

WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION MEETING

BY CONFERENCE CALL

Dial: 1-866-453-5550

Passcode: 5245480#

June 24, 2016

9:00 a.m.

AGENDA

- I. Call to Order**
- II. Chairman's Report**
 - A. Nominating Committee Report and Election of Officers
- III. Approval of Refunding of Glenville State College Series 2009A and 2011A Bond Issues**
- IV. Additional Commission Action and Comment**
- V. Adjournment**

**West Virginia Higher Education Policy Commission
Meeting of June 24, 2016**

ITEM: Approval of Refunding of Glenville State College Series 2009A and 2011A Bond Issues

INSTITUTION: Glenville State College

RECOMMENDED RESOLUTION: *Resolved*, That the West Virginia Higher Education Policy Commission approves the bond resolution permitting the refunding of the Glenville State College Series 2009A and 2011A bond issues.

STAFF MEMBER: Ed Magee

BACKGROUND:

Glenville State College is requesting approval to refund its Series 2009A and 2011A bond issues for annual debt service savings and an extension of the final maturity by six years. The new debt would be fixed rate with level amortization, resulting in savings in the first fifteen (15) years. The new bonds would be non-rated.

If the refunding is approved, the College will be released from the current non-investment grade rating from Moody's. In addition, it will enjoy immediate savings and will be free from the covenants required by the Series 2009A Bonds. The College would also eliminate the risk of the hedging instrument not being renewed by the bondholder.

The Glenville State College Housing Corporation Project- Student Housing Series 2011A Bonds will be refunded to provide debt service savings. The original bonds funded the construction of Pioneer Village, a ten, two story apartment building complex used for student housing. The Series 2011A bonds are fixed rate, publicly traded, tax exempt bonds. They are currently rated B1 negative by Moody's with varying interest from 2.75 percent to 5.25 percent. The maturity date is October 1, 2030. The proposed refunding bonds that would refund the Series 2011A Bonds would not be rated by Moody's or any other rating agency and, accordingly, such expense and the potential for future negative ratings would be avoided.

The Glenville State College Housing Corporation Project- Student Housing Series 2009A Bonds will be refunded to provide debt service savings and eliminate the hedging instrument risk. The original bonds funded the construction of Goodwin Hall, a 484 bed student residence hall. The Series 2009A bonds are tax-exempt, non-rated debt held by Branch Banking and Trust Company. The interest rate is 68 percent of LIBOR (London Interbank Offered Rate) plus 1.625 percent. The interest rate is variable

and through the swap, the College pays a fixed interest rate of 4.34 percent. The derivative instrument expires January 5, 2017. It does not appear that the Series 2009A Bondholder as swap counterparty will agree to another interest rate swap so the College would be exposed to the interest rate risk associated with variable rate bonds. The maturity date is October 1, 2030.

There is a debt service coverage requirement with respect to the Series 2009A Bonds that the College was not in compliance with since the issuance of the Series 2009A bonds. There is also a cash reserve requirement relating to the Series 2009A Bonds that the College may not be able to achieve. The bondholder can declare all outstanding principal and accrued interest to be immediately due and payable on December 21, 2016 or any day thereafter with 120 days prior written notice. The Series 2009A Bondholder has been requiring annual appraisals resulting in a significant expense for the College.

The attached worksheets provide summaries of the estimated savings based upon a 25 year and 30 year maturities.

Preliminary, Subject to Change

\$27,350,000

Gilmer County, West Virginia

Commercial Development Refunding Revenue Bonds

(Glennville State College Housing Corporation Project) Series 2016

Total Issue Sources And Uses

	2009 Refunding	2011A Refunding	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$23,325,000.00	\$4,025,000.00	\$27,350,000.00
Transfers from Prior Issue DSR Funds	1,586,000.00	-	1,586,000.00
Original Issue Discount (OID)	(383,823.05)	(66,022.25)	(449,845.30)
Total Sources	\$24,527,176.95	\$3,958,977.75	\$28,486,154.70
Uses Of Funds			
Deposit to Net Cash Escrow Fund	22,932,657.90	3,735,502.41	26,668,160.31
Deposit to Debt Service Reserve Fund (DSRF)	746,167.07	128,759.81	874,926.88
Total Underwriter's Discount (1.800%)	419,850.00	72,450.00	492,300.00
Swap Breakage Fee	300,000.00	-	300,000.00
Costs of Issuance	127,925.05	22,074.95	150,000.00
Rounding Amount	576.93	190.58	767.51
Total Uses	\$24,527,176.95	\$3,958,977.75	\$28,486,154.70

Crews & Associates, Inc.

Public Finance

Preliminary, Subject to Change

\$27,350,000

Gilmer County, West Virginia

Commercial Development Refunding Revenue Bonds

(Glennville State College Housing Corporation Project) Series 2016

Debt Service Comparison

Date	Total P+I	DSR	Net New D/S	Old Net D/S	Savings
11/15/2016	693,567.51	-	693,567.51	897,289.10	203,721.59
11/15/2017	1,748,716.26	-	1,748,716.26	1,869,118.37	120,402.11
11/15/2018	1,743,441.26	-	1,743,441.26	1,868,198.37	124,757.11
11/15/2019	1,747,841.26	-	1,747,841.26	1,871,738.37	123,897.11
11/15/2020	1,746,591.26	-	1,746,591.26	1,869,538.38	122,947.12
11/15/2021	1,749,853.76	-	1,749,853.76	1,871,338.40	121,484.64
11/15/2022	1,746,396.26	-	1,746,396.26	1,867,738.36	121,342.10
11/15/2023	1,746,321.26	-	1,746,321.26	1,868,663.37	122,342.11
11/15/2024	1,744,376.26	-	1,744,376.26	1,869,175.89	124,799.63
11/15/2025	1,745,481.26	-	1,745,481.26	1,873,615.93	128,134.67
11/15/2026	1,749,343.76	-	1,749,343.76	1,870,228.37	120,884.61
11/15/2027	1,746,125.02	-	1,746,125.02	1,866,315.87	120,190.85
11/15/2028	1,746,812.52	-	1,746,812.52	1,871,878.37	125,065.85
11/15/2029	1,746,187.50	-	1,746,187.50	1,871,390.86	125,203.36
11/15/2030	1,742,425.02	-	1,742,425.02	1,870,890.90	128,465.88
11/15/2031	1,742,275.02	-	1,742,275.02	1,529,640.88	(212,634.14)
11/15/2032	1,749,512.52	-	1,749,512.52	1,529,640.93	(219,871.59)
11/15/2033	1,749,612.52	-	1,749,612.52	1,529,640.88	(219,971.64)
11/15/2034	1,747,812.52	-	1,747,812.52	1,529,640.88	(218,171.64)
11/15/2035	1,744,112.52	-	1,744,112.52	1,529,640.88	(214,471.64)
11/15/2036	1,748,512.52	-	1,748,512.52	1,529,640.87	(218,871.65)
11/15/2037	1,746,750.02	-	1,746,750.02	1,529,640.88	(217,109.14)
11/15/2038	1,747,425.00	-	1,747,425.00	1,529,640.85	(217,784.15)
11/15/2039	1,745,281.26	-	1,745,281.26	1,529,640.86	(215,640.40)
11/15/2040	1,745,318.76	-	1,745,318.76	(56,359.14)	(1,801,677.90)
11/15/2041	1,747,281.26	-	1,747,281.26	-	(1,747,281.26)
11/15/2042	1,745,912.52	-	1,745,912.52	-	(1,745,912.52)
11/15/2043	1,746,212.52	-	1,746,212.52	-	(1,746,212.52)
11/15/2044	1,742,925.02	-	1,742,925.02	-	(1,742,925.02)
11/15/2045	1,746,050.02	-	1,746,050.02	-	(1,746,050.02)
11/15/2046	1,745,075.02	(874,926.88)	870,148.14	-	(870,148.14)
Total	\$53,083,549.19	(874,926.88)	\$52,208,622.31	\$40,787,527.68	(11,421,094.63)

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	(1,685,659.36)
Effects of changes in DSR investments	(278,974.32)
Net PV Cashflow Savings @ 5.044%(Bond Yield)	(1,964,633.68)
Net Present Value Loss	\$(1,964,633.68)
Net PV Loss / \$26,451,001 Refunded Principal	(7.427%)
Net PV Loss / \$27,350,000 Refunding Principal	(7.183%)

Refunding Bond Information

Refunding Dated Date	7/01/2016
Refunding Delivery Date	7/01/2016

Crews & Associates, Inc.

Public Finance

Preliminary, Subject to Change

\$27,350,000

Gilmer County, West Virginia

Commercial Development Refunding Revenue Bonds

(Glenville State College Housing Corporation Project) Series 2016

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	Net New D/S
11/15/2016	215,000.00	3.250%	478,567.51	693,567.51	-	693,567.51
11/15/2017	470,000.00	3.250%	1,278,716.26	1,748,716.26	-	1,748,716.26
11/15/2018	480,000.00	3.250%	1,263,441.26	1,743,441.26	-	1,743,441.26
11/15/2019	500,000.00	3.250%	1,247,841.26	1,747,841.26	-	1,747,841.26
11/15/2020	515,000.00	3.250%	1,231,591.26	1,746,591.26	-	1,746,591.26
11/15/2021	535,000.00	3.450%	1,214,853.76	1,749,853.76	-	1,749,853.76
11/15/2022	550,000.00	3.650%	1,196,396.26	1,746,396.26	-	1,746,396.26
11/15/2023	570,000.00	3.850%	1,176,321.26	1,746,321.26	-	1,746,321.26
11/15/2024	590,000.00	4.050%	1,154,376.26	1,744,376.26	-	1,744,376.26
11/15/2025	615,000.00	4.250%	1,130,481.26	1,745,481.26	-	1,745,481.26
11/15/2026	645,000.00	4.375%	1,104,343.76	1,749,343.76	-	1,749,343.76
11/15/2027	670,000.00	4.375%	1,076,125.02	1,746,125.02	-	1,746,125.02
11/15/2028	700,000.00	4.375%	1,046,812.52	1,746,812.52	-	1,746,812.52
11/15/2029	730,000.00	4.625%	1,016,187.50	1,746,187.50	-	1,746,187.50
11/15/2030	760,000.00	4.625%	982,425.02	1,742,425.02	-	1,742,425.02
11/15/2031	795,000.00	4.750%	947,275.02	1,742,275.02	-	1,742,275.02
11/15/2032	840,000.00	4.750%	909,512.52	1,749,512.52	-	1,749,512.52
11/15/2033	880,000.00	4.750%	869,612.52	1,749,612.52	-	1,749,612.52
11/15/2034	920,000.00	4.750%	827,812.52	1,747,812.52	-	1,747,812.52
11/15/2035	960,000.00	4.750%	784,112.52	1,744,112.52	-	1,744,112.52
11/15/2036	1,010,000.00	5.125%	738,512.52	1,748,512.52	-	1,748,512.52
11/15/2037	1,060,000.00	5.125%	686,750.02	1,746,750.02	-	1,746,750.02
11/15/2038	1,115,000.00	5.125%	632,425.00	1,747,425.00	-	1,747,425.00
11/15/2039	1,170,000.00	5.125%	575,281.26	1,745,281.26	-	1,745,281.26
11/15/2040	1,230,000.00	5.125%	515,318.76	1,745,318.76	-	1,745,318.76
11/15/2041	1,295,000.00	5.125%	452,281.26	1,747,281.26	-	1,747,281.26
11/15/2042	1,360,000.00	5.125%	385,912.52	1,745,912.52	-	1,745,912.52
11/15/2043	1,430,000.00	5.125%	316,212.52	1,746,212.52	-	1,746,212.52
11/15/2044	1,500,000.00	5.125%	242,925.02	1,742,925.02	-	1,742,925.02
11/15/2045	1,580,000.00	5.125%	166,050.02	1,746,050.02	-	1,746,050.02
11/15/2046	1,660,000.00	5.125%	85,075.02	1,745,075.02	(874,926.88)	870,148.14
Total	\$27,350,000.00	-	\$25,733,549.19	\$53,083,549.19	(874,926.88)	\$52,208,622.31

Crews & Associates, Inc.

Public Finance

Preliminary, Subject to Change

\$27,350,000

Gilmer County, West Virginia

Commercial Development Refunding Revenue Bonds

(Glennville State College Housing Corporation Project) Series 2016

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
11/15/2020	Term 1 Coupon	3.250%	3.250%	2,180,000.00	100.000%	2,180,000.00
11/15/2021	Serial Coupon	3.450%	3.450%	535,000.00	100.000%	535,000.00
11/15/2022	Serial Coupon	3.650%	3.650%	550,000.00	100.000%	550,000.00
11/15/2023	Serial Coupon	3.850%	3.850%	570,000.00	100.000%	570,000.00
11/15/2024	Serial Coupon	4.050%	4.050%	590,000.00	100.000%	590,000.00
11/15/2025	Serial Coupon	4.250%	4.250%	615,000.00	100.000%	615,000.00
11/15/2028	Term 2 Coupon	4.375%	4.500%	2,015,000.00	98.819%	1,991,202.85
11/15/2030	Term 3 Coupon	4.625%	4.750%	1,490,000.00	98.703%	1,470,674.70
11/15/2035	Term 4 Coupon	4.750%	5.000%	4,395,000.00	96.915%	4,259,414.25
11/15/2041	Term 5 Coupon	5.125%	5.200%	6,880,000.00	98.943%	6,807,278.40
11/15/2046	Term 6 Coupon	5.125%	5.300%	7,530,000.00	97.365%	7,331,584.50
Total	-	-	-	\$27,350,000.00	-	\$26,900,154.70

Bid Information

Par Amount of Bonds	\$27,350,000.00
Reoffering Premium or (Discount)	(449,845.30)
Gross Production	\$26,900,154.70
Total Underwriter's Discount (1.800%)	\$(492,300.00)
Bid (96.555%)	26,407,854.70
Total Purchase Price	\$26,407,854.70
Bond Year Dollars	\$520,250.28
Average Life	19.022 Years
Average Coupon	4.9463788%
Net Interest Cost (NIC)	5.1274734%
True Interest Cost (TIC)	5.2047908%

Crews & Associates, Inc.

Public Finance

STATE OF WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION RESOLUTION RELATING TO THE GOODWIN HALL AND PIONEER VILLAGE RESIDENCE HALL FACILITIES LOCATED ON THE CAMPUS OF GLENVILLE STATE COLLEGE IN GLENVILLE, WEST VIRGINIA AND THE RELATED CONTRACT(S) OF LEASE/PURCHASE BY AND BETWEEN THE GLENVILLE STATE COLLEGE HOUSING CORPORATION, AS LESSOR, AND THE STATE OF WEST VIRGINIA, BY THE GLENVILLE STATE COLLEGE BOARD OF GOVERNORS, AS LESSEE, TO BE EXECUTED IN CONNECTION WITH THE ISSUANCE OF COMMERCIAL DEVELOPMENT REFUNDING REVENUE BONDS BY GILMER COUNTY, WEST VIRGINIA, ACTING BY AND THROUGH THE COUNTY COMMISSION OF GILMER COUNTY, WEST VIRGINIA.

WHEREAS, Glenville State College (the “College”) and the Glenville State College Board of Governors (the “Board of Governors”) have determined to refund certain commercial development revenue bonds issued by Gilmer County, West Virginia, acting by and through The County Commission of Gilmer County, West Virginia on December 21, 2009 (the “Series 2009A Bonds”) to finance costs of the acquisition, construction and equipping of new residence hall facilities known as Goodwin Hall (“Goodwin Hall”) located on the campus of the College in Glenville, Gilmer County, West Virginia, owned by the Glenville State College Housing Corporation (the “Housing Corporation”) and leased to the State of West Virginia, by the Board of Governors, as Lessee; and

WHEREAS, Goodwin Hall is located partially on land owned by the Housing Corporation and partially on a leasehold estate created by that certain Lease Agreement dated as of December 21, 2009, between the Board of Governors, as Lessor, and the Housing Corporation, as Lessee, of record in the office of the Clerk of the County Commission of Gilmer County, West Virginia, in Deed Book No. 491, at page 252 (the “Goodwin Hall Ground Lease”), which Goodwin Hall Ground Lease will continue to be in effect following the refunding of the Series 2009A Bonds and the issuance of the Bonds hereinafter described; and

WHEREAS, the College and the Board of Governors have also determined to refund certain commercial development refunding revenue bonds issued by Gilmer County, West Virginia, acting by and through The County Commission of Gilmer County, West Virginia on May 25, 2011 (the “Series 2011A Bonds” and together with the Series 2009A Bonds, the “Prior Bonds”) to refund certain commercial development revenue bonds previously issued by The County Commission of Gilmer County, West Virginia on September 28, 2000, to finance costs of the acquisition, construction and equipping of new residence hall facilities known as Pioneer Village (“Pioneer Village” and together with Goodwin Hall, the “Residence Halls”) located on the campus of the College in Glenville, Gilmer County, West Virginia, owned by the Housing Corporation and leased to the State of West Virginia, by the Board of Governors, as Lessee; and

WHEREAS, Pioneer Village is located on a leasehold estate created by that certain Lease dated January 25, 2000, between the Board of Directors of the State College System of West Virginia, as Lessor, and the Housing Corporation, as Lessee, as supplemented and amended by that certain Amended and Restated Lease Agreement dated September 1, 2000, between the West Virginia Higher Education Interim Governing Board, as successor to the Board of Directors of the State College System of West Virginia, as Lessor, and the Housing Corporation, as Lessee, of record in the office of the Clerk of the County Commission of Gilmer County, West Virginia, in Deed Book No. 435, at page 279 (the “Pioneer Village Ground Lease” and together with the Goodwin Hall Ground Lease, the “Ground Leases”), which Pioneer Village Ground Lease will continue to be in effect following the refunding of the Series 2011A Bonds and the issuance of the Bonds hereinafter described; and

WHEREAS, the Prior Bonds, together with interest accrued thereon, will be redeemed, and the costs relating to said refunding will be paid, with the proceeds of Gilmer County, West Virginia Commercial Development Refunding Revenue Bonds (Glennville State College Housing Corporation Project) Series 2016, to be issued in one or more series by Gilmer County, West Virginia, acting by and through The County Commission of Gilmer County, West Virginia, in an aggregate principal amount not to exceed \$29,500,000 (the “Bonds”) and other funds available for said purpose; and

WHEREAS, in connection with the refunding of the Prior Bonds and the issuance of the Bonds, the Housing Corporation will lease the Residence Halls to the Board of Governors pursuant to one or more Contracts of Lease/Purchase by and between the Housing Corporation, as Lessor, and the State of West Virginia, by the Board of Governors, as Lessee (the “Contract(s) of Lease/Purchase”) pursuant to which the Board of Governors would, among other things, agree to make lease payments sufficient to pay the debt service on the respective series of Bonds so long as the Contract(s) of Lease/Purchase remains in effect; and

WHEREAS, the Board of Governors has the power and authority to execute and deliver the Contract(s) of Lease/Purchase; and

WHEREAS, the refunding is needed by the College and does not involve any private sector businesses which would have the effect of reducing property taxes on existing properties or avoiding, in whole or in part, the full amount of taxes which would be due on newly developed or future properties; and

WHEREAS, the Higher Education Policy Commission (the “Commission”) deems it desirable, in keeping with its purposes and in the best interests of the College, to approve (i) the refunding of the Prior Bonds with proceeds of the Bonds and other funds available for such purpose, (ii) the execution and delivery of the Contract(s) of Lease/Purchase, and (iii) the continuation of the Ground Leases.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE HIGHER EDUCATION POLICY COMMISSION, AS FOLLOWS:

Section 1. Approval of the Refunding. The refunding of the Prior Bonds with proceeds of the Bonds and other funds available for such purpose is hereby approved. The

Chairperson and Vice Chairperson of the Board of Governors and the President of the College or his designee (each, an “Authorized Officer”) are each hereby authorized and directed to execute and deliver any documents, certificates, agreements and instruments and take such other actions as may be required or desirable by the Board of Governors or the College to effectuate said refunding and to carry out the purposes of this Resolution.

Section 2. Contract(s) of Lease/Purchase. Each of the Authorized Officers is hereby authorized and directed to execute and deliver the Contract(s) of Lease/Purchase and any other documents, certificates, agreements and instruments and take such other actions as may be required or desirable by the Board of Governors or the College in connection therewith.

Section 3. Ground Leases. The continuation of the Ground Leases is hereby approved and each of the Authorized Officers is hereby authorized and directed to execute and deliver any documents, certificates, agreements and instruments and take such other actions as may be required or desirable by the Board of Governors or the College in connection therewith.

Section 4. Limited Obligations. No covenant, stipulation, obligation or agreement entered in connection with the refunding, including without limitation the Contract(s) of Lease/Purchase or the Ground Leases, shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of this Commission, the Board of Governors or the College in his or her individual capacity, and no member, officer, agent or employee of this Commission, the Board of Governors or the College shall be liable personally thereunder or be subject to any personal liability or accountability by reason thereof.

Section 5. Incidental Action. The Chancellor, the Chairperson, Vice Chairperson, Secretary, the Authorized Officers, and other appropriate members and officers of this Commission, the Board of Governors and the College are hereby authorized and directed to execute and deliver any documents, certificates, agreements and instruments and take such other actions as may be required or desirable by the Commission, the Board of Governors or the College to carry out the purposes of this Resolution.

Section 5. Effective Date. This Resolution shall take effect immediately upon adoption.

ADOPTED this 24th day of June, 2016.

WEST VIRGINIA HIGHER EDUCATION
POLICY COMMISSION

By: _____
Its: _____