



**TOPIC:** Resolution on Reimbursement of System Cash Balances Spent on Revenue Bond-Authorized Projects

**COMMITTEE:** Finance

**DATE OF COMMITTEE MEETING:** September 10, 2015

**SUMMARY:** The University System generally authorizes approximately \$115 million annually in capital projects to be funded from revenue bond proceeds. Annual debt issuances are sized to provide approximately one year's worth of bond proceeds for projected spending on revenue bond projects.

For the last bond issue, the 2014 Series A, the System employed a strategy of going to the market once the audited financial statements were available. This change in timing was to the System's advantage as current audited financial statements are an integral part of the disclosure information upon which rating agencies and potential investors rely. The System plans to follow this same strategy for the next bond issue with the expectation of going to the market in late December 2015 or January 2016.

However, by following this schedule, the proceeds from the current issue will be exhausted before proceeds from the next bond issue become available. In the interim, the plan is to use System cash to bridge the gap. At the current spend rate, approximately \$20 - \$40 million of System cash will be spent on project costs which will be eligible for reimbursement from the proceeds of the next bond issue under this resolution. The attached Exhibit A represents all of the projects authorized for revenue bond funding which may potentially utilize System cash balances over the next several months.

IRS rules for reimbursement of advance payments from the proceeds of subsequent bond funds require this resolution.

**BOND COUNSEL:** Miles & Stockbridge P.C.

**ALTERNATIVE(S):** The Board of Regents could elect to not spend System cash pending the next bond issuance, and instead advance the issuance process.

**FISCAL IMPACT:** There is little if any fiscal impact associated with this resolution. The process and record-keeping infrastructure necessary to facilitate initially paying the project costs from System cash balances and then providing a reimbursement from the proceeds of the next bond issue, have been formalized and are in place.

**CHANCELLOR'S RECOMMENDATION:** That the Finance Committee recommend that the Board of Regents approve the attached resolution to enable the spending of System cash balances on revenue bond-authorized projects to be reimbursed from the proceeds of the next bond issue.

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COMMITTEE RECOMMENDATION: RECOMMEND APPROVAL

DATE: 9/10/15

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BOARD ACTION:

DATE:

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SUBMITTED BY: Joseph F. Vivona (301) 445-1923

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OFFICIAL INTENT RESOLUTION  
UNDER TREASURY REGULATION SECTION 1.150-2

WHEREAS, University System of Maryland (the "Issuer") proposes to make certain capital expenditures in connection with the construction of certain capital projects as listed on Exhibit A attached hereto and made a part hereof (the "Capital Project").

WHEREAS, the Issuer intends to issue tax-exempt bonds (the "Bonds") to finance all or a portion of the purchase price, acquisition and installation expenses, costs of related construction and improvements and issuance costs of the Capital Project, all constituting capital expenditures (collectively referred to as the "Project Costs").

WHEREAS, the Issuer reasonably expects that a portion of the Project Costs will be paid by the Issuer prior to the issuance of the Bonds and that certain proceeds of the Bonds will be used to reimburse the Issuer for the Project Costs paid by the Issuer prior to the issuance of the Bonds.

NOW, THEREFORE, THE ISSUER MAKES THE FOLLOWING DECLARATION OF OFFICIAL INTENT:

1. BE IT RESOLVED, that the Issuer reasonably expects that a portion of the Project Costs will be paid by the Issuer prior to the issuance of the Bonds and that certain proceeds of the Bonds will be used to reimburse the Issuer for those Project Costs incurred and paid by the Issuer prior to the issuance of the Bonds. The Bonds will be issued in a total principal amount not to exceed \$150,000,000.

2. BE IT FURTHER RESOLVED, that the Issuer intends that the adoption of this Resolution shall be and constitute an "official intent resolution" within the meaning of Section 1.150-2 of the Income Tax Regulations prescribed by the U.S. Treasury Department.

AND BE IT FURTHER RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF MARYLAND THAT this Resolution shall be effective on the date of its adoption by the Board of Regents.

ADOPTED, this 18<sup>th</sup> day of September, 2015

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Joseph F. Vivona:  
Chief Operating Officer/Vice Chancellor for  
Administration and Finance of the University  
of Maryland

Resol	Type	Project Name	Original Authorization	Current Project Auth Balance	FY2016 Activity	FY2015 Activity	FY2014 Activity
29	Acad	BSU Fine and Performing Arts Center	9,000,000.00	506,443.35	0.00	56,058.79	9,463.86
33	Aux	BSU New Student Center	17,940,000.00	6,692.67	0.00	1,140,000.00	104,710.42
34	Acad	CSU New Science and Technology Center	10,000,000.00	570,273.26	0.00	0.00	9,429,726.74
35	Acad	CSU New Science and Technology Center	10,000,000.00	861,380.04	0.00	9,138,619.96	0.00
21	Acad	FSU Equip Compton Science Center	2,614,000.00	21,759.41	0.00	0.00	0.00
33	Aux	SU Dormitory Renovations, Campus-Wide	9,000,000.00	76,511.80	0.00	112,168.00	6,806.24
34	Aux	SU Dormitory Renovations, Campus-wide Phased	7,500,000.00	165,022.90	5,000.63	36,586.83	44,373.84
35	Aux	SU Dormitory Renovations, Campus-wide Phased	5,000,000.00	1,641,548.01	0.00	0.00	84,627.44
37	Acad	SU New Academic Commons	12,500,000.00	12,500,000.00	0.00		
32	Aux	TU Burdick PH 2 Air Conditioning	5,000,000.00	167,070.19	0.00	0.00	0.00
34	Aux	TU Burdick Renovation PH 3	13,500,000.00	1,183,387.74	53,924.68	4,722,483.97	7,265,397.75
26	Acad	TU College of Liberal Arts - Planning	3,000,000.00	467,454.98	0.00	0.00	40,055.42
32	Acad	TU New College of Liberal Arts	10,000,000.00	3,587,988.18	0.00	0.00	0.00
35	Aux	TU Recreation Building PH 2 (Addition to Burdick Hall)	3,620,000.00	809,322.68	131,804.88	2,516,228.85	162,643.59
36	Aux	TU Recreation Building PH 2 (Addition to Burdick Hall)	20,000,000.00	19,850,814.45	108,168.91	41,016.64	0.00
37	Aux	TU Recreation Bldg. Burdick Exp Ph 2	16,900,000.00	16,900,000.00	0.00	0.00	0.00
29	Aux	TU Residence Halls Renovations	1,400,000.00	3,357.53	0.00	0.00	0.00
32	Aux	TU Residence Halls Renovation	14,000,000.00	1,866.48	0.00	1,198.23	1,797.34
37	Aux	TU Residence Tower Renovation	2,960,000.00	2,960,000.00	0.00	0.00	0.00
31	Aux	TU Student Housing - West Village PH II	35,000,000.00	1,953,396.30	0.00	10,328.15	1,920.70
27	Aux	TU West Village Dining Commons	3,400,000.00	7,489.11	0.00	0.00	0.00
29	Aux	TU West Village Dining Commons	34,000,000.00	309,995.32	0.00	0.00	0.00
35	Aux	TU West Village Housing PH 3 & 4	39,150,000.00	13,129,817.33	7,611,903.32	15,759,442.19	2,648,837.16
36	Aux	TU West Village Housing PH 3 & 4	42,000,000.00	42,000,000.00	0.00	0.00	0.00
37	Aux	TU West Village Housing, PH 3 & 4 (700 beds)	4,000,000.00	4,000,000.00	0.00	0.00	0.00
28	Aux	TU West Village Parking Structure	30,000,000.00	5,851,476.08	0.00	0.00	200,542.59
25	Aux	UB New Student Center	4,200,000.00	41,777.99	0.00	0.00	0.00
35	Aux	UMB Elevator & Fire Alarm Impr, Parking Garage	4,130,000.00	3,738,451.57	0.00	199,839.75	166,608.68

Resol	Type	Project Name	Original Authorization	Current Project Auth Balance	FY2016 Activity	FY2015 Activity	FY2014 Activity
37	Aux	UMBC Event Center and Arena	18,200,000.00	18,200,000.00	0.00	0.00	0.00
33	Acad	UMBC New Performing Arts & Humanities Facility	10,000,000.00	5,267,196.06	759,707.35	2,396,021.59	0.00
29	Aux	UMBC Parking System Improvements	1,300,000.00	20,055.00	0.00	216,284.15	0.00
32	Aux	UMBC Parking System Improvements	1,500,000.00	1,015,227.15	0.00	0.00	0.00
34	Acad	UMBC Renov., electrical upgrade, HVAC and life safety improvements, multiple buildings	463,000.00	84,844.97	17,187.71	360,967.32	0.00
33	Aux	UMBC Replacement of Communication Tower	1,560,000.00	1,440,935.63	0.00	18,203.70	82,713.88
35	Aux	UMBC Residence Hall Renovations/Additions	900,000.00	351,374.07	0.00	523,833.61	12,074.78
36	Aux	UMBC Residence Hall Renovations/Additions	13,300,000.00	13,165,993.68	1,968,352.73	5,965,653.59	0.00
37	Aux	UMBC Residence Hall Renovations/Additions	3,900,000.00	3,900,000.00	0.00	0.00	0.00
27	Aux	UMBC Student Recreation Fields & Courts	500,000.00	500,000.00	0.00	0.00	0.00
21	Acad	UMCES Construct Aquaculture Building	3,445,000.00	5,573.07	0.00	0.00	0.00
34	Acad	UMCP Campus-Wide Building System and Infrastructure Improvements	5,000,000.00	816,720.56	1,318.92	894,057.13	509,692.43
35	Acad	UMCP Campus-Wide Building System and Infrastructure	5,000,000.00	3,339,893.70	218,704.28	910,477.64	530,924.38
36	Acad	UMCP Campus-Wide Building System and Infrastructure	5,000,000.00	4,527,233.29	127,306.59	345,460.12	0.00
37	Acad	UMCP Campuswide Building System and Infrastructure Improvements	5,000,000.00	5,000,000.00	0.00	0.00	0.00
29	Aux	UMCP CSS and Residence Halls SCUB Expansion	300,000.00	300,000.00	0.00	0.00	0.00
32	Aux	UMCP CSS and Residence Halls SCUB Expansion	2,250,000.00	2,000,000.00	0.00	0.00	0.00
28	Aux	UMCP Fraternity/Sorority Houses Renovation	10,430,000.00	922,512.73	0.00	0.00	0.00
32	Aux	UMCP Fraternity/Sorority Houses Renov PH 9	11,670,000.00	258,339.40	503,348.02	273,849.14	23,112.98
36	Acad	UMCP H.J. Patterson Hall - Wing 1 Renov.	10,000,000.00	9,913,533.12	0.00	86,466.88	0.00
27	Aux	UMCP High Rise Residence Hall SCUB	4,900,000.00	4,248,312.40	0.00	0.00	0.00
35	Aux	UMCP High Rise Residence Hall A/C	9,560,000.00	6,683,828.62	32,268.42	2,655,015.38	188,887.58
36	Aux	UMCP High Rise Residence Hall A/C	10,185,000.00	10,185,000.00	0.00	0.00	0.00
37	Acad	UMCP New Bioengineering Building	20,000,000.00	20,000,000.00	0.00	0.00	0.00
34	Aux	UMCP Replace Carrol, Caroline, Wicomico Halls, SCUB II Expansion	55,591,000.00	2,000,000.00	557,226.24	7,830,258.17	27,580,129.50
37	Aux	UMES Nuttle Hall Residence Renovation	800,000.00	800,000.00	0.00	0.00	0.00
20	Acad	UMES Social Science, Education and Health Sci	10,000,000.00	145,202.71	0.00	0.00	0.00
22	Acad	UMES Utilities Upgrade/Site Improvement	6,100,000.00	36,567.51	0.00	0.00	0.00
28	Aux	UMES Wicomico Hall System Upgrade	1,500,000.00	1,045,430.55	0.00	0.00	0.00
various	Acad	System Wide Facilities Renewal	219,378,000.00	43,899,179.12	1,557,223.25	20,282,592.68	8,115,523.64
		Cost of Issue			5,700.00	139,268.59	371,856.66