

MINUTES OF THE EXECUTIVE COMMITTEE
BOARD OF REGENTS
WESTERN KENTUCKY UNIVERSITY
July 7, 1993

AGENDA ITEM 1 - Call to Order

Required statutory notice having been given, a meeting of the Executive Committee of the Board of Regents of Western Kentucky University was held in the Regents Conference Room of the Wetherby Administration Building. The meeting was called to order by Mr. Monnie Hankins, Vice Chair, at approximately 10:45 a.m., CDT.

AGENDA ITEM 2 - Roll Call

A quorum of the Executive Committee was declared with the following members in attendance:

Mr. Monnie Hankins, Vice Chair
Mr. R. Earl Fischer
Mr. C.C. Howard Gray
Mrs. Peggy Loafman

Burns Mercer was absent.

AGENDA ITEM 3 - Review of bids and recommendation regarding the issuance of \$9,060,000 of Housing and Dining System Refunding Revenue Bonds, Series N

Dr. James Ramsey, Vice President for Finance and Administration, reported that the University continually evaluates the balance sheet and the liabilities of the University to look for opportunities to refinance and save money wherever that can be done. The bonds that were sold in 1990 to finance the two new residence halls offered the greatest opportunity to do a refunding to save money in this low-interest rate environment. The bonds that are being refinanced were sold in 1990; and this is called advanced refunding. Those bonds will remain outstanding for ten years. New bonds will be sold today with the proceeds being placed in escrow at the Bowling Green Bank and Trust Company and the interest income from the escrow will pay off the old bonds until the year 2000 at which time they will then be called and will be refunded. A major policy decision that was made in structuring this issue was the election to insure the issue with MBIA Insurance Corporation which gave this issue a AAA rating. It is felt that the net of the cost of the premium will increase the savings by about \$250,000.

The bids were opened at 10 a.m. Four bids were received with the low bid submitted by Hilliard & Lyons who also is serving as the financial advisor. The financial advisor and bond counsel are employed by the State of Kentucky. Hilliard & Lyons has worked with Western on the restructuring and marketing transactions. They are also permitted to bid as a bidder, and they submitted the low interest rate

bid. With their bid, the gross savings on the transaction will be approximately \$483,000 over the life of the issue, or on an average basis of about \$25,000 per year for seventeen years. Dr. Ramsey noted that it is structured so that the savings for first year is front-end loaded and will be approximately \$60,000.

Bids were received from Hilliard & Lyons (Interest Cost 5.2706%), Prudential Securities (Interest Cost 5.3055%), Kemper Securities (Interest Cost 5.3139%), and Hutchinson Schockey, Eeley & Company (5.41590%). A copy of the bid form is attached to the minutes as Exhibit A.

Mr. Hankins noted that the Board of Regents had given authority to the Executive Committee of the Board to act on the bond transaction. Mr. Fischer made a motion to approve the Resolution (attached to the minutes as Exhibit B) accepting the low bid from Hilliard & Lyons. The motion was seconded by Mrs. Loafman and passed unanimously.

With no other business to come before the committee, the meeting was adjourned at approximately 11 a.m.