

# **Funding Capital Projects: CHEFA Financed Bond Sales for Auxiliary Services Facilities FY 2012-13**

Prepared by: William Bowes, Chief Finance Officer, Board of Regents  
Elaine Clark, VP for Real Estate, Facilities and Infrastructure  
Planning, BOR



# Actions Requested

- Approval of 13 projects for funding through the Connecticut Health and Educational Facilities Authority (CHEFA)
  - The 13 projects reflect critical needs of institutions and have been in the pipeline for some time.
  - Most projects are for routine upgrades, infrastructure improvements and renovations to enhance use of space
  - Four projects will expand capacity. We will provide information about these in today's presentation
- Authorization to borrow from CHEFA, in an amount not to exceed \$130,000,000 for the purpose of financing residential, and other auxiliary facilities of the Connecticut state universities and related expenses and financing costs
- Authorization to pledge certain revenues and to enter into various agreements with the Connecticut Health and Educational Facilities Authority to secure loans and bonds.



# How do we pay for capital projects?

- Traditional General Obligation Bond Process
- CSUS2020
- Connecticut Health and Educational Facilities Authority



# The Connecticut Health & Educational Facilities Authority (CHEFA):

- CHEFA is a quasi-public authority that issues tax-exempt bonds for capital projects for health care and educational institutions in the public or non-profit sectors.
- Bond issuance requires approval by the Board of Regents, the CHEFA board, the Secretary of the Office of Policy and Management, and the state Treasurer.
- The state universities have been part of the CHEFA program beginning in 1995.
- Projects must demonstrate self-sufficiency. The debt service for all CHEFA projects must be funded from revenue sources pledged for the purpose of retiring debt (e.g., university fee, housing rents).



# State University Fees and Project Financing

- All CHEFA projects are funded from student fees. There are three types of fees that are used for CHEFA projects:
  - University Fee
  - General University Fee
  - Housing Fee
- University Fee:
  - A system wide fee charged to all full-time students enrolled in the four state universities.
  - Currently \$1,000 per year for in-state students, \$2,451 for out-of-state.
  - All revenues are used solely to retire debt on construction and renovation projects.



# State University Fees and Project Financing

- University General Fee:
  - A campus-specific fee that covers a broad range of auxiliary activities including parking.
  - The fee supports the cost of all of the activities, including debt service.
  - All students pay a campus-specific University General Fee, part-time students pay on a pro-rated basis.
  - The University General Fee differs across campuses because the nature and cost of services provided differs from campus to campus.
  - The current University General Fees at each university for full-time, in-state students are: Central CSU- \$2,896, Eastern CSU-\$3,446, Southern CSU-\$3,086, and Western CSU-\$3015
- Housing Fee:
  - A fee paid only by students living in residence halls.
  - The fee will vary based on the type of residence hall facility



# State University Fees and Project Financing

- Current Board policy requires that the cost of new residence halls must be supported 80% by housing fees.
- New parking garages must be supported 80% by the University General Fee.
- 20% of the cost of all projects are supported by the University Fee.
- Example: The CCSU's Residence Hall is estimated to cost a total \$82 million. The university fee's share of that cost will be \$16.4 million (20%); CCSU's housing fee will pay for the balance \$65.6 million (80%).
- The total for all 13 projects we are proposing is \$118.5 million, of which the university fee will cover financing for \$52 million, or 44% of the total project cost.



# The Debt Service Obligation: What does it mean?

- Payment of debt service is an obligation of the Board of Regents. The four state universities have no authority to borrow directly through CHEFA and are, therefore, not responsible for the debt that is incurred.
- The requirement that the state universities cover 80% of the cost of new residence halls or parking garages through their campus sources (housing fees, or university general fees) is a policy of the Board of Regents. It is not a requirement of CHEFA.
- The Board is required to continue its payments for debt notwithstanding the fact that a state university could not meet its share of cost for a housing or parking garage project.
- The Board, through its governance authority, can require a restructuring of campus budgets to ensure that it can recoup debt service costs from the campus.
- The BOR can use capital reserve funds to pay debt. This would be a very last resort since this would impact credit ratings.





# Proposed Projects



**PROJECTS PROPOSED**  
**FOR INCLUSION IN CHEFA FINANCED BOND SALES FOR AUXILIARY SERVICE FACILITIES FY 2012-13**

<u>PROJECT TITLE</u>	<u>CAMPUS</u>	<u>FY 2012-13 PROJECT COSTS</u>	<u>Financed By System University Fee</u>	<u>Financed By Institutional Housing/Parking Fees</u>
New Residence Hall I	Central *	81,891,000	\$ 16,378,200	65,512,800
New Northeast Food Service Facility	Central	9,226,000	9,226,000	-
Minor Capital Projects	Central	800,000	800,000	-
Minor Capital Projects	Eastern	515,000	515,000	-
Occum Hall Interior Upgrades	Eastern	2,066,000	2,066,000	-
Shafer Hall Renovation (Design Funds Only)	Eastern	4,100,000	4,100,000	-
Brownell Hall Renovations/Upgrades to Infrastructure	Southern	3,193,000	3,193,000	-
Repair and Resurface Student Parking Lots	Southern	494,000	494,000	-
North Campus Residence Hall Upgrades to Bathrooms and Security	Southern	3,305,000	3,305,000	-
Minor Capital Projects	Southern	1,100,000	1,100,000	-
Westside Campus Parking Garage	Western **	1,233,000	246,600	986,400
Litchfield Hall Renovations	Western	9,130,000	9,130,000	-
Minor Capital Projects	Western	1,397,000	1,397,000	-
<b>GRAND TOTAL</b>		\$ 118,450,000	\$ 51,950,800	\$ 66,499,200

\* 80% of debt service on new residence hall for Central will be financed from the university's housing fee revenues.

\*\* 80% of debt service on parking garages at Western will be financed from a parking fee component of the university's general fee.



## CENTRAL CONNECTICUT STATE UNIVERSITY

New Residence Hall 1	\$81,891,000
New Northeast Food Service Facility	\$ 9,226,000



# CENTRAL CONNECTICUT STATE UNIVERSITY

## New Residence Hall I

### Program and Project Information

- \$81,891,000
  - 637 beds
  - 7 Floors
  - \$253.5/Square Foot
- 
- First Floor: Resident Life Offices, Fitness Center, Multi-purpose room/ Seminar room; Computer Lab; Storage; Trash/Recycling; Laundry; Mechanical; Resident Assistant Supervisor apartments



# Central Connecticut State University New Residence Hall I

- Three design-bid proposals were received at DCS on September 17, 2012
- A firm has been selected but has not yet been notified by DCS
- The apparent successful bidder increased the number of square feet to 234,982 GSF
- The per square foot cost is \$253.50, which is within our project budget.



# CENTRAL CONNECTICUT STATE UNIVERSITY

## **New Northeast Food Services Facility**

### Program and Project Information

- \$9,0226,000
- 22,000 SF
- Services 1400 residents
- Self-sufficient dining hall
- Heating and cooling provided by campus energy center
- Will accommodate Residence Hall I (640 students) and future Residence Hall II (363 beds)
- Construction funding FY 2012 J Series CHEFA bond (\$1,078,000)



## EASTERN CONNECTICUT STATE UNIVERSITY

One Project to Add Capacity:

Shafer Hall Renovation                      \$ 4,100,000



# EASTERN CONNECTICUT STATE UNIVERSITY

## Shafer Hall Renovation

- \$4,100,000
- 70,151 square foot academic classroom building (classrooms, faculty offices, studios for visual and performing arts)
- Will be vacant following completion of the new Fine Arts Instructional Center, construction is scheduled for completion by December 2015
- To be renovated into a residence hall for upper class students, to include kitchens and living areas, public spaces, a computer lounge, laundry room, and study lounges





## WESTERN CONNECTICUT STATE UNIVERSITY

One Project to Add Capacity:

Westside Campus Parking Garage \$ 1,233,000



# WESTERN CONNECTICUT STATE UNIVERSITY

## **Westside Campus Parking Garage**

- \$1,233,000
- Proposed in approved 2007 Campus Master Plan
- 500 car parking garage
- Replaces 171 car temporary gravel lot
- Replaces 125 space lot lost due to construction of the Visual and Performing Arts Center
- Anticipates 600 new students, faculty, and staff arrived at Westside Campus, due to relocation of art, music, and performing arts from the Eastside Campus
- Provides ADA compliant parking for commuters



# FINANCIAL ANALYSIS

# Outstanding and Projected Debt

(Includes Interest, CHEFA and Trustee Fees)

(Millions)

	<u>Current</u>	<u>Proposed</u>	<u>Total</u>
University Fees Supported	184.9	82.7	267.6
Housing, General Fee Supported	<u>176.5</u>	<u>105.9</u>	<u>282.3</u>
	361.4	188.6	550.0



# Outstanding and Projected Required Debt Payments (including CHEFA and Trustee Fees) From Attachment C

Required Debt Payments - University Fee	\$ 184,922,375	
Required Debt Payments- Institutional Fees (Housing, University General Fee*	\$ 176,470,624	
Total - Outstanding Payments		\$ 361,392,999
Projected Required Payments University Fee Sources	\$ 82,689,759	
Projected Required Payments CCSU Housing Fee	\$ 104,260,645	
Projected Required Payments WCSU University General Fee	\$ 1,628,907	
Total - Projected Payments		\$ 188,579,311
Total Outstanding and Projected Payments		\$ 549,972,310
Total University Fee Payments (Current and Projected)		\$ 267,612,134
Total Institutional Fee Payments (Current and Projected)		\$ 282,360,176

\* Includes Principal, Interest, Fees less credits due based on policy.

\*\* Debt payments are based on borrowing for planning and design funds only.

# Pro Forma: University Fee Funded Projects <sup>Slide # 22</sup> (or Portion)

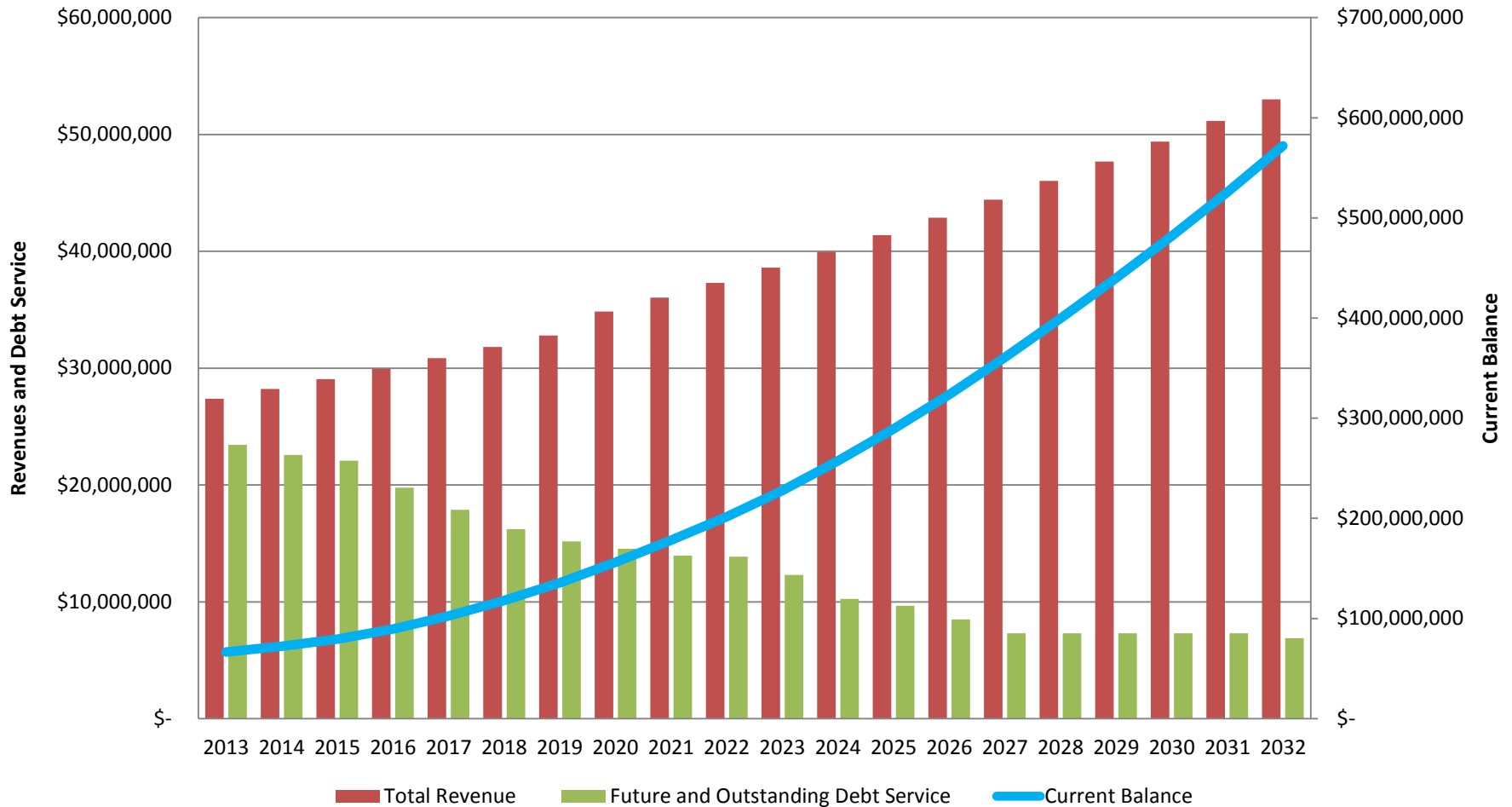
<b>Project Amount</b>	<b>\$51,950,800</b>
SCRF	\$4,174,864
Cost of Issuance	\$868,877
Total Principal	\$56,994,541
Total Interest	\$25,034,393
CHEFA and Trustees Fees	\$660,825
Total Paid	\$82,689,759

<b>Project Assumptions</b>	
University Fee Annual Increase	3%
Enrollment Growth	0%
Current Fees	In State: \$1,000; Out-of-State: \$2,451
Current Enrollment	In State: 23,821; Out-of-State: 1,388
Current Balance Pledged	\$62,717,867



# Share of Debt Service Funded from University Fee

## Debt Service, Revenues and Current Balance



Total Future and Outstanding Debt Service includes Principal and Interest, CHEFA Fee and Administrative Fee for proposed bond issue and current outstanding debt payments

# Pro Forma: Central CSU New Residence Hall

<b>Project Amount</b>	<b>\$65,512,800</b>
SCRF	\$5,264,731
Cost of Issuance	\$1,095,702
Total Principal	\$71,873,233
Total Interest	\$31,569,739
CHEFA and Trustees Fees	\$817,674
Total Paid	\$104,260,645

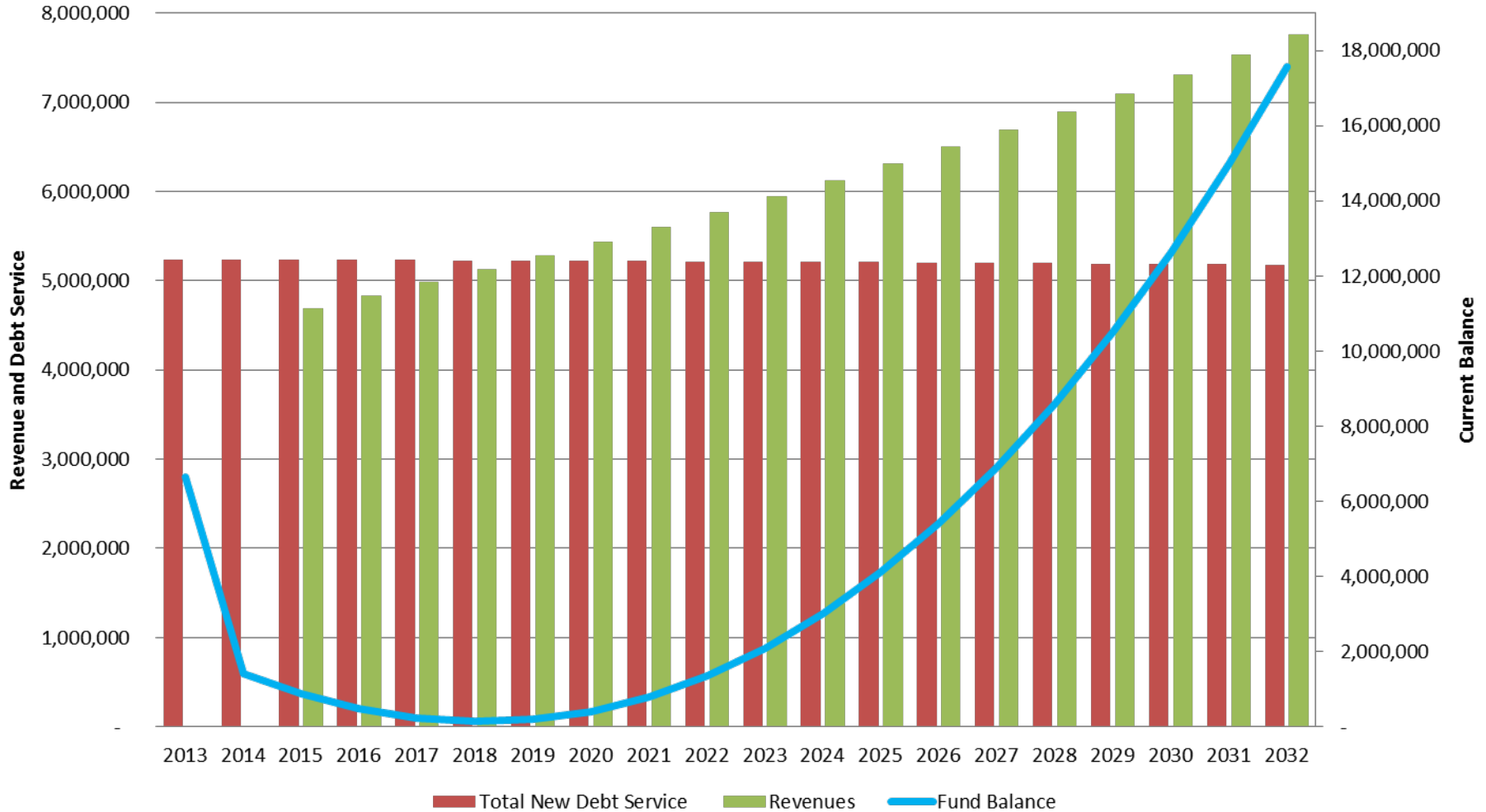
<b>Project Assumptions</b>	
Annual Rate of Growth in Fees	3%
Beginning FY for Revenues	2015
Number of Paid Beds	1,193
Semester Rate	\$3,935
Current Balance Pledged	\$11,900,000





# Central CSU New Residence Hall

## Debt Service, Revenues and Current Balance



Total New Debt Service includes Principal and Interest, CHEFA Fee and Administrative Fee for proposed bond issue; Revenues from new Residence Hall projected to start in FY15



# Pro Forma: Western CSU Parking Garage

## Full Project Cost

Slide # 26

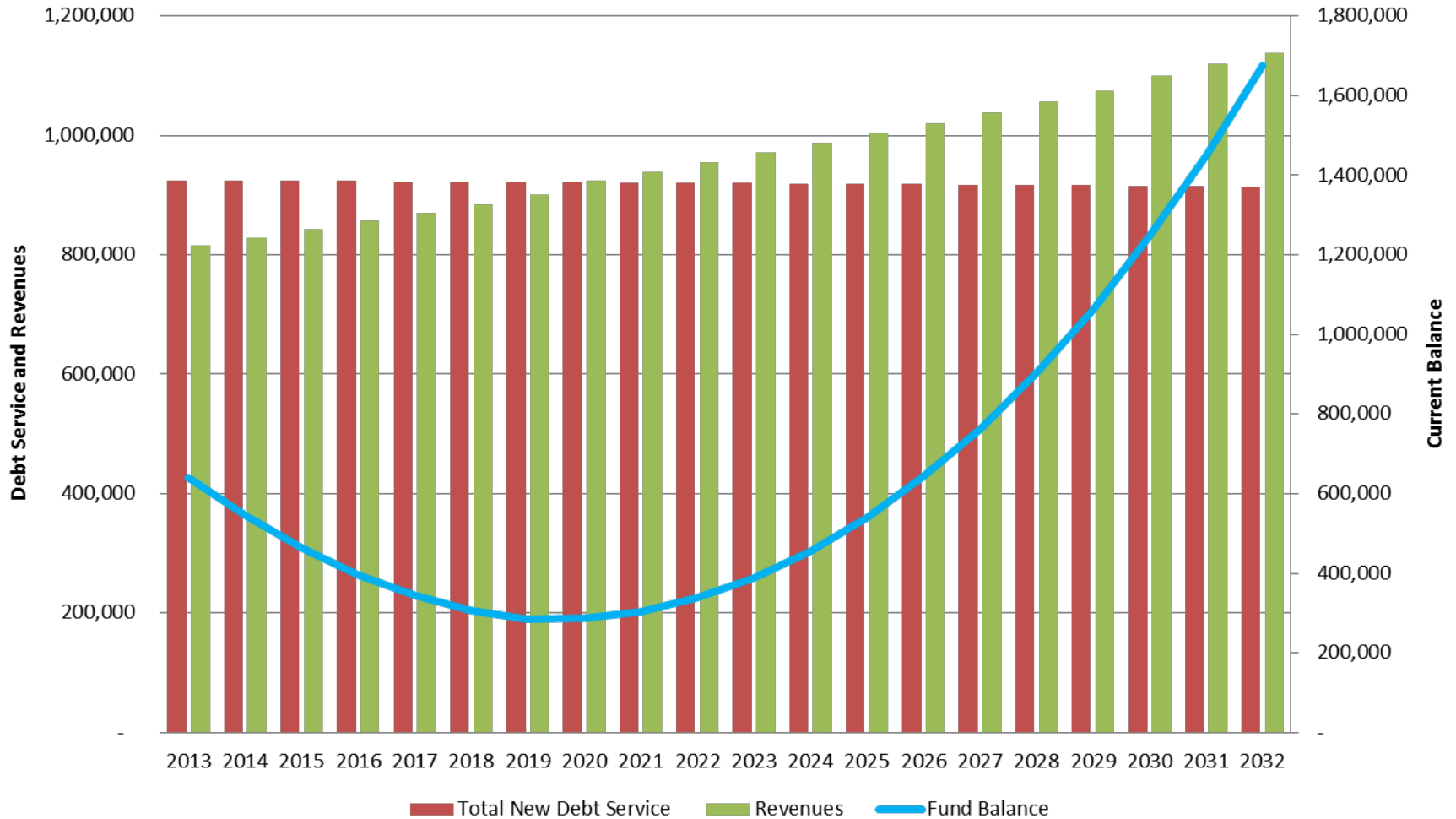
<b>Project Amount</b>	<b>\$11,529,600</b>
SCRF	\$926,540
Cost of Issuance	\$192,833
Total Principal	\$12,648,973
Total Interest	\$5,555,959
CHEFA and Trustees Fees	\$193,343
Total Paid	\$18,398,275

<b>Project Assumptions</b>	
Annual Rate of Growth: FT Fee	Full Time: 3%; Part Time: 0%
Annual Rate of Growth: PT Fee	Part Time: 2020 and 2030 by \$6
Beginning FY for Revenues	2013
Parking Rate	Full Time: \$170; Part Time: \$60
Number of Students	Full Time: 4,246; Part Time: 1,562
Annual Decrease in Students	Full Time: (1%); Part Time: (1%)
Current Balance Pledged	\$750,000



# Western CSU Westside Parking Garage (Full Project Cost)

## Debt Service, Revenues and Fund Balance



Total New Debt Service includes Principal and Interest, CHEFA Fee and Administrative Fee



# Timeline

- BOR approval October 18
- Action by CHEFA Board October
- Approval by OPM and Treasurer following action by CHEFA Board
- Awarding of Contract for CCSU New Residence Hall projected for November, 2012
- Issue Official Statement projected Mid-December 2012
- Bond Closing projected for January, 2013

