

ACTION ITEM #4

General Revenue Refunding Bond Resolution (Roger Patterson/Barry Johnston)

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: General Revenue Refunding Bond Resolution to refinance outstanding Housing and Dining System Revenue Bonds, 2004

PROPOSED: That the Board of Regents approve a General Revenue Refunding Bond Resolution to authorize the issuance and sale of bonds to refinance the University's outstanding Housing and Dining System Revenue Bonds, 2004. The Resolution would authorize the issuance of refunding bonds in an amount not to exceed \$12,000,000 so long as there is a net present value savings equal to at least 5% of the par amount of the bonds to be refunded as a result of the refunding; and delegate authority to the President or his designee, the Vice President for Business and Finance to sell bonds, determine the timing and method of sale of the bonds, final bond size, maturity schedule, and redemption provisions.

SUBMITTED BY: Roger Patterson, Vice President for Business and Finance

**SUPPORTING
INFORMATION:**

The University has authority to sell bonds for the purpose of refunding (i.e., refinancing) outstanding revenue bonds, in order to achieve debt service savings. Interest rates have declined significantly since the date the 2004 Bonds were issued, and currently provide an opportunity for the University to achieve attractive net present value savings. The 2004 Bonds have \$10,945,000 of callable principal, with interest rates averaging 4.74% through final maturity in fiscal year 2025. The estimated average interest cost on potential refunding bonds is approximately 2%, which could result in net present value savings estimated at \$1 million to \$1.25 million.

Adoption of the proposed Resolution will provide all required authority for the University to proceed with the refunding bonds, subject to market conditions. Because the 2004 Bonds are not subject to redemption until April 1, 2014 (which is the first date the outstanding bonds could be retired in full), the proposed Resolution would include an effective date through April 1, 2014. To the extent possible, the refunding will be combined with other University financing, to maximize efficiencies.

Financial Advisor: Susan Musselman, SDM Advisors
Bond Counsel: Cynthia Weed, K&L Gates
Senior Underwriter: Barclays

BOARD OF REGENTS

WSU Pullman, General Revenue Refunding Bond Resolution

Resolution # 121116-445

WHEREAS, the Board of Regents of Washington State University by virtue of RCW 28B.10.528 has authority to delegate by resolution to the President of the University, or designee, powers and duties vested in or imposed upon the Board by law and to enable the President, or designee to act on behalf of the Board of Regents in matters relating to the administration and governance of the University.

RESOLVED: That the Board of Regents approve a General Revenue Refunding Bond Resolution to authorize the issuance and sale of bonds to refinance the University's outstanding Housing and Dining System Revenue Bonds, 2004. The Resolution would authorize the issuance of refunding bonds in an amount not to exceed \$12,000,000 so long as there is a net present value savings equal to at least 5% of the par amount of the bonds to be refunded as a result of the refunding; and delegate authority to the President or his designee, the Vice President for Business and Finance to sell bonds, determine the timing and method of sale of the bonds, final bond size, maturity schedule, and redemption provisions.

Dated this 16th day of November, 2012.

Chair, Board of Regents

Secretary, Board of Regents