

University of Central Missouri
Board of Governors
Work Session
October 25, 2013

The University of Central Missouri (UCM) Board of Governors convened in Work Session at 9:30 a.m. on Friday, October 25, 2013, on UCM's main campus in Warrensburg, Missouri. Presiding over the meeting was Board President Marvin E. Wright. Board members in attendance were Gus Wetzel II, Mary Dandurand, Weldon Brady, Walter Hicklin, Mary Long, John Collier, and Kyle Shell. Also present were University President Charles Ambrose; General Counsel Henry Setser; Assistant Secretary to the Board Monica Huffman; staff members John Merrigan and Rick Dixon; representatives from the firms of Piper Jaffray and Gilmore and Bell, which were introduced by John Merrigan and noted in these minutes; and Mr. Jim Schraeder of Gould Evans Architects.

Call to Order – Agenda Item No. 1

Mr. Wright called the meeting to order and determined that a quorum was present to conduct business. He called on Mr. Merrigan to present the following agenda items.

Bond Review – Agenda Item No. 2

Mr. Merrigan introduced Ms. Janet Laney and Mr. Jack Dillingham, Managing Directors for Piper Jaffray, the University's contracted investment banking service, and Mr. David Queen of Gilmore and Bell, the University's bond counsel. Piper Jaffray and Gilmore and Bell representatives have been working in coordination with UCM Management and General Counsel on refinancing of the Series 2009-Student Recreation Center Bonds and financing of the Mixed Use Facility Project.

Ms. Laney provided an update to the Board on the recent solicitation for financing of three series of tax-exempt bonds that include Series 2013A approximating \$16 million for the refunding of the Series 2009 – Student Recreation Center Bonds; Series 2013B approximating \$6 million for the funding of improvements to Walton Stadium; and Series 2013C approximating \$50 million for financing of a Mixed- Use Facility including approximately \$3.6 million in capitalized interest through October 1, 2015. (See Attachment 6 of the October 25, 2013, Plenary Session Minutes.)

Ms. Laney described the solicitation that requested fixed-rate financing with an amortization of 10 years for Series A and 20 years for Series B and C. Series A is expected to be financed solely through private placement. UCM will apply \$2 million of funds remaining from the 2009 Student Recreation Center bond proceeds to the current outstanding principal. In addition, due to increased enrollment, the student fee revenue has grown that fund the related debt service. Thus UCM will be able to increase the annual debt service payment to approximately \$1.8 million a year. With lower interest rates as a result of the refinancing, application of the \$2 million, and the increased annual debt

service payment, the maturity date of the original Student Recreation Center bonds will be reduced by six years from 2029 to 2023, and UCM will realize gross debt service savings of \$4.7 million over the remaining life of the Student Recreation bonds.

Series B and C will likely be bifurcated structures that include both private placement and publicly offered bonds. Ms. Laney informed Board members that the solicitation was sent to 38 lenders nationwide, with a total of 11 respondents. Proposals offered 10- year fixed rates ranging from 2.29% to 3.40%, with varied requirements for upfront fees, rate lock, prepayment, and other contractual terms and conditions.

Ms. Laney reported that Clayton Holding LLC (Commerce Bank) provided the lowest interest cost proposal for the Series A bonds, with a 10-year term, upfront fees of \$35,000 and a proposed interest rate of 2.29%. U.S. Bank provided the lowest interest cost proposal for both the Series B and C bonds, with a 10-year term, no upfront fees, a proposed interest rate lock of 2.495%, and a make-whole prepayment provision.

The Board discussed restrictive prepayment options and the possible impact for donor contributions received for Stadium improvements. Ms. Laney indicated that pricing for publicly offered bonds and call provisions associated with a public offering may alter the University's final decision of whether the Series B bonds will have a bifurcated structure. Ms. Laney also discussed bank maximum aggregate principal amounts and the potential effect to the award of private placement for the three series of bonds.

Management will seek motion by the Board to enter discussions with the finalists, Clayton Holding LLC (Commerce Bank) for the Series 2013A Bonds and US Bank for private placements of the Series 2013B and Series 2013C bonds. Granting of the motion will allow work to continue to secure final credit approval.

Mixed Use Facility – Phase II Design Builder

Mr. Merrigan presented information related to the Mixed-Use Facility – Phase II Design Builder Request for Proposals contained in the Attachment 2 briefing paper, and Mr. Schraeder presented a Power Point that included conceptual designs of the Mixed-Use – Phase II project (see Attachment 7 of the October 25, 2013, Plenary Session Minutes). Dr. Wetzel noted a \$5 million difference in the high and low bid and asked if this reflected the quality of construction offered by the firms. Mr. Schraeder explained that the cost difference is more a result of the different approaches taken by builders. Some employ their own workers, while some subcontract with other companies. Dr. Wetzel also asked if there has been a breakout of cost for the retail space and the residential space. Mr. Schraeder answered this information was not currently available. There was further Board discussion about the footprint of the facility and the Board's desire to see the external design. The external design is in the process of being completed and will be shared with the Board in the very near future.

Mr. Merrigan said the evaluation committee was comprised of Chris Bamman, Patrick Bradley, Jerry Hughes, Charlie Rutt, John Merrigan, and Susan Brockhaus. Additionally, subcommittees were formed to review the layouts for residential living, setups, common areas, etc. Mr. Brady commended all the time and effort that was placed into the process, and stated his full support for moving forward a recommendation to the Board at tomorrow's Plenary Session to approve award of contract to McGowan Gordon as the Design Builder for Phase II of the Mixed-Use Facility Project.

Health Insurance Update – Agenda Item No. 3

Mr. Dixon provided an update on UCM's health insurance. He said the University recently conducted its annual *A Healthier You* health risk assessment, which was offered to employees on a volunteer basis. There was a very good response with 630 employees participating as compared to last year with only 400 employees participating.

Blue Cross/Blue Shield representatives are on campus today talking with employees about their health insurance options for 2014. Several more of these sessions are scheduled on campus and a session will also be held at the Summit Center. Open enrollment will begin on Monday, October 28, using an online enrollment option.

President Ambrose noted that UCM has engaged with the Department of Human Services to help provide information to the community about the Affordable Care Act and more specifically, to provide assistance with regard to the Health Insurance Marketplace including providing citizens access to the internet and accessibility to computers.

Other – Agenda Item No. 4

There was no other business to discuss.

Request for Closed Session – October 25, 2013 – Agenda Item No. 5

Dr. Long moved pursuant to the Missouri Revised Statutes, Section 610.021, that the UCM Board of Governors meet in closed meeting, with closed record, and closed vote, for the purpose of considering real estate matters, legal actions, and personnel matters. The motion was seconded by Mr. Collier and carried with the following roll call vote:

<i>Gus Wetzel II</i>	<i>aye</i>	<i>John Collier</i>	<i>aye</i>
<i>Mary Dandurand</i>	<i>aye</i>	<i>Walter Hicklin</i>	<i>aye</i>
<i>Mary Long</i>	<i>aye</i>	<i>Marvin E. Wright</i>	<i>aye</i>
<i>Weldon Brady</i>	<i>aye</i>		

The meeting concluded at 11:35 a.m.