



State of Rhode Island and Providence Plantations
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March 25, 2015

TO: Members of the Council on Postsecondary Education

FROM: Jim Purcell, Ed.D., Commissioner, Postsecondary Education

RE: Recommendation for Acceptance of the Public Corporation
Debt Management Act Resolution required for the University's
Fraternity Circle Improvements Project – Phase I.

In the 2016-2020 Capital Improvement Plan presented to the Council in September 2014, the University has planned to reconfigure and improve utility infrastructure, paved surfaces, and landscape fixtures that serve the fraternity and sorority neighborhood on the Kingston Campus.

The next step in the development of this project is to secure the necessary Council and State level approvals to secure financing in FY 2016 for the project's design, oversight, and construction.

Because this transaction would constitute a form of financing or guarantee beyond a single fiscal year, a Public Finance Debt management Act Resolution is required in order to meet those requirements, reflecting estimated financing parameters within which the University expects to conclude its negotiations.

It is important for the Council to understand that this affirms the placement of the attached resolution on the General Assembly's list of legislation for review and passage in this current session. The University has prepared the attached resolution regarding this transaction.

Therefore, I recommend:

THAT the Council on Postsecondary Education approves that the resolution addressing the Public Corporation Debt Management Act issues related to the University's Fraternity Circle Improvements Project – Phase I at the Kingston Campus be submitted to the General Assembly for consideration.

Attachment.

THE
UNIVERSITY
OF RHODE ISLAND
OFFICE OF THE
PRESIDENT



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David M. Dooley, Ph.D.
President

TO: James Purcell, Commissioner, RI Postsecondary Education

FROM: David M. Dooley, President, University of Rhode Island



Date: March 16, 2015

SUBJECT: UNIVERSITY OF RHODE ISLAND FRATERNITY CIRCLE IMPROVEMENTS PHASE I PROJECT – PUBLIC FINANCE DEBT MANAGEMENT ACT AUTHORIZATION FOR REVENUE BOND FINANCING

In accordance with the Capital Improvement Program for FY 2016-2020 submitted by the University of Rhode Island and approved by the Council in 2014, the University seeks to advance the Fraternity Circle Improvement Phase I Project to reconfigure and improve utility infrastructure, paved surfaces, and landscape fixtures that serve the fraternity and sorority neighborhood on the Kingston Campus. The next step in the development of this project is to secure the necessary Council and State level approvals to secure financing in FY 2016 for the project's design, project oversight, and construction.

Fraternity Circle was developed and modified over a considerable span of time commencing in 1964. It borders a wooded, wetland area and presently has 14 houses, with sites identified for up to three additional houses that are or would be owned and operated on University property by organizations of students. The incremental development of the area over many years has led to a complement of utility systems and infrastructure that were not systematically designed for its build-out capacities, for appropriate storm water management, or for aesthetic, public safety, and recreational amenities enjoyed by residential areas adjacent to this Campus sector.

This first phase project was conceived following the development of a professionally-supported "master plan" for the Fraternity Circle area, involving the fraternity and sorority house members in the consolidated sector near the southern edge of the Kingston Campus. That plan, completed in December 2013, emphasized the priority importance of utility infrastructure work that addresses physical capacity, public safety, and condition concerns as the first of two steps to benefit this lively residential community. In the Capital Improvement Program, funding

Phase I has been estimated at \$5.1M, with design work commencing in FY 2016 and construction bridging periods in FY 2017 and FY 2018. The proposed source of financing would be revenue bonds secured through the Rhode Island Health and Education Building Corporation. The FY 2016 Unrestricted Budget Request before that State at this time anticipates a new debt service commitment for this financing commencing in FY 2016 from unrestricted general revenues other than those derived from State Appropriation. The debt service is based upon a 20 year term for \$5.1M, at a conservative 5.0% tax-exempt interest rate. Annual debt service would be \$407K per year over the 20 year term.

Enclosed is a draft form of the legislation that would be advanced through Executive and Legislative levels during the present Legislative Session, in accordance with the RI Public Finance Debt Management Act to seek State level authorization to proceed with the revenue bond financing and, ultimately, the execution of the project.

The University requests the Council's authorization to proceed with the financing transaction, which would be subject to legislation of executive level consideration in conjunction with the FY 2016 Appropriations Bill.

Cc: Christina L. Valentino
Thomas M. Dougan
J. Vernon Wyman
Susan LaPanne

AMENDMENT TO ARTICLE XX

RELATING TO RHODE ISLAND PUBLIC CORPORATION DEBT MANAGEMENT ACT JOINT RESOLUTIONS

SECTION 1. WHEREAS, The University of Rhode Island is proposing a utility and infrastructure project to replace, improve, and reorganize aged, incrementally developed utility and paved infrastructure in the sector of the Kingston Campus devoted to fraternity and sorority houses, referred to as Fraternity Circle Improvements Phase I, including improvements to water, wastewater, electrical, telecommunications, natural gas connections, and storm water management systems, as well as roadways, walkways, and parking lots as a first phase of improvements reflected in a “master plan” for this unique neighborhood of on-campus residences serving organizations of students; and

WHEREAS, Fraternities and sororities first developed in the early 1900’s at the University of Rhode Island and were expanded with the initial designation and development of the “Fraternity Circle” neighborhood that was established in 1964, with the complement of fraternity and sorority buildings presently housing over 800 students, while maintaining strong bonds with affiliated alumni supporters of the University; and

WHEREAS, the capacity of the present water distribution system in this sector is a concern for serving sprinkler systems in both present and future houses and the wastewater system and storm water management systems must be improved and contemporized, the latter being subject to recent favorable environmental standards; and

WHEREAS, the upgrade and reconfiguration of gas, electric, and telecommunication infrastructure in the district, with the cooperation of National Grid and the University’s Networking and Telecommunications operation, will address reliability, safety and long-term

functionality, while reconfigured roadways, with service access, improved pedestrian safety, and parking area enhancements will bring this sector in line with the hardscape, exterior lighting, and blue-light emergency phone complements in the adjacent residence hall districts; and

WHEREAS, The Rhode Island Public Corporation Debt Management Act (R.I. Gen. Laws § 35-18-1, et seq.) requires the General Assembly to provide its consent to the issuance or incurring by the State of Rhode Island and other public agencies of certain obligations including financing guarantees or other agreements; and

WHEREAS, The design and construction of this project will be financed through RIHEBC revenue bonds, with an expected term of twenty (20) years; and

WHEREAS, Debt Service payments would be supported by University general revenues; now, therefore be it

RESOLVED, That the total amount of the debt approved to be issued in the aggregate shall be limited to not more than five million one hundred thousand dollars (\$5,100,000). Total debt service on the bonds is not expected to exceed four hundred seven thousand dollars (\$407,000) annually and eight million one hundred forty thousand dollars (\$8,140,000) in the aggregate based on an average interest rate of five (5.0%) percent and a twenty (20) year maturity; and be it further

RESOLVED, That the Fraternity Circle Improvement Project Phase I is an important investment in the upgrade of essential utility systems to enhance public safety, ensure reliability and capacity, and safeguard the woodland/wetland setting of this sector of the Kingston Campus; and that this general assembly hereby approves financing; and it be further

RESOLVED, That this Joint Resolution shall take effect upon passage by this General Assembly.