



**Minnesota**  
STATE COLLEGES  
& UNIVERSITIES

# Revenue Fund Bond Sale

First Reading  
October 17, 2012

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# Purpose

- Gain Board of Trustee approval of a revenue fund bond sale of up to \$70 million for capital projects at five university campuses
- Capital projects:
  - Renovate and update 425 bed spaces,
  - Remove 1,200 bed spaces from system's inventory,
  - Add 815 parking stalls,
  - Add 35,000 sq. ft. of new student union space at three campuses
  - Renovate 33,000 sq. ft. of student union space



# Background

- Facilities master plans highlight capital investment needs
- Capital investment sources:
  - General Obligation bonds
    - Academic and administrative space
    - Board recommends, legislature approves
    - System pays 1/3 debt service on projects
  - Revenue Fund bonds
    - Residence halls, student unions, parking, health/wellness, athletic facilities
    - Board approval
    - Debt serviced through student fees
  - Others: Gifts, partnerships, etc.



# Revenue Fund Features

- System issues own bonds
  - Moody's – Aa2
  - Standard & Poor's - AA-
- Intensive student involvement
  - Early planning and scoping work
  - Prior to Board review
- Self supporting
  - Projects 'pay their own way' via fees
  - No tuition or state appropriations may be used for operations or debt service



# Preparation for a 2013 bond sale

- May 2011
  - Call for projects
  - Student and campus discussion on scope and funding
- Summer - Fall 2011
  - Began predesign process and financial analysis
  - Preliminary fee discussions, initial student consultation
  - Preliminary project list produced
- Spring - Summer 2012
  - Legislation increasing debt ceiling
  - Project predesign and financial refinement, project list
- Fall 2012
  - Student consultation
  - Board review and approval (Oct/Nov)
  - Rating agency presentations/visits
- Jan/Feb 2013 – Bond pricing/sale



# Revenue Fund Bond Sale - 2013

## Recommended projects:

<u>Institution</u>	<u>Project Title</u>	<u>Total Estimated Project Cost</u>	<u>Campus Funding</u>	<u>Total Cost of Bond Issuance</u>
Metropolitan State	Construct Student Center	\$11,600,000	\$1,695,000	\$14,484,000
Metropolitan State	Construct Parking Ramp	\$17,510,000	\$1,000,000	\$21,860,000
MSU, Mankato	Demolish Gage Hall	\$6,000,000	\$4,000,000	\$2,220,000
MSU Moorhead	Renovate West Snarr Hall	\$4,900,000	\$0	\$5,439,000
St Cloud State	Renovate East and West Shoemaker	\$17,200,000	\$4,200,000	\$14,430,000
St Cloud State	Renovate Atwood Student Center	\$4,970,000	\$1,390,000	\$3,973,000
Winona State	Renovate Kryzsko Commons	\$4,250,000	\$2,250,000	\$2,220,000
System - Taxable Bond Series	Planning and Design	\$3,000,000	\$0	\$3,330,000
<b>Totals</b>		<b>\$69,230,000</b>	<b>\$11,640,000</b>	<b>\$67,956,000</b>



# Recommended Motion

“The Board of Trustees authorizes a Revenue Bond sale for not more than \$70,000,000 subject to the sale parameters as presented on **Attachment A**. The Board of Trustees approves the Series Resolution as described in **Attachment B**.”

