that SCSU will be required to expend any appreciable reserves toward this project. Furthermore, any initial costs paid by the university would result in lower bonding requirements in the Fall.

SCSU's fund balance is currently within Board of Trustees guidelines (BR 97-59) and is expected to remain so.

**CHANCELLOR'S RECOMMENDATION**

Approval of the pledge of reserves of up to \$8.5 million by SCSU to finance a new parking garage until the issuance of financing through CHEFA, proposed for Fall 1999.