UNIVERSITY OF VIRGINIA
BOARD OF VISITORS

Special Meeting of the
Board of Visitors

August 27, 2019
SPECIAL MEETING OF THE BOARD OF VISITORS

Tuesday, August 27, 2019
4:00 – 5:00 p.m.
Board Room, The Rotunda

Committee Members:
James B. Murray Jr., Chair
Whittington W. Clement, Vice Chair
Robert M. Blue
Mark T. Bowles
L.D. Britt, M.D., M.P.H
Frank M. Conner III
Elizabeth M. Cranwell
Thomas A. DePasquale
Barbara J. Fried
John A. Griffin
Louis S. Haddad
Robert D. Hardie
Maurice A. Jones
Babur B. Lateef, M.D.
Angela Hucles Mangano
C. Evans Poston, Jr.
James V. Reyes
Peter C. Brunjes
Derrick Wang

AGENDA

• ACTION ITEM (Ms. Davis)
  - Issuance of General Revenue Pledge Refunding Bonds 1
UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: August 27, 2019

COMMITTEE: Special Meeting of the Board of Visitors

AGENDA ITEM: Issuance of General Revenue Pledge Refunding Bonds

BACKGROUND: At its June 2017 meeting, the Board of Visitors approved the creation of the 2017 “shelf” capital financing program. The shelf program is intended to reduce the time to market of a new debt issue, allowing the University the flexibility to be nimble when attractive market opportunities arise. In the past, the University has issued unique offering documents for each series of long-term debt. Under the shelf financing program, the University will issue a base offering document that outlines the mechanics and security features applicable to all debt issued under the program. In conjunction with this base offering document, the University will issue subsequent supplemental documents for each specific debt issue made under the shelf. The supplemental document will address the specific features of each debt issue made under the shelf program.

The June 2017 shelf program was extended in June 2019 with Board approval of up to $500 million. Under this program, the University will issue two series of long-term bonds (“Series 2019A and 2019B Bonds”) in September 2019 to refund commercial paper issuances, cash, and in anticipation of future capital and infrastructure spending. The Series 2019A and 2019B Bonds will be issued for projects whose construction and financing have been approved by the Board of Visitors. The total principal amount of the Series 2019A and 2019B Bonds will not exceed a par amount of $500 million. In addition to funding projects approved by the Board of Visitors, a portion of the proceeds may be used to pay capitalized interest on the Series 2017C Bonds.

Under the University’s debt policy, the Board of Visitors authorizes the Executive Vice President and Chief Operating Officer, along with the Chair of the Finance Committee, to approve the structure and pricing of long-term bonds. The Executive Vice President and Chief Operating Officer will consult with the Chair of the Finance Committee on final structure and pricing.

DISCUSSION: Due to favorable market conditions arising over the past few months, the University has evaluated opportunities for re-finance existing debt. As a result, the University now seeks approval from the Board of Visitors to issue refunding Bonds (Series 2019C) on a taxable basis in order to refinance previously issued Series 2011, Series 2013A, and Series 2013B Bonds.

The Series 2019C Refunding Bonds will be issued within these parameters:
A. The maximum aggregate principal (par) amount shall not exceed $244.5 million.

B. The aggregate net present value debt service savings generated by the issuance of any series of Refunding Bonds expressed as a percentage of the principal amount of the applicable refunded debt obligations shall be not less than 3.0%.

**ACTION REQUIRED:** Approval by the Board of Visitors

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**ISSUANCE OF GENERAL REVENUE PLEDGE REFUNDING BONDS**

WHEREAS, Chapter 22, Title 23.1 of the Code of Virginia of 1950, as amended (the "Virginia Code"), establishes a public corporation under the name and style of The Rector and Visitors of the University of Virginia (the "University") which is governed by a Board of Visitors (the "Board"); and

WHEREAS, Title 23.1 of the Virginia Code classifies the University as an educational institution of the Commonwealth of Virginia; and

WHEREAS, by Chapter 10, Title 23.1 of the Virginia Code (as amended, the "Act"), the University entered into a management agreement with the Commonwealth of Virginia which was enacted as Chapter 3 of Chapter 933 of the 2006 Virginia Acts of Assembly, pursuant to which the University is empowered with the authority to undertake and implement the acquisition of any interest in land, including improvements on the acquired land at the time of acquisition, new construction, improvements or renovations and to borrow money and make, issue and sell bonds of the University for such purposes, including the refinancing of any such facilities; and

WHEREAS, by the resolution adopted September 15, 2017 (the "Initial Authorizing Resolution"), the Board authorized a multi-year capital project financing program (the "Program") that is used by the University from time to time to finance or refinance the costs of capital and other projects, including capitalized interest, financing costs, working capital, general corporate purposes and the refunding of prior obligations of the University (collectively, the "Projects"), subject to the limitations and parameters set forth in the Initial Authorizing Resolution and in one or more subsequent resolutions of the Board; and

WHEREAS, under the authority of the Initial Authorizing Resolution, the University entered into a Master Bond Resolution (Multi-Year Capital Program) dated September 28, 2017 (as supplemented and amended, the "Program Resolution"); and

WHEREAS, the bonds issued under the Program Resolution (the "Bonds") are secured by a general revenue pledge of the University and are not in any way a debt of the Commonwealth of Virginia (the "Commonwealth") and do not create or constitute any indebtedness or obligation of the Commonwealth, either legal, moral, or otherwise; and
WHEREAS, the Board desires to authorize the issuance of refunding Bonds (the "Refunding Bonds") under the Program on a taxable or tax-exempt basis that may be issued by the University from time to time to refund, redeem, or defease (as applicable) one or more series of previously-issued debt obligations of the University, all subject to the limitations and parameters described (1) below, (2) in the Program Resolution, and (3) in the applicable Series Resolution (as defined below);

RESOLVED, the Board hereby implements the plan of finance described in the recitals hereto by authorizing the issuance, from time to time, of one or more series of Refunding Bonds for the refinancing of the Projects by the refunding of previously-issued debt obligations of the University, and providing for the terms thereof, by adopting one or more resolutions that supplement and amend (as needed) the Program Resolution (each a "Series Resolution"), which shall provide the final terms of the Refunding Bonds and such other matters as may be necessary or desirable; and

RESOLVED FURTHER, the President of the University or the Executive Vice President and Chief Operating Officer of the University, in consultation with the Chair of the Board’s Finance Committee, is authorized to approve the final terms of each series of Refunding Bonds, including, without limitation, their original principal amounts and series, the specific debt obligations to be refunded (and the specific Projects to be refinanced), their maturity dates and amounts, redemption provisions, prices and interest rates, tax status of interest on each series of Refunding Bonds, provided that the aggregate net present value debt service savings generated by the issuance of any series of Refunding Bonds expressed as a percentage of the principal amount of the applicable refunded debt obligations shall be not less than 3.0%; and

RESOLVED FURTHER, the President of the University or the Executive Vice President and Chief Operating Officer of the University are each hereby authorized to negotiate, execute, and deliver certain documents related to the Refunding Bonds, including a Series Resolution for each series of Refunding Bonds; and

RESOLVED FURTHER, all officers of the University are authorized and directed to take all such further actions, including without limitation the designation of underwriters, paying agents, remarketing agents, solicitation agents, trustees, liquidity providers, and escrow agents for the Refunding Bonds, and to execute all such instruments, agreements, documents, and certificates as they shall deem necessary or desirable to carry out the terms of the financing plans presented to this meeting, including without limitation any escrow agreements, liquidity facilities, swap or other interest rate management agreements associated with the Refunding Bonds; and

RESOLVED FURTHER, pursuant to the Section 147(f) of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder, the University designates the Executive Vice President and Chief Operating Officer of the University as the public hearing officer to hold any public hearings required in order to ensure the tax-exempt status of interest on all or a portion of the Refunding Bonds; and
RESOLVED FURTHER, all acts of all officers of the University which are in conformity with the purposes and intent of this Resolution and in carrying out the financing plans presented to this meeting are ratified, approved, and affirmed; and

RESOLVED FURTHER, upon approval, this action shall take effect immediately.