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 Ortmeier 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.

Marvin O. Teer, Jr., President
Greg O. Gaffke, Secretary
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 ad 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.
<table>
<thead>
<tr>
<th>Firm Name</th>
<th>Firm Info</th>
<th>Local Presence</th>
<th>Willingness to Underwrite</th>
<th>Senior MO Experience</th>
<th>Senior Higher Education Experience</th>
<th>Placement Agent Experience Case Studies</th>
<th>Total Capital</th>
<th>CB Feature</th>
<th>DBS Required - Additional Commitments</th>
<th>Underwriting Fee</th>
<th>Private Placement Fee</th>
<th>Unrated TIC</th>
<th>Unrated PV Settlement $</th>
<th>Rated PV Settlement $</th>
<th>Other Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>GA Downtown/</td>
<td>25 locations, 257 employees including Kansas City</td>
<td>KC Office but not</td>
<td>Yes, not examples plenty</td>
<td>6 mg Senior Managed Deals, many from Jay Howard.</td>
<td>6 mg Senior Managed Deals, many from Jay Howard.</td>
<td>4 New Century College Grand View Univ (IA) California Rice Univ (CA)</td>
<td>$119,203,724</td>
<td>10 year</td>
<td>Yes - Fully Funded</td>
<td>$85,000</td>
<td>5.18%</td>
<td>4.27%</td>
<td>229,103,175</td>
<td>Key Details: including Seibert Garnet Stunt</td>
<td></td>
</tr>
<tr>
<td>Seibert Gamert</td>
<td></td>
<td>Kansas City</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK Bank</td>
<td>25 locations, 239 offices, 251 employees</td>
<td>MO Banks only</td>
<td>Yes</td>
<td>4 mg Senior - more to come</td>
<td>4 mg Senior - more to come through Seibert</td>
<td>10</td>
<td>$1,948,000</td>
<td>10 Year</td>
<td>Yes - Fully Funded</td>
<td>$85,000</td>
<td>4.78%</td>
<td>1.42%</td>
<td>218,871</td>
<td>Includes MO Banks; Voids andAMES as Partner for TX/IL/CO/CA/FL</td>
<td></td>
</tr>
<tr>
<td>Loop Capital</td>
<td>12 offices, 20 employees</td>
<td>NA</td>
<td>No NA</td>
<td>2 transactions totaling $10.6mm</td>
<td>2 transactions totaling $10.6mm</td>
<td>5</td>
<td>$1,493,000</td>
<td>10 year</td>
<td>Yes - Fully Funded</td>
<td>$85,000</td>
<td>4.78%</td>
<td>1.42%</td>
<td>218,871</td>
<td>Includes MO Banks; Voids andAMES as Partner for TX/IL/CO/FL</td>
<td></td>
</tr>
<tr>
<td>Piper Jeffrey</td>
<td>approx.275 employees, 50 offices</td>
<td>IL Loans and EC Offices will be on this transaction</td>
<td>Detailed Table showing average of 11 40% committed for 42.1 transactions in 2013</td>
<td>24 in 2018 don’t include 2011</td>
<td>9</td>
<td>University of Central MO Loan College (MO)</td>
<td>$700,211,000</td>
<td>10 year</td>
<td>Yes - Fully Funded</td>
<td>$75,000</td>
<td>4.87%</td>
<td>0.60%</td>
<td>197,830</td>
<td>Estimate Structure included</td>
<td></td>
</tr>
<tr>
<td>Northland</td>
<td>98 employees, 14 offices</td>
<td>NA</td>
<td>None noted</td>
<td>None noted</td>
<td>None noted</td>
<td>None specifically noted, not unsolicited up to $1,500</td>
<td>15 year</td>
<td>Yes - Fully Funded</td>
<td>$15,000</td>
<td>5%</td>
<td>0%</td>
<td>11,000</td>
<td>Unrated - Not Preceded - only insured</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BBVA Compass</td>
<td>34 employees, 4 offices</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>$5,000,000</td>
<td>10 year</td>
<td>Yes - Fully Funded, limited 1.1x coverage</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
<td>11,000</td>
<td>Unrated - Not Preceded - only insured</td>
<td></td>
</tr>
<tr>
<td>HW Bank</td>
<td>150 offices, 134 employees</td>
<td>MO Banks, 25 offices, Kansas City</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>$5,000,000</td>
<td>10 year</td>
<td>Yes - Fully Funded - suggests 1.2x coverage</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
<td>11,000</td>
<td>Unrated - Not Preceded - only insured</td>
<td></td>
</tr>
<tr>
<td>Stern Brothers</td>
<td>3 offices, 16 employees</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>$5,000,000</td>
<td>10 year</td>
<td>Yes - Fully Funded, not suggest below 1.15 coverage</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
<td>11,000</td>
<td>Unrated - Not Preceded - only insured</td>
<td></td>
</tr>
<tr>
<td>Steril</td>
<td>150 banks, 5 offices</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>$5,000,000</td>
<td>10 year</td>
<td>Yes - Fully Funded, not suggest below 1.15 coverage</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
<td>11,000</td>
<td>Unrated - Not Preceded - only insured</td>
<td></td>
</tr>
<tr>
<td>Ziegler</td>
<td>3 registered offices, 500 employees, 200 offices national</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>$5,000,000</td>
<td>10 year</td>
<td>Yes - Fully Funded, not suggest below 1.15 coverage</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
<td>11,000</td>
<td>Unrated - Not Preceded - only insured</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
- DBS Required - Additional Commitments
- Underwriting Fee
- Private Placement Fee
- Unrated TIC
- Unrated PV Settlement $