



TOPIC: University System of Maryland: Resolution on Spending System Cash Balances on Revenue Bond-Authorized Projects

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: September 12, 2013

SUMMARY: The attached resolution authorizes the University System of Maryland (USM) to spend cash reserve balances on bond-authorized projects that the Board has previously approved, prior to the next bond issue. The cash reserves will be reimbursed from the proceeds of the next bond issue.

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

Due to the need to add approximately \$80M to the revenue bond program for two student housing projects originally contemplated as public-private partnerships, the USM has been going to the financial markets in September, well in advance of when final audited financial statements are available. The rating agencies and potential investors typically rely on these statements. To adjust the timing of the USM's bond issuance processes to include the most recent audited financial results, the USM is planning to defer the next revenue bond issuance until late December 2013 or January 2014.

The last of the proceeds of the 2012 Series C and D revenue bonds will soon be completely exhausted, and the process changes and record-keeping infrastructure necessary to facilitate initially paying the project costs from System cash balances, and then reimbursing ourselves from the proceeds of the next bond issue, have been formalized and put into place.

At the current rate of spending, it is expected that there could be \$55-60 million of project costs to be reimbursed from the next bond issue. IRS rules for reimbursement of advance payments from the proceeds of subsequent bond funds require this resolution.

The attached listing represents all projects authorized for revenue bond funding which potentially could utilize System cash balances over the next few months.

BOND COUNSEL: Miles & Stockbridge P.C.

ALTERNATIVE(S): The Board of Regents could decide to not spend System cash balances temporarily pending the next bond issuance, and advance the issuance process immediately.

FISCAL IMPACT: There is no anticipated fiscal impact associated with this action.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that Board of Regents approve the attached Official Intent Resolution.

COMMITTEE RECOMMENDATION: Recommend approval

DATE: 9/12/13

BOARD ACTION:

DATE:

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

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 \$190,000,000.

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 20th day of September, 2013

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

Resol	Type	Status	Project Name	Original Authorization	Current Project Auth Balance	FY2014 Activity	FY2013 Activity
33	Aux	Active	BSU New Student Center	17,940,000.00	1,274,268.54	4,071,260.21	8,774,471.25
29	Acad	Inactive	BSU Fine and Performing Arts Center	9,000,000.00	576,878.01	0.00	7,086.00
24	Aux	Inactive	BSU Holmes Hall & Tubman Hall Renovation	1,000,000.00	138.56	0.00	0.00
29	Aux	Active	CSU New Parking Garage	7,000,000.00	7,000,000.00	0.00	0.00
35	Acad	Active	CSU New Science and Technology Center	10,000,000.00	10,000,000.00	0.00	0.00
34	Acad	Active	CSU New Science and Technology Center	10,000,000.00	10,000,000.00	0.00	0.00
22	Acad	Inactive	CSU New Health/Human Service Building	1,700,000.00	4,893.39	0.00	0.00
27	Aux	Inactive	CSU Parking Garage	2,000,000.00	2,000,000.00	0.00	0.00
21	Acad	Inactive	FSU Equip Compton Science Center	2,614,000.00	21,759.41	0.00	0.00
35	Aux	Active	SU Dormitory Renovations, Campus-wide Phased	5,000,000.00	4,274,368.29	725,631.71	0.00
34	Aux	Active	SU Dormitory Renovations, Campus-wide Phased	7,500,000.00	1,178,017.72	918,740.87	5,403,241.41
33	Aux	Active	SU Dormitory Renovations, Campus-Wide	9,000,000.00	160,808.90	16.06	5,568,126.20
32	Aux	Inactive	SU Dormitory Renovations, Campus-Wide	12,800,000.00	34,677.14	0.00	24,527.09
30	Aux	Inactive	SU Mixed-Use Development - Student Housing/Retail	41,000,000.00	137,891.31	0.00	3,050.62
27	Aux	Inactive	SU New Parking Garage & Property Acquisition	17,198,000.00	2,341,756.01	0.00	0.00
32	Aux	Active	TU Burdick PH 2 Air Conditioning	5,000,000.00	168,070.19	0.00	0.00
34	Aux	Active	TU Burdick Renovation PH 3	13,500,000.00	13,500,000.00	0.00	0.00
33	Aux	Active	TU Burdick Renovation PH 3	1,500,000.00	522,962.00	287,257.36	689,780.64
26	Acad	Active	TU College of Liberal Arts - Planning	3,000,000.00	528,161.23	0.00	163,063.19
32	Acad	Active	TU New College of Liberal Arts	10,000,000.00	3,587,988.18	0.00	6,775.00
35	Aux	Active	TU Recreation Building PH 2 (Addition to Burdick Hall)	3,620,000.00	3,620,000.00	0.00	0.00
27	Aux	Active	TU Towson Center Arena Improvements	11,400,000.00	7,248.24	0.00	23,672.16
35	Aux	Active	TU West Village Housing PH 3 & 4	39,150,000.00	39,150,000.00	0.00	0.00
28	Aux	Active	TU West Village Parking Structure	30,000,000.00	6,052,018.67	0.00	638,630.00
32	Aux	Inactive	TU Residence Halls Renovation	14,000,000.00	4,862.05	0.00	19,963.83
29	Aux	Inactive	TU Residence Halls Renovations	1,400,000.00	3,357.53	0.00	0.00
31	Aux	Inactive	TU Student Housing - West Village PH II	35,000,000.00	1,965,645.15	16,373.50	4,615.33
29	Aux	Inactive	TU West Village Dining Commons	34,000,000.00	309,995.32	0.00	15,527.55

Resol	Type	Status	Project Name	Original Authorization	Current Project Auth Balance	FY2014 Activity	FY2013 Activity
27	Aux	Inactive	TU West Village Dining Commons	3,400,000.00	7,489.11	0.00	0.00
27	Aux	Inactive	TU West Village Infrastructure & Site Improvement	13,300,000.00	537,019.12	0.00	4,211.11
25	Aux	Inactive	UB New Student Center	4,200,000.00	41,777.99	0.00	0.00
35	Aux	Active	UMB Elevator & Fire Alarm Impr, Parking Garage	4,130,000.00	4,130,000.00	0.00	0.00
33	Aux	Active	UMB Pratt Street Garage Renovation	7,000,000.00	702,721.20	363,444.40	1,455,162.54
25	Aux	Inactive	UMB Construct & Equip New Campus Center	20,000,000.00	9,676.40	0.00	29,941.01
27	Aux	Inactive	UMB New Campus Center	9,100,000.00	120,936.66	0.00	11,129.02
26	Aux	Inactive	UMB New Campus Center	22,794,000.00	3,676.00	0.00	0.00
28	Acad	Inactive	UMB Pharmacy Hall Addition and Renovation	4,977,000.00	70,144.50	0.00	44,149.63
33	Acad	Active	UMBC New Performing Arts & Humanities Facility	10,000,000.00	8,422,925.00	0.00	342,650.00
35	Aux	Active	UMBC Resident Hall Renovations/Additions	900,000.00	900,000.00	0.00	0.00
34	Aux	Active	UMBC Resident Hall Renovations/Additions	9,850,000.00	1,764,536.58	1,187,084.37	6,898,379.05
33	Aux	Active	UMBC Resident Hall Renovations/Additions	11,750,000.00	0.00	0.00	3,726,419.13
32	Aux	Active	UMBC Resident Hall Renovations/Additions	12,800,000.00	1,412.91	129.00	125,783.87
27	Aux	Inactive	UMBC Athletic Practice Fields	1,000,000.00	168,561.84	0.00	0.00
27	Aux	Inactive	UMBC Dining Hall: Upgrades	2,000,000.00	31,008.68	0.00	0.00
26	Aux	Inactive	UMBC Hillcrest Demolition/Parking Lot	1,400,000.00	458,278.62	0.00	0.00
26	Aux	Inactive	UMBC New Recreation and Athletics	5,000,000.00	236.38	0.00	0.00
27	Aux	Inactive	UMBC New Recreation and Athletics	250,000.00	3,249.29	0.00	0.00
29	Aux	Inactive	UMBC Parking System Improvements	1,300,000.00	236,339.15	0.00	0.00
32	Aux	Inactive	UMBC Parking System Improvements	1,500,000.00	1,015,227.15	0.00	0.00
34	Acad	Inactive	UMBC Renovation, electrical upgrade, HVAC and life s	463,000.00	463,000.00	0.00	0.00
33	Aux	Inactive	UMBC Replacement of Communication Tower	1,560,000.00	1,560,000.00	0.00	0.00
27	Aux	Inactive	UMBC Student Recreation Fields & Courts	500,000.00	500,000.00	0.00	0.00
26	Aux	Inactive	UMBC Surface Lots	900,000.00	106,036.85	0.00	0.00
21	Acad	Inactive	UMCES Construct Aquaculture Building	3,445,000.00	5,573.07	0.00	0.00
35	Acad	Active	UMCP Campus-Wide Building System and Infrastruct	5,000,000.00	5,000,000.00	0.00	0.00
34	Acad	Active	UMCP Campus-Wide Building System and Infrastruct	5,000,000.00	3,759,970.48	0.00	1,240,029.52

Resol	Type	Status	Project Name	Original Authorization	Current Project Auth Balance	FY2014 Activity	FY2013 Activity
33	Aux	Active	UMCP CSS and Residence Halls SCUB Expansion	4,000,000.00	4,000,000.00	0.00	0.00
32	Aux	Active	UMCP CSS and Residence Halls SCUB Expansion	2,250,000.00	2,000,000.00	0.00	0.00
29	Aux	Active	UMCP CSS and Residence Halls SCUB Expansion	300,000.00	300,000.00	0.00	0.00
35	Aux	Active	UMCP High Rise Residence Hall A/C	9,560,000.00	9,560,000.00	0.00	0.00
34	Aux	Active	UMCP High Rise Residence Hall A/C	1,350,000.00	1,350,000.00	0.00	0.00
33	Aux	Active	UMCP High Rise Residence Hall A/C	16,395,000.00	2,852,953.12	2,233,233.13	3,294,878.71
27	Aux	Active	UMCP High Rise Residence Hall SCUB	4,900,000.00	4,248,312.40	0.00	0.00
34	Aux	Active	UMCP Replace Carrol, Caroline, Wicomico Halls, SCL	55,591,000.00	43,012,466.51	3,886,094.00	8,692,439.49
32	Aux	Inactive	UMCP Fraternity/Sorority Houses Renov PH 9	11,670,000.00	1,210,438.80	0.00	1,230,457.93
28	Aux	Inactive	UMCP Fraternity/Sorority Houses Renovation	10,430,000.00	922,512.73	0.00	0.00
20	Acad	Inactive	UMES Social Science, Education and Health Sci	10,000,000.00	145,202.71	0.00	0.00
22	Acad	Inactive	UMES Utilities Upgrade/Site Improvement	6,100,000.00	36,567.51	0.00	0.00
28	Aux	Inactive	UMES Wicomico Hall System Upgrade	1,500,000.00	1,045,430.55	0.00	0.00
27	Aux	Inactive	USM Shady Grove Center Parking Garage	12,500,000.00	608,074.33	0.00	0.00
25	Acad	Inactive	USM Shady Grove Education Center III	3,125,000.00	174,411.14	0.00	0.00
various	Acad	Active	System Wide Facilities Renewal	185,378,000.00	47,325,305.25	679,096.08	7,351,932.22
			Cost of Issue				370,824.06