TOPIC: Board Resolutions Associated with the 2009A and 2009B Series Bond Issuances

PREPARED BY: Bill Mansheim, Vice President of Finance and Administration

I. SUMMARY

Attached are the legal documents associated with issuance of two series of bonds, Auxiliary Facilities Revenue Refunding Bonds, Series 2009A and the Adams State College, Auxiliary Facilities Revenue Improvement Bonds, Series 2009B. The Series 2009A Bonds are to be issued for the purpose of refinancing our existing 2004A auxiliary revenue bonds, currently outstanding in the amount of $9,830,000. The Series 2009B Bonds proceeds are associated with the new student capital fee revenue. Estimated funds available for capital construction contracts are illustrated in the tables below. The projects are described below. It should be noted that this is the first issuance of multiple issuances associated with the student capital fee revenue contemplated over the next five years.

Delegated Authority. Due to fluctuating market conditions in the tax-exempt municipal bond markets, ASC Administration is seeking maximum flexibility heading into the municipal bond market in February. The Administration is considering two alternatives as illustrated in the Analysis section below. To that end, the Administration seeks delegated authority to the Vice President for Finance and Administration of the College and the President of the College to act as the “Board Representatives”, upon consultation with North Slope Capital Advisors, acting as the College’s financial advisor and George K. Baum & Co., acting as underwriter, and within certain parameters set forth herein, the authority to determine whether or not to pursue Alternative #1 or Alternative #2. Provided that the 2009 Refunding Project may only be pursued if the projected annual debt service on the Series 2009A Bonds plus the Series 2009B Bonds does not exceed the existing annual debt service on the Series 2004A Bonds plus the anticipated revenue from the new Capital Construction Debt Service Fee, and such anticipated revenue is calculated based on 90% of the College’s historically assumed flat year-to-year-enrollment.

Analysis.

Alternative #1: Refinance Existing Series 2004A Bonds(Series 2009A) PLUS Issue Series 2009B Student Capital Fee Revenue Bonds

<table>
<thead>
<tr>
<th>Financing Scenario</th>
<th>Par Amount</th>
<th>Al-In Cost</th>
<th>New Money Provided for Projects</th>
<th>Average Annual Net DS</th>
<th>Negative Arbitrage</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Money</td>
<td>$21,435,000</td>
<td>5.384%</td>
<td>$20,815,000</td>
<td>$1,500,590</td>
<td>N/A</td>
</tr>
<tr>
<td>Series 2004A Refunding</td>
<td>$11,065,000</td>
<td>5.310%</td>
<td>N/A</td>
<td>$748,874</td>
<td>($1,529,044)</td>
</tr>
<tr>
<td>Combined New Money &amp; Refunding</td>
<td>$32,500,000</td>
<td>5.359%</td>
<td>$20,815,000</td>
<td>$2,249,447</td>
<td>($1,529,044)</td>
</tr>
</tbody>
</table>

BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE
ADAMS STATE COLLEGE
SERIES 2004A REFUNDING AND NEW MONEY
Series 2009 State Intercept Bonds
Alternative #2: Series 2009B Student Capital Fee Revenue Bonds **ONLY**

BOARD OF TRUSTEES FOR ADAMS STATE COLLEGE
ADAMS STATE COLLEGE
AUXILIARY FEE REVENUE BONDS
Series 2009 State Intercept Bonds

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Par Amount</th>
<th>Funds Available for Projects</th>
<th>All-In Cost</th>
<th>Combined Avg. Annual Net DS 2012-2024</th>
<th>Combined Avg. Annual Net DS 2025-2039</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Fixed Rate Level Debt Service assumes 2004’s left O/S</td>
<td>$19,380,000</td>
<td>$18,880,000</td>
<td>5.390%</td>
<td>$2,249,078</td>
<td>$1,356,096</td>
</tr>
</tbody>
</table>

Project Descriptions:

**Rex Field Residence Hall.** The College will use a portion of the proceeds of the Series 2009B Bonds to construct and equip a multi-use student housing facility with approximately 80 beds, located next to the College’s existing football field, Rex Field. The inventory of residence halls at the College is in need of modernization. The residence halls were built between the years of 1931 thru 1962 and are a combination of apartment and communal style living arrangements. The College has completed minor maintenance and repair projects on the residence halls in the past and new and updated facilities are needed in order to attract and retain students. The rooms in the new Rex Field Residence Hall will be hybrid suite-style/apartment-style units designed to give the College maximum configuration flexibility for changing student expectations over time. The building will also include a press box/broadcasting studio along with a grill and soft goods retail area. The total cost of the Rex Field Residence Hall, projected to be approximately $13 million is expected to be funded with proceeds of the Series 2009B Bonds.

**Other Campus Improvements.** Additionally, approximately $6 million of Series 2009B Bond proceeds is anticipated to be used by the College to refurbish existing on-campus student housing. The College will use housing inventory assessment reports compiled by Davis Partnership architects as a guide for prioritizing all housing renovations. The preliminary report completed December 8, 2008 recommends replacement of floor, ceiling, interior wall finishes, and safety upgrades to meet current codes in all residence halls. Community style bathrooms in Girault Hall will be reconfigured to accommodate more privacy that students today expect. Upgrades to achieve higher energy efficiencies include insulation and window upgrades, lighting and lighting controls replacement, and HVAC upgrades. In order to maximize efficiencies and to leverage bond proceeds, ASC has hired an energy performance contractor, Rocky Mountain Trane, through the Governor’s Energy Office. Trane’s work begins with a comprehensive technical energy audit of the entire campus. This report will generate a guaranteed energy savings estimates that Trane will use to finance equipment replacement and upgrades. Trane engineers will work closely with Davis Partnership architects and our general contractors, to insure that all new construction and renovation work results in an energy efficient end product.
II. RECOMMENDATION

ASC Administration recommends that the Board of Trustees approve the attached resolutions required to initiate and finalize the first issuance of bond financing associated with the student capital fee by student vote on March 17-20, 2008.

Attachments:

- Resolution to Approve Bond Resolutions and Delegation of Final Determination of 2009 Refunding Project to Board Representatives
  - Attachments
    - Bond Purchase Agreement between the Underwriter and the Board
    - Paying Agency Agreement between the Board and the to-be-determined 2009 Paying Agent
    - Continuing Disclosure Undertaking to be executed by the Board
    - Escrow Agreement between the Board and the Escrow Agent.
- Alternative #1 Associated Documents
  - Adams State Master Resolution
  - First Supplemental Resolution
  - Preliminary Official Statement
- Alternative #2 Associated Documents
  - Adams State Master Resolution
  - First Supplemental Resolution
  - Preliminary Official Statement