

**ARIZONA BOARD OF REGENTS
CAPITAL COMMITTEE MEETING**

**Video Conference
from
ABOR Central Office
The University of Arizona
Northern Arizona University
Conference Call Number**

Wednesday November 19, 2008, 3:30 – 5:30 p.m.

AGENDA

3:30 p.m. CALL TO ORDER, GREETINGS, AND ANNOUNCEMENTS FROM THE COMMITTEE CHAIR

3:35 p.m. APPROVAL OF MINUTES OF SEPTEMBER 3, 2008, CAPITAL COMMITTEE MEETING AND EXECUTIVE SESSION

3:40 p.m. SPEED ITEMS

1. Update on Capital Projects Submitted to the Joint Committee on Capital Review

An update will be provided on the status of \$167.7 million worth of SPEED projects and \$258.4 million worth of non-SPEED projects submitted to the legislative Joint Committee on Capital Review (JCCR).

2. Presentation on SPEED Financing Structure

An overview will be provided on the financing structure for SPEED projects.

3. Issuance of Revenue Bonds for Financing of SPEED Projects (NAU)

Northern Arizona University requests authority to sell SPEED Revenue Bonds (1) not to exceed \$64.14 million for paying the costs associated with five building renewal projects; (2) not to exceed \$675,000 to pay costs of issuance; (3) payments to a bond insurer or other credit enhancer provided that such payments provide a benefit that exceeds the amount of such payments; and (4) payments pursuant to any related interest rate swap or lock agreements.

4. Issuance of Revenue Bonds for Financing of SPEED Projects (UA)

The University of Arizona requests authority to sell SPEED Revenue Bonds (1) not to exceed \$68 million for paying the costs associated with ten building renewal projects categories; (2) not to exceed \$625,000 to pay costs of issuance; (3) payments to a bond insurer or other credit enhancer

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provided that such payments provide a benefit that exceeds the amount of such payments; and (4) payments pursuant to any related interest rate swap or lock agreements.

5. Issuance of Revenue Bonds for Financing of SPEED Projects (ASU)

Arizona State University requests authority to sell SPEED Revenue Bonds (1) not to exceed \$33.6 million for paying the costs associated with five building renewal projects; (2) not to exceed \$450,000 to pay costs of issuance; (3) payments to a bond insurer or other credit enhancer provided that such payments provide a benefit that exceeds the amount of such payments; and (4) payments pursuant to any related interest rate swap or lock agreements.

4:15 p.m. CAPITAL PROJECTS

6. SPEED Deferred Maintenance and Building Renewal Projects Phase 1b: Combined Project Implementation Approval and Project Approval (ASU)

Arizona State University requests combined Project Implementation Approval and Project Approval for SPEED Deferred Maintenance and Building Renewal Bundle Phase 1a projects totaling \$59.5 million, including the ability to shift funding among projects as project scopes are further developed.

7. SPEED Psychology and Geography Program Expansion: Combined Project Implementation Approval and Project Approval, Including Scope and Budget Increases (ASU)

Arizona State University requests combined Project Implementation Approval and Project Approval, including scope and budget increases for the Psychology and Geography Program Expansion. The projects will renovate 57,100 square feet in five buildings at an estimated cost of \$28.7 million to be financed with SPEED revenue bonds.

8. Wellness Center Project: Waiver to Expend Above Board Policy Limits for Design Professional Services (NAU)

Northern Arizona University requests waiver of Board Policy 7-107 to expend above the greater of \$500,000 or 3% of project costs for design professional services for the Wellness Center Project approved in the Capital Development Plan. The total project cost is estimated to be \$119 million and the NAU request would expend approximately \$6.9 million, or 5.8%, for design related activities in preparation for Project Implementation Approval. Significant scope and related design changes since the Capital Development Plan phase have contributed to the additional design costs.

4:30 p.m. FINANCIAL TRANSACTIONS

9. Polytechnic Campus Central Plant Facility: Reaffirmation of Previous Approval for Privatized Financing (ASU)

Arizona State University requests reaffirmation of (i) previous authority to enter into a Ground Lease Agreement and an Energy Services Agreement with Polytechnic Campus Energy Center, LLC (now known as Arizona State University Energy Center, LLC), relating to the Polytechnic Campus Central Plant Facility, and; (ii) approval of a Leasehold Deed of Trust, the purposes of the LLC and the issuance by the LLC of tax-exempt revenue bonds not to exceed \$18.5 million to finance the Facility. The Board originally approved these actions in March 2007.

10. Issuance of System Revenue Bonds (ASU)

Arizona State University requests authority to sell System Revenue Bonds in amounts not to exceed \$40 million for project costs and \$600,000 for issuance costs. The bond proceeds will provide:

- \$13 million for the Memorial Union Renovations;
- \$10 million for Academic Renovations and Deferred Maintenance; and
- \$17 million as bridge financing for the Indoor Basketball Practice Facility, known as the Weatherup Center, including Acquisition of Athletes' Performance Institute facility.

4:40 p.m. REAL PROPERTY TRANSACTIONS

11. Science and Technology Park Master Land Use Plan Revisions (UA)

The University of Arizona requests approval of revisions to the UA Science and Technology Park Master Land Use Plan, which include: (1) a change in the legal description of the southwest boundary of the Davis-Monthan approach/departure corridor, (2) a change in use of a portion of the land owned by KB Home from residential to commercial development, and (3) designation of three areas for business development.

4:50 p.m. INFORMATION ITEMS

12. University 2008 Debt Capacity Reports (ASU, NAU, UA)

Arizona State University, Northern Arizona University, and the University of Arizona have submitted their FY 2008 Debt Capacity Reports. Board policy and state statute limit each university's annual debt service payment as a percent of total expenditures to 8%.

A. ASU

Based on projects that have received Board approval and projects that are included in the Capital Improvement Plan and Capital Development Plan, the highest debt ratio over the next 10 years would be 5.7% excluding SPEED projects, and 6.6% including SPEED projects.

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B. NAU

Based on projects that have received Board approval and projects that are included in the Capital Improvement Plan and Capital Development Plan, the highest debt ratio over the next 10 years would be 6.4% excluding SPEED projects, and 8.8% including SPEED projects.

C. UA

Based on projects that have received Board approval and projects that are included in the Capital Improvement Plan and Capital Development Plan, the highest debt ratio over the next 10 years would be 6.2% excluding SPEED projects, and 7.2% including SPEED projects.

13. Report on ASU Stadium District Proposal (ASU)

An overview will be provided on the ASU Stadium District Proposal.

14. Update on Activities Related to Capital Policy Revisions

An update will be provided on the status of forthcoming Capital Policy Revisions.

15. Update on Adoption of Debt Management Guidelines (NAU, UA)

Northern Arizona University and the University of Arizona will report on the implementation of Debt Management Guidelines as recommended in an Auditor General's University Capital Financing performance audit.

5:15 p.m. EXECUTIVE SESSION

5:30 p.m. ADJOURN

PLEASE NOTE: This Agenda may be amended at any time prior to 24 hours before the Committee meeting. Estimated starting times for the Agenda items are indicated; however, discussion may commence, or action may be taken, before or after the suggested times. Any item on the Agenda may be considered at any time out of order at the discretion of the Committee Chair. During the meeting, the Committee may convene in Executive Session to receive legal advice regarding any item on the Agenda.