

# Lincoln University Board of Curators

March 21, 2019

## OPEN SESSION Conference Call

### 1. Call To Order:

The Lincoln University Board of Curators Open Session Conference Call was officially called to order by Board President Marvin O. Teer, Jr. at 2:00 p.m., on Thursday, March 21, 2019, in the Board Room, 201 Young Hall on the Lincoln University campus, Jefferson City, Missouri.

1. A. Roll Call: Curators present were: Don Cook, Greg Gaffke, Frank Logan, Winston Rutledge, and Marvin Teer. Curator Herbert Hardwick was absent. Rose Ann Ortmeyer recorded the minutes.


### 2. 2007 Bond Refunding and Associated Vendors:

Sandy Koetting, Vice President for Administration and Finance, reviewed the attached recommendation concerning the 2007 Series Auxiliary System Revenue Bonds Refunding. Curator Rutledge moved that the University engage a bond underwriting firm, RW Baird & Co., a large broker-dealer based in Milwaukee, Wisconsin, as the Senior Bond Underwriter, and Loop Capital, a MBE based in Chicago, as co-underwriting manager and vendors associated with closing bond structure, as applicable. Curator Gaffke seconded the motion. Motion carried as follows:

Curator Cook	Yes	Curator Gaffke	Yes
Curator Logan	Yes	Curator Rutledge	Yes
Curator Teer	Yes		

### 3. Motion for Adjournment:

Curator Logan moved that the Open Session Conference Call be adjourned. Curator Cook seconded the motion. Motion carried. The Open Session adjourned at 2:30 p.m.



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Marvin O. Teer, Jr., President



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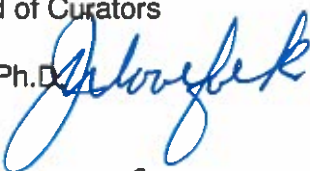
Greg Gaffke, Secretary




OFFICE OF THE VICE PRESIDENT OF  
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TO: Lincoln University Board of Curators

THROUGH: Jerald Jones Woolfolk, Ph.D.   
President

FROM: Sandy Koetting   
V.P. Administration and Finance

DATE: March 18, 2019

SUBJECT: ACTION ITEM – 2007 Bond Refunding and associated vendors

Below is a summary of the actions that relate to the refunding of the 2007 Series Auxiliary System Revenue Bonds. The University engaged Hilltop Securities and RSI Group as financial advisors to assist in the evaluation of the refunding.

Summary of Activities as outlined by Hilltop and RSI Group

*Lincoln University currently has outstanding \$16.615 million of Auxiliary System Revenue Bonds, Series 2007 (the "Series 2007 Bonds") which have a final maturity of 2037. The Series 2007 Bonds became callable on June 1, 2017 and thus, are able to be refinanced if the University can achieve lower interest rates. To assist with the exploration of the refinancing process, in January 2019 the University formally engaged Hilltop Securities Inc. and RSI Group, LLC, to serve as its Co-Financial Advisors ("FA").*

*To achieve the refinancing, the University will issue new auxiliary system bonds in the approximate amount of \$17 Million. The University sold its past three bond issues (Series 2015A, Series 2015B and Series 2017) directly to Central Bank. Because this new bond issue is longer in maturity (more than 10 years) and significantly larger size, Central Bank advised that it was not able to work with the University for the contemplated refinancing. Thus, our FAs conducted a formal Request for Proposal ("RFP") process on the University's behalf to solicit proposals from bond underwriting firms to serve as either a bank placement agent and locate another bank to buy the University's new bond issue or to serve as a bond underwriter and conduct a public offering of the University's bonds. The FA sent the RFP to 20 firms and obtained 10 proposals. Unfortunately, none of the proposals presented a good opportunity for the University to privately place its refunding bonds with a bank. Thus, we are wanting to move forward and engage a bond underwriter and sell the bonds through a public offering (which is the same method used for the Series 2007 Bonds).*

*After evaluating the 10 underwriting proposals received and with the guidance from our FAs, we recommend that the University engage RW Baird & Co ("Baird"), a large broker-dealer based in Milwaukee, Wisconsin as the Senior Bond Underwriter and Loop Capital ("Loop"), a MBE based in Chicago, as co-underwriting manager. Baird (and their lead banker) has experience pricing and marketing transactions similar to Lincoln University. Baird was also one of the few firms that provided interest rate indications that allowed the University to achieve interest rate savings sufficient enough to warrant a bond refinancing. Additionally, the proposing banker from Baird, Larry Richardson, has previously called on and visited the University and is familiar with Missouri credits and HBCUs.*

*Once we engage the proposed underwriting team (Baird and Loop), we anticipate it will take approximately 6 to 8 weeks to finalize the refinancing. Because the interest rate market is favorable at this time for bond issuers, it is imperative that we proceed forward as quickly as possible to achieve the best savings. The savings target is a minimum of 2% of the Refunded Bonds on a Net Present Value Basis which equates to approximately \$330,000 (after accounting for Costs of Issuance as listed below).*

*Below is an outline of the parties that may be involved as part of the financing team and the estimated costs for such services, which will all be paid out of the bond proceeds:*

- Financial Advisors (HilltopSecurities and RSI Group, LLC) : \$17,500*
- Bond and Disclosure Co-Counsel (Gilmore & Bell and Benton Lloyd & Chung law firm) : \$73,000*
- Underwriters' fee (Baird and Loop): \$10.49/1,000 of bonds issued which will be approx. \$178,330*
- Underwriter's Counsel (Underwriter Selects Firm- Dentons US LLP): \$20,000*
- Trustee/Escrow Agent (UMB Bank): \$1500*
- Bond Insurer (Build America Mutual or Assured Guaranty): \$550,000 [Will only use bond insurance if reduction in debt service cost is materially greater than cost of insurance premium].*
- Rating Agency (Standard and Poor's or Moodys): \$25,000 [Will only obtain rating if we believe rating that could be achieved will materially improve interest cost savings]*

#### **Action Request**

The above summary outlines a proposed path to refunding the 2007 series bonds along with the list of recommended vendors to accomplish the proposed refunding. Your review and approval is being requested.

# Lincoln University Proposal Evaluation / Key Statistics

Firm Name	Firm Info	Local Presence	Willingness to Underwrite	Senior MD Experience	Senior Higher Education Experience	Placement Agent Experience	Case Studies	Total Capital	Call Feature	DSIF Required - Additional Covenants	Underwriting Fee	Private Placement Fee	Unrated TIC	Unrated PV Savings [6] Savings \$	Unrated PV Savings \$	Other Notes
GA Division/ Seibert Caseros Shank	26 locations, 157 employees including Kansas City	IC Office but bankers listed not from MD	Yes, noted examples plenty	8 MD Senior Managed Deals, mainly from Jay Howard,	8 Higher Ed Senior - more for Co-manager through Seibert	30	Iowa Comm College Grand View Univ (BA) California Baptist Univ Univ Of CA	\$139,031,734	10 year	Yes - Fully Funded	\$12.50/bond for Non-rated, \$8.50/bond for 848 rated	\$85,000	5.18%	-\$1,677%	\$ (270,317)	Has Diversity including Seibert Caseros Shank
DK Baum	25 locations, 23 offices, 200 employees including Kansas City	IC MD bankers	Shown two transactions that they underwrote balances of \$250,000 and \$645,000 (out of combined par amount of \$21 million)	0, 9 co-managers	22	26	IC Art Institute Middle College (MT) Buena Vista Univ	\$21,986,000	10 Year	Yes - Fully Funded	\$9.50/bond Plus \$25,000 for UC	\$85,000	4.781%	1.426%	\$ 236,871	Includes MD Based Valdes and Moreno as Partner for Duesette
Loop Capital	21 offices, 100 employees	No MD	Examples listed taking down \$2.8mm and \$20.3mm			5	Louisiana Pub Fac Auth, City College of Chicago Denver Health	\$29,469,639	10 year	Yes - Fully Funded	\$8.78 /bond	\$175,000	Unrated Not Provided - only Insured			MBE
Piper Jeffrey	Approx 275 total employees, 36 offices	51 loans and IC Offices and will be on the to selection	Detailed table showing average of 11.42% committed for 427 transactions in 2018	21 in 2018, doesn't include 2017 Int	39	31	University of Central MO Javis College Rockhurst Univ Duquesne Univ	\$700,211,000	10 year	Yes - Fully Funded	\$9/bond for insured, \$15.00/bond for MBE	1.25% of par	4.873%	0.607%	\$ 100,870	Convertible Structuring included
Northland	180 employees, 4 offices	No MD	None noted	4	3	15	None specifically listed, can underwrite up to \$150mm		10 year	Yes - Fully Funded	\$1.50 Insured, \$10.50 Non-rated	\$5/bond	Unrated Not Provided - only Insured			
Race Financial	24 employees, 5 offices	No MD	No noted instances	0	0	7	MBE Case studies: Morgan State Univ Alabama State Univ Marquette School of Med	\$1,014,687	10 year	Yes - Fully Funded, need 1.2x coverage	\$9.999/bond	not listed fee	3.778%	10.046%	\$ 1,669,207	Notable experience in MBE's, MBE
RW Baird	100 offices, 136 total employees	3 MD offices, 51 loans (2) and Kansas City	Multiple list included showing commitments up to \$4.98m or 70% of a deal	17	68	177	Marquette College (NC) North Brk about Water and Light (MBE) College Community SD, (MB)	\$33mm	6 year	Yes - Fully Funded - suggest 1.2x coverage	Insured \$8.50/bond Non-rated \$12.75/bond Includes underwriter's Counsel	No fee listed	4.396%	4.520%	\$ 751,041	Lead banker has MBE's experience
Stern Brothers	8 offices, 14 MD employees	51 loans office	No noted instances but notes capacity up to \$27mm	13	7	37	City of St Louis, Kansas Independent College Fin Authority, St Louis Mount Finance Corp.	\$6,768,476	10 year	Yes - Fully Funded, not suggest below 1.15 coverage	Rated \$7.50/bond, Non-rated \$10/bond plus expenses of approx \$12,000	No fee listed	4.779%	3.377%	\$ 228,832	WBE firm
Stifel	139 MD bankers @ 27 offices nationally	18 retail/brokerage offices in MD - retail office in Ill City, St Louis Team	Table noting 3 yrs worth of committing to annual balances	90	34	344	Maryville Univ (MO), Tours College and Univ System (CA, NY, NY) Pratt Comm College (KS)	\$1,255,351,575	9 year	Yes - Fully Funded, not suggest below 1.15 coverage	\$8/bond plus \$15,000 for Underwriter's Counsel and \$1,250 premium	\$22,500	5.244%	-2.245%	\$ (372,027)	Proposes including Backstrom MCE Jeffrey Berry
Ziegler	27 regional offices, with 17% employees	No MD	Given 4 transactions where committed between 57mm - 11.3mm for 17.37% of transactions	3	8	8	Dana Dinwiddie Univ, Avertt Univ (VA), Sunbeam Water Control District (FL)	\$57,000,000	Not specified	Yes - Fully Funded, not suggest below 1.15 coverage	\$10.49/bond plus \$70,000 for Underwriter's Counsel	\$120,000	4.248%	5.793%	\$ 965,188	