



**UNIVERSITY OF GUAM
UNIBETSEDÁT GUAHAN
BOARD OF REGENTS**

RESOLUTION NO. 12-21

RELATIVE TO THE UOG ENDOWMENT FOUNDATION'S APPLICATION FOR USDA FINANCING OF THE CONSTRUCTION OF THE STUDENT SERVICES CENTER AND ENGINEERING ANNEX AND LEON GUERRERO SBPA BUILDING AND THE RELATED LEASE-LEASEBACK AND SALE/ LEASEBACK AGREEMENTS

WHEREAS, the University of Guam (UOG) is the primary U.S. Land Grant institution serving the post-secondary needs of the people of Guam and the region, and is accredited by the Western Association of Schools and Colleges (WASC); and

WHEREAS, the governance of the University is vested in the Board of Regents which is responsible for the fiscal affairs and physical facilities of the University; and

WHEREAS, the Student Services Center (SSC) and Engineering Annex (EA) are two of the highest priorities in the Tier 1 category of the Capital Campaign Priority List; and

WHEREAS, Board Resolution No. 10-20 authorized the President to pursue SSC and EA funding and financing; and

WHEREAS, Board Resolution No. 10-21 requested legislative approval for a United States Department of Agriculture Rural Development Community Facilities (USDA RD CF) loan agreement to finance the SSC and EA and to refinance the existing USDA RD CF Loan on the Jesus and Eugenia Leon Guerrero School of Business and Public Administration Building (JELG Building); and

WHEREAS, USDA has advised the University and Government of Guam that FY12 is an opportune time to finance the SSC and EA, given the current availability of federal funding monies and historically low interest rates; and

WHEREAS, the government of Guam is at its debt ceiling capacity, which prevents the government and its agencies from incurring additional debt and necessitates that the University pursue alternative financing options for the SSC and EA; and

WHEREAS, the University, working with USDA, University of Guam Endowment Foundation (UOGEF), Guam Economic Development Authority (GEDA), and GEDA's bond counsel Orrick, has proposed financing without directly incurring debt by leasing the site and facilities to UOGEF, who will then apply for the USDA loan, have facilities constructed/ improved, and then lease the improved facilities back to the University in return for lease payments; and

WHEREAS, the University has also proposed refinancing the current USDA RD CF loan on the JELG Building through the UOGEF's USDA loan application, which is expected to result in \$99k savings p.a. at current interest rates; and

WHEREAS, the Guam Legislature and Governor passed Public Law 31-229, authorizing lease agreements, financing and refinancing of the SSC, EA and LG Building to the extent that liquid fuel tax

revenues, funds from the Guam Highway Fund or other available revenues are appropriated up to \$1 million per fiscal year beginning FY2014; and

WHEREAS, the UOGEF Board has authorized and submitted an USDA RD CF loan application in the amount of \$34.2 million, requesting financing for the installment sale and purchase of the JELG Building and construction of the SSC and EA; and,

WHEREAS, the President has recommended, the Facilities and BFIA committees have reviewed, and together recommend that the Board approve the University's support of UOGEF's loan application for the purchase of the JELG Building and construction of the SSC and EA as well as the related lease-leaseback and sale/ repurchase agreements with the University.

WHEREAS, the President, Board's Budget, Finance, Investments and Audit (BFIA) Committee and Physical Facilities Committee have reviewed the administration's proposal in this matter and recommend it to the Board.

NOW, THEREFORE BE IT RESOLVED, that the Board hereby approves the University's support of UOGEF's loan application for the purchase of the JELG Building and construction of the SSC and EA as well as the related lease-leaseback and installment sale and purchase agreements with the University.

BE IT FURTHER RESOLVED, that the Board hereby directs that the President proceed with the Guam Legislature and Governor, United States Department of Agriculture, University of Guam Endowment Foundation, Guam Economic Development Authority, and GEDA's bond counsel Orrick on legislation, support and agreements related to these efforts.

BE IT FURTHER RESOLVED, that the Board hereby authorizes that the President execute and deliver the SSC and EA lease/leaseback agreements and the JELG Building installment sale and purchase agreements in consultation with legal counsel and the Board's BFIA Committee and Physical Facilities Committee.

Adopted this 20th day of September, 2012.


W. Chris Perez, M.D., Chairperson

ATTESTED:



Robert A. Underwood, Ed.D., Executive Secretary