

UNIVERSITY OF
NORTHERN COLORADO

MINUTES
BOARD OF TRUSTEES SPECIAL MEETING
March 12, 2020
Carter Hall 4th Floor Board Room

A Special meeting of the University of Northern Colorado Board of Trustees was held Thursday, March 12, 2020 beginning at 5:00 p.m. in the Carter Hall 4th Floor Board Room.

Trustees present: Chair Dick Monfort, Prateek Dutta, Maia Babbs, Steve Jordan, Fritz Fischer

Officers and Administrators present: President Andy Feinstein, Vice President and General Counsel Dan Satriana, Senior Vice President for Finance and Administration President Michelle Quinn, Provost Mark Anderson, Vice President for University Advancement Allie Steg Haskett, Vice President for Student Affairs Katrina Rodriguez, and Darren Dunn Director of Athletics

CALL TO ORDER

Chair Dick Monfort called the meeting of the Board of Trustees to order

ACTION ITEM:

Eighth Supplemental Resolution to the Master Enterprise Bond Resolution (Quinn)

- Opportunity to refinance outstanding 2014, 2015, 2016 bonds and a cash flow savings of \$3M
 - Board approval of the resolution allows UNC to proceed with preparing documentation, ratings review, and if the market is favorable would sell bonds in April
 - Requires approval of a Pricing Committee made up of President Feinstein, Michelle Quinn and Board members
 - Financial Advisor Nick Taylor of Kutak Rock will discuss market, ratings process, and anticipated savings
 - Michelle Quinn and Mark Anderson will discuss fall enrollment outlook and savings that can be accrued over the next 3-5 years versus savings over the life of the bonds
 - Bond Council Fred Marienthal of Kutak Rock will summarize the resolution and pricing parameters so that the pricing committee can proceed
- Market update (Nick Taylor)
 - Ten-year treasury at the beginning of the year was 1.88% and as of today was .88%
 - Recommended adoption of the resolution and monitor the market over the next 4-6 weeks
 - North Slope has prepared an RFP which lists twelve investment banks to secure an underwriter, they have scheduled rating agency meetings with Moody's and S&P the week of March 23, ratings will come back in early April

- Prepared an offering statement and ability to issue bonds in early/mid-April while monitoring the volatility of the market once the official statement has been issued
 - One parameter is a net present value as a percentage of the refund and a threshold of 3%. The Government Finance Officers Association previously set this standard for public issuers to meet a savings target on refunding. The general rule is 3% minimum and par value (PV) savings target of 6.4%. The recommendation for UNC is 3%
 - Cost of issuance includes transactional fees paid to financial advisor, rating agency, bond counsel, paying agent, bond printer, and other fees
 - Underwriters discount dollar amounts per bond sold in order to underwrite the transaction, which is distributed to sales force and cost of capital to support any unsold bonds on day of pricing
 - A call penalty is embedded in the interest rate after the ten-year mark
 - UNC has outstanding bonds for 2014, 2015 and 2016 that have a PV amount of \$90M and the sample numbers provided by Kutak Rock would only refund a portion of these. Depending on how the market changes we may want to refund more bonds, decision made at a later date depending on market conditions
 - Refund of bonds outstanding and some earlier maturities would provide no additional savings to UNC, even in today's low interest market
- Enrollment update (Mark Anderson/Michelle Quinn)
 - We have 250 new applicants admitted to the university and 150 students have confirmed they are planning to attend
 - Admissions anticipates that we will be down by 100 students (new, first-time and full-time)
 - Fifty-six percent of our applications have come through the common app. Historically there is a higher percentage of students who do not complete the application process (e.g. fail to submit transcripts)
 - Transfers are up 60 students, but we believe this number will actually be flat
 - Graduate students are down 75 from last year, April 15-16 is the signing day which will provide more data on applications
 - We see larger graduating classes than new students being admitted
 - Continuing students will be down by 315 from last year which was planned; but not the additional 100 students
 - Net revenue for one new resident first-time freshman is \$8K (tuition, fees and discounting), and an additional \$10K in room and board. Being down 100 full-time freshman has a negative impact of \$1M in room and board and \$800K in tuition and fees. In addition, there are parking fees an estimated undergraduate total of \$2M and \$1M in graduate students. This is a negative unplanned revenue impact of \$3M
 - The financial impact that we anticipate for FY21 including the \$5M in budget reductions and savings will be an additional \$3M

- Financial impact for FY21 and \$5M in reductions (academic and student affairs) is related to 65 layoffs. We believe we will meet the \$5M in savings, but are now looking for \$3M in further revenue reductions
 - We have been planning on \$1.2M in state funding and the JBC voted to include a 7% increase to higher education, however there may be potential downside
 - Corona virus could impact our international enrollment or visiting scholars that is revenue generating by \$3M. Other downside impacts to our revenue include cancelling or postponing events, lost revenue on conference services and catering
 - Base budgets in 2021 will be more challenging to implement
 - Looking forward 5-7 years there are fundamental issues with changes to program mixes, what should be offered, portfolio of graduate programs, sunset of some types of certificates
 - We will establish metrics and a program mix to be more responsive to the market
 - Implementation of the Academic Service Centers is a priority
- Resolution for the Eighth Supplemental Resolution to the Master Enterprise Bond Resolution (Fred Marienthal)
 - In 2010 the Board pledged net revenues of 10% of tuition dollars to repay the bond issued under the master
 - Proposed taxable bonds, bonds being advance refunded and have no refunding's left
 - The resolution authorizes the Board to utilize the State of Colorado bond intercept program, which allows UNC's A rating to go up to an AA rating because the State backs the payment of debt service on the bonds
 - This gives the Pricing Committee flexibility to work with the underwriter and North Slope and \$90M par amount on the day of pricing, a true interest cost not to exceed 5%, final maturity of June 1, 2050 and underwriting discount not to exceed 0.5%
 - Term of the bond is being delegated to the Pricing Committee and the Board can designate members to be part of this committee
 - The Board appointed Chair Monfort, Maia Babbs, Steve Jordan, Michelle Quinn, and President Feinstein to the Pricing Committee

Trustee Jordan moved to approve the Eighth Supplemental Resolution to the Master Enterprise Bond Resolution and appointment of the Pricing Committee. Trustee Babbs seconded the motion. Motion carried unanimously.

ADJOURNMENT

The meeting of the UNC Board of Trustees adjourned at 5:55 p.m.

Respectfully submitted by:

Victoria Niccum
Recording Secretary