

VIRGINIA COLLEGE BUILDING AUTHORITY

January 18, 2024, 2:00 p.m.

Treasury Board Conference Room

James Monroe Building

101 North 14th Street, 3rd Floor

Richmond, Virginia

Members Present: Gary Ometer, Chairman
William Clarke, Jr., Vice-Chairman
Alan Edwards
Barry Green
Sharon Lawrence
Michael Maul
Christine McIntyre
David Richardson
Craig Robinson

Members Absent: Jerrell Saunders
Martin A. Thomas, Jr.

Others Present:	Caroline Perrin	McGuireWoods, LLP
	Lisa Williams	McGuireWoods, LLP
	T.W. Bruno	McGuireWoods, LLP
	Shannon Sinclair	University of Richmond
	David Hale	University of Richmond
	George Scruggs	Kutak Rock, LLP
	Don Ferguson	OAG
	Sherwanda Cawthorn	Department of the Treasury
	Richard Rhodemyre	Department of the Treasury
	Bradley Jones	Department of the Treasury

Call to Order

Chairman Ometer called the meeting to order at 2:01 p.m.

Public Comments

Chairman Ometer asked for any public comments. No public comments were made.

Approval of Minutes of the May 17, 2023 Meeting

Chairman Ometer asked if there were any comments or questions about the draft minutes of the May 17, 2023 meeting, that were disseminated prior to the meeting. Chairman Ometer asked if there was a motion to approve the final minutes as presented before the Board. Christine McIntyre made the motion. Will Clarke Jr. seconded the motion and the motion was adopted, with abstentions from Alan Edwards and Sharon Lawrence, as they were not members of the Board at the time of the May 17, 2023 meeting. Michael Maul arrived at 2:03 p.m. immediately following the vote. As such, he was not present to participate in the adoption of the minutes, but he was present for the discussion of all other items presented before the Board.

Consideration of the University of Richmond's Private School Financing Program Application

Richard Rhodemyre welcomed and thanked everyone for attending the meeting. He then welcomed the members of the University of Richmond financing team. David Hale and Shannon Sinclair were in attendance as representatives from the University of Richmond. Lisa Williams, Caroline Perrin, and T.W. Bruno were in attendance as representatives from McGuireWoods, LLP, the firm serving as bond counsel to the University. Mr. Rhodemyre explained that this is a conduit private school financing and as a non-profit, the University is pursuing a tax-exempt issuance which would require a public hearing to be held during the VCBA meeting following the discussion of the University's application for financing.

Mr. Rhodemyre referred the Board members to the Preliminary Financing Summary behind tab two of the meeting packet. Mr. Rhodemyre reminded the Board that this request was for conduit financing through the VCBA's Private School Financing Program. He then described the University's plan of finance. The University was seeking approval to issue up to \$115 million in revenue and refunding bonds to finance (i) approximately \$51 million of capital projects on the University campus, (ii) refund and restructure all or a portion of the University's outstanding Series 2012 VCBA bonds, and (iii) pay the costs of issuing the bonds. Mr. Rhodemyre noted that the bonds would be secured by the General Obligation pledge of the University and would not be a debt of the Commonwealth or the VCBA. Mr. Rhodemyre noted that the University planned to sell the bonds through a negotiated sale on or around February 19, 2024, with Bank of America Securities, Inc., Davenport and Company LLC, and U.S. Bancorp Investments, Inc. serving as underwriters for the issuance, and a planned closing date on or around March 4, 2024. Mr. Rhodemyre then described the structure of the bonds, noting that the new money bonds would have a maturity of no more than 30 years and the refunding bonds would have a maturity that did not exceed the original maturity of the bonds being refunded. Mr. Rhodemyre also noted that the refunding was being done primarily to restructure a bullet maturity in 2032 on the series 2012 bonds into amortizing payments. By restructuring the principal on the Series 2024 bonds, the University could eliminate the bullet maturity and achieve a more level overall debt service profile, while still achieving net present value savings. Mr. Rhodemyre noted that while the Resolution presented for the Board's approval considered a maximum true interest cost parameter on the 2024 bonds of 6.50%, the estimated true interest cost as of the writing of the preliminary financing summary was 3.96%. Estimated net present value savings at that rate would total \$941,142, or 1.57% of refunded par. However, Mr. Rhodemyre noted that those figures were subject to change if rates were to rise or fall and the University planned to consider the savings on each maturity of the proposed refunding on an individual basis on the day of the sale to determine whether or not they should be refunded. Mr. Rhodemyre then noted that the 2024 bonds were expected to be rated Aa1 by Moody's and AA+ by S&P. Mr. Rhodemyre then noted that the estimated costs of issuance assuming the maximum par amount of \$115 million totaled \$865,750. Mr. Rhodemyre then informed the Board that behind the Preliminary Financing Summary they could find the other relative board documents, including the Notice of Public Hearing, Loan Agreement, Supplemental Indenture, Bond Purchase Agreement, Preliminary Official Statement, University Board of Trustees Resolution, and the VCBA Board Resolution that would be considered at today's meeting. Mr. Rhodemyre then asked the Board if there were any questions on the proposed plan of finance and the related documents at this time?

Ms. McIntyre asked how long the escrow period on the 2024 bonds would be and when the 2012 VCBA bonds were callable. Mr. Hale replied that the 2012 VCBA bonds were callable in March of 2022 and there would not be an escrow requirement, the 2012 bonds will be paid off at closing.

Treasurer Richardson asked if the University would plan to refinance the Series 2012 bonds regardless of savings levels to eliminate the bullet maturity due in 2032. Mr. Hale replied that if the bonds are close to PV neutral, the University will likely proceed with the refunding, but reiterated that the University would consider each maturity on an individual basis and could choose to not move forward if savings are negative or possibly only refund certain maturities depending on rates on the day of the sale.

Mr. Rhodemyre then asked the University if they wished to make any comments before the Board. Mr. Hale thanked the Board for meeting off cycle to consider this request.

Treasurer Richardson then asked if the University could provide some more background on the new money capital projects to be financed by the 2024 bonds. Mr. Hale then described the various capital projects and the needs for those projects.

Mr. Rhodemyre then turned the meeting back over to Chairman Ometer who opened the meeting for a public hearing at 2:18 p.m. Chairman Ometer noted that notice of the public hearing was published in the Richmond Times Dispatch on January 11, 2024. Chairman Ometer asked if anyone present wished to address the Board, to which no one responded. Given no public comments, Chairman Ometer closed the public hearing at 2:19 p.m.

Chairman Ometer then asked that McGuireWoods review the VCBA resolution presented before the Board. Ms. Williams reviewed the VCBA resolution. Ms. Williams noted that the required public hearing was held today and that the next step is to present a consent to the Governor for his approval, which is the last step required under IRS regulations. Ms. Williams noted that the bonds shall (i) be payable solely out of revenues, property or other security derived from or provided by or on behalf of the University of Richmond, (ii) have a final maturity date no later than March 1, 2054 for the new money bonds and no later than the original maturity of the bonds being refunded for the refunding bonds, (iii) have an aggregate original principal amount not exceeding \$115 million, and (iv) bear interest at a fixed rate not exceeding 6.50% per year.

Chairman Ometer asked if the Board had any questions on the Resolution. There were none.

Chairman Ometer asked for a motion to adopt the resolution. Will Clarke Jr. made the motion, Sharon Lawrence seconded the motion, and the motion was unanimously adopted by all members present.

Other Business

None

Adjournment

Having no other business to be brought before the Board, the meeting adjourned at 2:23 p.m.

Respectfully submitted,

Richard Rhodemyre
Assistant Secretary

Exhibits may be obtained by contacting the Department of the Treasury at (804) 225-2142.