AGENDA ITEM SUMMARY

1. NAME OF ITEM: Bond Financing and Project Authorization

2. INITIATED BY: James H. Page, Chancellor

3. BOARD INFORMATION: BOARD ACTION: X

4. BACKGROUND:

As discussed at the June 30th Finance/Facilities/Technology Committee meeting, the University of Maine System (UMS) proposes to issue revenue bonds to refinance revenue bonds issued in 2004, 2005 and 2007 and to finance the following projects both of which are on the July 21st BOT consent agenda:

- University of Maine at Farmington (UMF) Natural Gas Central Heating Plant Project.
- University of Maine at Machias (UMM) Compressed Natural Gas Pipeline and Related Infrastructure Project.

A Financing and Project Authorization resolution related to the proposed revenue bond issuance is enclosed for Board review and approval.

UMS revenue bonds outstanding as of June 30, 2014 total $153 million, significantly below the statutory ceiling for UMS debt of $220 million. The refinancing portion of this proposed issuance does not increase outstanding debt but rather achieves interest savings.

As stated on the following Financing and Project Authorization resolution, the revenue bond issuance shall not exceed $61 million with the amount allocated to the UMF and UMM energy projects totaling a maximum of $13.75 million. Such maximum amount allows for any necessary redemption premium, capitalized interest, reserves and costs of issuance.

5. TEXT OF PROPOSED RESOLUTION:

That the Board of Trustees approve the Financing and Project Authorization resolution related to the issuance of revenue bonds not to exceed $61,000,000 for the purposes of financing the UMF and UMM energy projects not to exceed $11,750,000 and $2,000,000, respectively, and refunding revenue bonds issued in 2004, 2005, and 2007, as further described herein.

07/10/2014