

**MINUTES OF THE BOARD OF TRUSTEES OF
STATE INSTITUTIONS OF HIGHER LEARNING
January 30, 2015**

BE IT REMEMBERED, That the Mississippi Board of Trustees of State Institutions of Higher Learning of the State of Mississippi met in a special called teleconference meeting held at the Board Office in Jackson, Mississippi, at 10:00 a.m. At the above-named place there were present the following members to wit: Mr. H. Ed Blakeslee (by phone), Mrs. Karen L. Cummins (by phone), Dr. Ford Dye (by phone), Mr. Shane Hooper (by phone), Mr. Bob Owens, Mr. Hal Parker (by phone), Mr. Aubrey B. Patterson (by phone), Mr. Alan Perry, Ms. Christine Pickering (by phone), Mrs. Robin Robinson (by phone); Dr. Douglas Rouse (by phone), and Mr. C.D. Smith (by phone). The meeting was called to order by Mr. Aubrey Patterson, President.

In accordance with Miss. Code Ann., §25-41-1, as amended, all votes taken during this teleconference meeting were recorded by name in a roll-call. The teleconference meeting was held to discuss a financial matter and a prospective real estate transaction at one of the public universities.

FINANCE AGENDA

Presented by Trustee Alan Perry, Chair

On motion by Trustee Perry, seconded by Trustee Blakeslee, all Trustees legally present and participating voted unanimously to approve agenda item #1 as submitted on the Finance Agenda.

1. **JSU** – Approved a Resolution regarding a “Bond Project” which authorizes the JSU Educational Building Corporation (JSU/EBC) to issue up to a maximum aggregate principal amount of \$72,000,000 of long-term fixed-rate bonds for the purpose of (1) advance refunding of all or a portion of the JSU/EBC Revenue Bonds, Series 2006-A (Campus Facilities Project) (the “2006-A Bonds”), (2) current refunding of all or a portion of the JSU/EBC Revenue Bonds, Series 2007 (Campus Facilities Project) (the “2007 Bonds”), (3) terminating a forward SWAP agreement associated with the 2007 Bonds, and (4) acquiring and renovating The Palisades apartment complex in order to incorporate those units into JSU’s student housing stock. The Board also approved the related bond documents in substantially final form, including the lease, ground lease, preliminary official statement, and continuing disclosure agreement, and the authority to execute these documents. The Resolution would also separately approve and authorize execution of The Palisades purchase agreement. Bond Counsel is Butler Snow LLP, and co-Bond Counsel – Betty A. Mallett, PLLC. The Underwriters are Morgan Stanley & Company, LLC, as senior Underwriter with Wells Fargo Securities and Raymond James & Associates, Inc. as co-managers. The Financial Advisor is Comer Capital Group, LLC. The Bond Project was approved for initiation by the Board at its January 22, 2015 meeting. The Bond Project includes funding to acquire and renovate The Palisades apartment complex, currently being leased by JSU. Initiation of The Palisades project was approved by the Board at

**MINUTES OF THE BOARD OF TRUSTEES OF
STATE INSTITUTIONS OF HIGHER LEARNING
January 30, 2015**

its December 18, 2014 meeting. By carrying out this Bond Project, the JSU/EBC expects to (1) with respect to the 2006-A Bonds, refund at a lower fixed interest rate and thus realize a Net Present Value Savings of approximately \$600,000 or 6%, based on current market conditions, (2) with respect to the 2007 Bonds, refund such variable rate bonds as fixed rate bonds to avoid an interest rate increase from 5% to 8% on such bonds and thereby avoid having the overall cost of capital associated with the 2007 Bonds increase to approximately 13% (given the commencement of cash flows related to the forward SWAP agreement connected to the 2007 Bonds), (3) terminate the SWAP agreement associated with the 2007 Bonds, and (4) purchase and renovate The Palisades apartments to provide additional housing for JSU students where such housing will be owned by the JSU/EBC rather than being leased by JSU. Based on the Financial Advisor's Report, the JSU/EBC anticipates receiving a premium of approximately \$11,080,906 in addition to the par amount of the bond proceeds. The use of the new JSU/EBC bond proceeds plus premium will be as follows: Approximately \$9,945,000 will be used to refund the 2006-A Bonds; approximately \$45,756,000 will be used to refund the 2007 Bonds; approximately \$14,110,000 (as of January 23, 2014, but subject to fluctuation) will be used to terminate or unwind the SWAP associated with the 2007 Bonds, and approximately \$10,000,000 will be used to acquire and renovate The Palisades. The remaining balance of approximately \$704,906 will be used to pay transaction costs and reserve for changes in SWAP unwind costs and bond pricing. The JSU/EBC refunding bonds will generate Net Present Value Savings of at least 3%. The maturity dates for the new bonds will be structured to match the maturity dates of the bonds being refunded. However, the new bonds allocated for The Palisades acquisition and renovation will have a 30 year term, in any event, the final maturity of the fixed-rate refunding bonds will be no longer than March 1, 2045. The JSU/EBC will issue up to a maximum of \$72,000,000 par value in fixed rate bonds. Based on the Financial Advisor's Report dated January 23, 2015, the proposed debt amortization will have an average annual debt payment of \$3,546,447 million at a true interest cost of 2.9826%. The analysis provided by the JSU/EBC's SWAP Advisor assumes that potentially \$14,255,000 may be issued as taxable bonds (the amount to unwind the SWAP agreement as of Jan. 21, 2015). This amount is subject to change between now and the bond issuance date, depending on market conditions. Debt payments on the JSU/EBC bonds issued for this Project will be serviced by revenue from various sources, including lease payments from JSU and student housing fees from The Palisades. The Attorney General's Office has reviewed and approved this item and the related documents.

**MINUTES OF THE BOARD OF TRUSTEES OF
STATE INSTITUTIONS OF HIGHER LEARNING
January 30, 2015**

REAL ESTATE AGENDA

Presented by Trustee C.D. Smith, Chair

On motion by Trustee Perry, seconded by Trustee Blakeslee, all Trustees legally present and participating voted unanimously to approve agenda item #1 as submitted on the Real Estate Agenda.

1. **JSU** – Approved the request to purchase real property adjacent to its main campus which includes a ten (10) building apartment complex known as The Palisades from REDUS Mississippi, LLC for \$9,200,000, contingent upon Board approval of the funding through the JSU Educational Building Corporation (JSU/EBC). The university proposes to acquire The Palisades by and through the JSU/EBC. To finance the purchase, the JSU/EBC would issue bonds pursuant to Miss. Code § 37-101-61 *et seq.* The university currently leases the Palisades as student housing and is seeking to purchase the property to secure permanent housing for its students. The current one year lease term terminates on August 31, 2015. The property is located in Hinds County, Mississippi on approximately 7.3 acres and has been improved with a ten (10) building apartment complex known as The Palisades. The apartment complex consists of 144 units comprising 444 beds. These buildings were completed in 2002 for use as a student residential apartment complex. A detailed property description is included in the bound *January 30, 2015 Board Working File*. The JSU/EBC proposes to purchase the property from REDUS Mississippi, LLC for \$9,200,000.00, contingent upon the issuance of bonds by the JSU/EBC. The tentative closing date shall be on or before March 1, 2015. JSU is acting in accordance with Board Policy §905(A), Real Estate Management, that requires an institution acquiring or disposing of real property to receive two independent appraisals. The purchase price of the property shall not be above the average of the two appraisals. JSU received two independent property appraisals. The first appraisal was in the amount of \$9,450,000. The second appraisal was in the amount of \$12,600,000. The average of the two appraisals is \$11,025,000.00. The purchase price of \$9,200,000 is below the average of the two appraisals and complies with Board Policy §905(A) Real Estate Management. A Phase I Environmental Site Assessment has been conducted on the property. Based on the site observations and research conducted, it was determined that there are no recognized environmental conditions associated with the site that warrant further inquiry at the present time. A copy of the Phase I Environmental Site Assessment, with the property description and all legal documentation are on file with the IHL Office of Real Estate and Facilities. The Attorney General's Office has reviewed and approved this item.

**MINUTES OF THE BOARD OF TRUSTEES OF
STATE INSTITUTIONS OF HIGHER LEARNING
January 30, 2015**

ADJOURNMENT

There being no further business to come before the Board, on motion by Trustee Perry, seconded by Trustee Pickering, all Trustees legally present and participating voted unanimously to adjourn the meeting.

A handwritten signature in blue ink, reading "Embury Battista", is written over a horizontal line.

President, Board of Trustees of State Institutions of Higher Learning

A handwritten signature in blue ink, reading "Hank u f Bounce", is written over a horizontal line.

Commissioner, Board of Trustees of State Institutions of Higher Learning