

Summary of Proposed Action SBHE Meeting – January 29, 2015

1. **Issue:** BSC requests authorization to refinance housing/auxiliary revenue bonds.
2. **Proposed motion:** **1)** Authorize issuance of not-to-exceed \$4,000,000 State Board of Higher Education of the State of North Dakota, BSC Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2015, for the purpose of refinancing the outstanding BSC Housing and Auxiliary Facilities Revenue Bonds, Series 2005, maturing on and after May 1, 2016, and paying the costs of issuance of the Series 2015; **2)** Authorize the BSC President and/or Interim Executive Vice President to approve the sale of the bonds provided that the rate not exceed 4%, provided the present value of the debt service savings is not less than 2%. The approximate final date upon which the principal amount of the obligation will mature or become payable is May 2030; **3)** Appoint the firm of Arntson Stewart Wegner PC as the bond counsel and Public Financial Management, Inc. as the financial advisor.
3. **Background:** The refinancing of the existing bonds requires SBHE approval as per NDCC 15-55.
4. **Financial implications:** Refinancing of the existing \$3,335,000 outstanding bonds will take advantage of lower interest rates and subsequently reduce the overall carrying costs of the bonds. Financial advisors indicate the anticipated net present value savings will be approximately \$478,000.
5. **Academic implications:** No significant implications
6. **Legal/policy issues:** No significant legal/policy issues.
7. **Review Process:** Reviewed by Glatt, external legal.
8. **Enclosures:** 1) SBHE request to issue and call; 2) BSC 2015 Board Resolution
9. **Contact person:** BSC Interim Executive Vice President Tamara Barber, tamara.barber@bismarckstate.edu (701) 224-5434
10. **Chancellor's Recommendation:** The Chancellor recommends his approval.

Bismarck State College

January 29, 2015

REQUESTED ACTION:

908 Request approval to issue not to exceed \$4,000,000 BSC Housing & Auxiliary Facilities Revenue Refunding Bonds, Series 2015 for the purpose of refunding the BSC Housing & Auxiliary Services Revenue Bonds, Series 2005.

BACKGROUND INFORMATION:

In June 2005, the Board approved a resolution authorizing issuance of \$4,400,000 BSC Housing and Auxiliary Facilities Revenue Bonds, Series 2005. Call date on the bonds is May 1, 2015. Bonds can be refunded 90 days prior to call date.

PURPOSE:

Refund BSC Housing & Auxiliary Facilities Revenue Bonds, Series 2005, outstanding principal of \$3,335,000, taking advantage of lower interest rates in the current market.

2005 coupon rates: 4.75% – 5.35%
2015 anticipated rates: 2.5% – 4.0%

Bond proceeds would be used to prepay maturities due 2016 through 2030 of the 2005 bonds on May 1, 2015; pay for a surety bond that will fund the Debt Service Reserve Fund requirement; pay for an insurance policy; and, pay cost of issuance and underwriter's discount.

REFUNDING RATIONALE:

Under current market conditions, there is an opportunity to realize attractive annual savings for the remaining life of the issue without extending the maturity of the existing bonds.

Approx. Net Cash Flow Savings	\$597,455
Approx. Annual Cash Flow Savings (2016-2030)	\$39,640
Approx. Net Present Value (PV) Savings	\$478,826
Approx. Net PV Savings as a % of Refunded Bonds	14.35%
Par Amount of Bonds Refunded	\$3,335,000
Estimated Par Amount of 2015 Refunding Bonds	\$2,980,000 (Not to exceed \$4,000,000)

The refunding bonds will not be issued if savings do not meet minimum levels established in the Board Resolution adopted on January 29, 2015.

CERTIFICATION

The undersigned, being the duly appointed, qualified and acting Secretary of the State Board of Higher Education of the State of North Dakota (the "Board"), does hereby certify that attached hereto is a true, correct and complete copy of the following resolution:

Resolution Approving the Issuance of not to exceed \$4,000,000 State Board of Higher Education of the State of North Dakota, Bismarck State College, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2015, and Authorizing the Execution of a Series Resolution, Bid Form and Related Documents, adopted on January 29, 2015, by the Board.

The undersigned further certifies that such resolution has not been amended, modified or supplemented by the Board and that such resolution remains in full force and effect as of the date hereof.

Dated this ___ day of January, 2015.

Secretary,
State Board of Higher Education
of the State of North Dakota

**RESOLUTION APPROVING THE ISSUANCE OF NOT TO EXCEED
\$4,000,000 STATE BOARD OF HIGHER EDUCATION OF THE
STATE OF NORTH DAKOTA, BISMARCK STATE COLLEGE,
HOUSING AND AUXILIARY FACILITIES REVENUE REFUNDING BONDS,
SERIES 2015, AND AUTHORIZING THE EXECUTION OF A SERIES 2015 BOND
ISSUANCE RESOLUTION, BID FORM AND RELATED DOCUMENTS**

WHEREAS, pursuant to its general powers under the Constitution and laws of the State of North Dakota, the State Board of Higher Education of the State of North Dakota (the "Board") has been granted the control and administration of the State's higher educational institutions including Bismarck State College ("BSC"); and

WHEREAS, the Board has previously issued its Bismarck State College, Housing and Auxiliary Facilities Revenue Bonds, Series 2005 in the original principal amount of \$4,400,000 of which \$3,335,000 maturing on and after May 1, 2016 (the "Refunded Bonds"), are subject to redemption and prepayment on May 1, 2015, and any date thereafter at par plus accrued interest; and

WHEREAS, the Board determines it to be in the public interest to issue up to \$4,000,000 State Board of Higher Education of the State of North Dakota, Bismarck State College, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2015 (the "Bonds") for the purposes of refunding the Refunded Bonds and paying the costs of issuance; and

WHEREAS, the following documents have been prepared in connection with the issuance, sale and delivery of the Bonds and have been reviewed by the officers and legal counsel of the Board:

- (a) Series 2015 Bond Issuance Resolution (the "Series Resolution"), between the Board and Bank of North Dakota, as Trustee (the "Trustee"),
- (b) Preliminary Official Statement relating to the Bonds, and
- (c) Continuing Disclosure Agreement between BSC, on behalf of the Board, and the Trustee; and

WHEREAS, Public Financial Management (the "Financial Advisor") will distribute the Preliminary Official Statement and solicit bids for the purchase of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOARD OF HIGHER EDUCATION OF THE STATE OF NORTH DAKOTA, AS FOLLOWS:

Section 1. Approval of Bond Sale. The Board hereby finds and determines that the Bonds shall be sold pursuant to public or negotiated sale to the bidder offering the lowest true interest rate for the Bonds and upon the terms and conditions set forth in the Series Resolution and the Preliminary Official Statement. The Bonds shall be issued in an amount not exceeding

\$4,000,000, sold at a price not less than 98.00% of the principal amount thereof and bear interest at a true interest rate not exceeding 4.00%, provided the present value of the debt service savings resulting from the refunding of the Refunded Bonds is not less than 2.00%. The Board hereby delegates the power and authority to the Interim President of BSC and/or the Interim Executive Vice President to agree with the successful bidder or underwriter on the actual principal amount of Bonds to be issued, the amortization schedule, the interest rates and underwriter's compensation, all within the parameters set forth above. The Interim President of BSC and/or Interim Executive Vice President are authorized and directed to execute a bid form with an underwriter for and in the name of the Board subject to the limitations set forth above and subject to review of counsel to the Board.

Section 2. Approval of Documents and Authorization for Execution and Delivery. The Series Resolution and the Continuing Disclosure Agreement, in substantially the forms on file with the Board office are hereby approved. The President or Secretary of the Board or Chancellor is hereby authorized and directed to execute and deliver the Series Resolution and the Interim Executive Vice President of BSC is authorized and directed to execute and deliver the Continuing Disclosure Agreement for and in the name of the Board, in substantially the forms on file with the Board office or with such changes, insertions or omissions therein as shall be approved by the officer executing the same upon the advice of counsel to the Board, the execution and delivery thereof to constitute conclusive evidence of the approval of any such changes.

Section 3. Approval of Preliminary Official Statement. The form and content of the Preliminary Official Statement and the distribution thereof by the Financial Advisor to prospective purchasers of the Bonds is hereby ratified and approved.

Section 4. Approval of Official Statement. The Board hereby authorizes and approves an Official Statement to be in substantially the form of the Preliminary Official Statement on file with the Board office but with such changes, insertions and omissions therein as the President, Secretary or Chancellor, upon the advice of counsel to the Board, shall approve. The Board hereby authorizes the Official Statement and the information contained therein to be used on behalf of the Board in connection with the sale and distribution of the Bonds by the underwriter.

Section 5. Authorized Officers. The Board hereby appoints the President, Secretary, Chancellor and Vice Chancellor for Administrative Affairs as the Board Representatives and the Interim President and Interim Executive Vice President as the BSC Representatives jointly or severally to carry out and to perform the obligations of the Board contained in the General Bond Resolution of 2005, the Series Resolution, the Continuing Disclosure Agreement and this Resolution.

Section 6. Severability. If any one or more provisions of this Resolution should be determined by a court of competent jurisdiction to be contrary to law, any such provision shall be deemed separable from the remaining provisions hereof and the invalidity thereof shall in no way affect the validity of the other provisions of this Resolution.

Section 7. Section Headings and Applicable Law. The headings or titles to the several sections hereof shall be solely for the convenience of reference and shall not affect the meaning or construction, interpretation or effect of this Resolution. This Resolution shall be interpreted in accordance with the laws of the State of North Dakota.

Adopted: January 29, 2015.

**STATE BOARD OF HIGHER
EDUCATION OF THE STATE
OF NORTH DAKOTA**

Attest:

President

Secretary

At a regular meeting of the State Board of Higher Education of the State of North Dakota, _____ moved the adoption of the foregoing Resolution and _____ seconded the motion; on roll call, the following vote was recorded:

1.	Dr. Diederich	Aye - Nay - Absent - Abstain
2.	Dr. Hjelmstad	Aye - Nay - Absent - Abstain
3.	Dr. Melicher	Aye - Nay - Absent - Abstain
4.	Mr. Morton	Aye - Nay - Absent - Abstain
5.	Ms. Neset	Aye - Nay - Absent - Abstain
6.	Ms. Reichert	Aye - Nay - Absent - Abstain
7.	Mr. Shaft	Aye - Nay - Absent - Abstain
8.	Mr. McEwen	Aye - Nay - Absent - Abstain