

ACTION ITEM #3

WSU Pullman, Student Recreation Center Refunding Bond Resolution (Greg Royer)

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: WSU Pullman, Student Recreation Center Refunding Bond Resolution

PROPOSED: That the Board of Regents approve a Student Recreation Center Refunding Bond Resolution to authorize the issuance and sale of bonds to refinance the University's outstanding Recreation Center Revenue Bonds, 1998. The Resolution authorizes the issuance of refunding bonds in an amount not to exceed \$42,000,000 and with a maximum true interest cost (TIC) not to exceed 4.5%; and delegates authority to the President or his designee, the Vice President for Business and Finance, to sell bonds, determine if a debt service reserve fund should be created and funded, determine the final bond size, maturity schedule, redemption provisions, timing and method of sale of the bonds.

SUBMITTED BY: Greg Royer, Vice President for Business and Finance

SUPPORTING

INFORMATION: The University has authority to sell "refunding bonds" for the purpose of financing outstanding bonds, in order to achieve debt service savings. The outstanding bonds were originally issued in August 1998 in an amount of \$43,930,000 for construction of a new Student Recreation Center. Interest rates on the outstanding bonds average 5.0%. Savings are targeted at a net present value of \$1.8 to 2 million, based on savings of approximately \$140,000 each year through 2032. Savings are net of all costs of issuance for the bonds.

The University is positioned to enter the marketplace within approximately a month after approval of the proposed Resolution. The University's financial advisor will continue to monitor interest rate markets and advise the University when conditions support the targeted level of savings. At this time, a bond sale is targeted for October 6, 2009, subject to market conditions.

The University will apply for bond ratings from Moody's Investors Service and Standard & Poor's Corporation. The current ratings on the Recreation Center Revenue Bonds are Aa3 from Moody's and AA from Standard & Poor's, and it is expected that these ratings will be affirmed.

The University's Advisors:

Bond Counsel: K&L Gates LLP (Cynthia Weed)

Financial Advisor: DashenMusselman, Inc. (Susan Musselman)

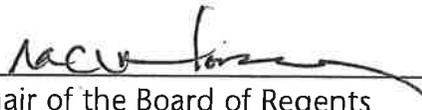
BOARD OF REGENTS
WSU Pullman, Student Recreation Center
Refunding Bond Resolution

Resolution #090904-365

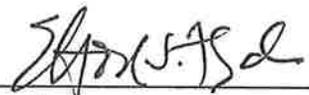
WHEREAS, the Board of Regents of Washington State University by virtue of RCW 28B.10.528 has authority to delegate by resolution to the President of the University, or designee, powers and duties vested in or imposed upon the Board by law and to enable the President, or designee to act on behalf of the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

RESOLVED: That the Board of Regents approve a Student Recreation Center Refunding Bond Resolution to authorize the issuance and sale of bonds to refinance the University's outstanding Recreation Center Revenue Bonds, 1998. The Resolution authorizes the issuance of refunding bonds in an amount not to exceed \$42,000,000 and with a maximum true interest cost (TIC) not to exceed 4.5%; and delegates authority to the President or his designee, the Vice President for Business and Finance, to sell bonds, determine if a debt service reserve fund should be created and funded, determine the final bond size, maturity schedule, redemption provisions, timing and method of sale of the bonds.

Dated this 4th day of September, 2009.



Chair of the Board of Regents



Secretary to the Board of Regents