

EXECUTIVE SUMMARY

ACTION ITEM: Arizona State University (ASU) requests authority to (i) sell System Revenue Bonds to refinance a portion of the ASU System Revenue Bonds, Series 2000 and Series 2002 and pay the costs of the refinancing issuance, and (ii) take necessary related actions, enter into necessary agreements and execute necessary documents.

ISSUE: ASU seeks Board authorization to sell fixed interest rate System Revenue Refunding Bonds to refinance a portion of its System Revenue Bonds, Series 2000 and Series 2002 and to pay the issuance costs. In connection with this refinancing, ASU seeks authorization to take all related actions and to enter into all necessary agreements and to execute all surety bonds, and bond purchase, depository trust, and continuing disclosure agreements.

BACKGROUND: ASU has an outstanding \$96,820,000 principal amount of its 2000 and 2002 system revenue bonds, a portion of which ASU wishes to refinance through the issuance of System Revenue Refunding Bonds. Current low interest rates help to realize debt service savings over the term of the bond.

FINANCING PLAN:

ASU will monitor interest rates, and at an appropriate time, refinance the system revenue bonds described above. The selling of System Revenue Refunding Bonds will be in amounts sufficient to accomplish the defeasance of outstanding System Revenue Bonds and to pay the issuance costs. Federal tax-exempt bond rules also will affect the timing of the issuance of the System Revenue Refunding Bonds. The System Revenue Refunding Bonds will be fixed rate and mature over the same period of time as the refinanced bonds. The System Revenue Refunding Bonds will be issued under an additional Supplemental Resolution to the ASU System Revenue Bond Resolution presently in effect.

ASU will enter into various agreements in connection with the System Revenue Refunding Bonds, such as bond insurance for the bonds, reserve fund surety bonds, and bond purchase agreements.

The System Revenue Refunding Bonds will be payable solely from Gross Revenues of the ASU System of Building Facilities, and on a parity with its outstanding bonds.

CONTACT: Richard Stanley, Senior Vice President and University Planner
(480) 727-8307; Email: richard.h.stanley@asu.edu

EXECUTIVE SUMMARY

Marketing the Refunding Bonds and their Timing. All of the System Revenue Refunding Bonds will be sold at market rates at the time of pricing. Fixed rate bonds would not exceed a yield of 5.75 percent per annum. The ASU expects the System Revenue Refunding Bonds to be marketed and sold by the end of this fiscal year.

ASU intends to utilize its current bond counsel, Snell & Wilmer, and its current financial advisor, RBC Dain Rauscher, Inc., in conjunction with the proposed financing. The System Revenue Refunding Bonds would be marketed and sold through a negotiated basis to several of the investment banking firms previously selected through a competitive process.

The requested action would adopt the Supplemental Resolution for the refunding bonds and authorize ASU to execute these financings within the parameters set by the Board

RECOMMENDATION/CONCLUSION:

RESOLVED: That Arizona State University be, and hereby is, authorized to sell System Revenue Refunding Bonds in amounts to produce sufficient proceeds to refinance a portion of its System Revenue Bonds Series 2000 and Series 2002 and to pay costs related to the refinancing, and to take all related actions, enter into all necessary agreements and execute all necessary documents as provided in the Supplemental Resolution, reviewed by Board counsel and staff.

That the President of ASU, the Chief Financial Officer of ASU, or the Associate Vice President of ASU for Finance and Treasurer be, and each of them hereby is, authorized in the name and on behalf of ASU, to execute and deliver any and all agreements, documents and instruments and take any and all other actions that he or she, acting alone, determines to be necessary, advisable or convenient and proper to complete the transactions consistent with the terms described herein.