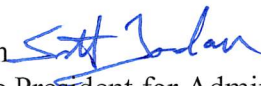


March 2, 2018

TO: Members of the Board of Trustees

FROM: Scott A. Jordan 
Executive Vice President for Administration and Chief Financial Officer

RE: Special Obligation Student Fee Revenue Bond Indenture Clarification
of Pledged Revenue

RECOMMENDATION:

That the Student Health Services Fee approved by the Board on February 21, 2018 shall be a sub-fee of the General University Fee and, as such, shall be “Pledged Revenue” under the Special Obligation Student Fee Revenue Bond Master Indenture and all Supplemental Indentures.

BACKGROUND:

On February 21, 2018, the Board of Trustees approved *Fiscal Year 2019 Institutional, Academic, and Student Fees for the University of Connecticut, Storrs and Regional Campuses*. As part of the approved fee schedule, the Board created a new \$580 Student Health Services Fee, and reduced the General University Fee by \$580. The purpose of this change was to acknowledge the programmatic difference between Student Health Services and the other services funded through the General University Fee.

On March 14, the University will sell \$152 million in Special Obligation Student Fee Revenue Bonds to fund the student recreation center and improvements to athletic facilities. To market these bonds, the University will issue a Preliminary Official Statement on March 2. The bonds will be issued under an indenture that defines “Pledged Revenue” as including the General University Fee, but not the new Student Health Services Fee. The unintended result of the creation of the Student Health Services Fee is a reduction in “Pledged Revenue,” weakening the credit, requiring additional disclosure to and due diligence by the market, and delaying the bond issuance.

Pullman and Comley, serving as the University’s bond counsel, has advised that the University clarify that the February 21st vote to reduce the General University Fee and create the Student Health Services Fee was not intended to reduce “Pledged Revenue,” and that the Student Health Services Fee remain a part of the General University Fee for the purpose of the definition of “Pledged Revenue.” This clarification by the Board will allow the bond issuance to proceed on schedule without further amendment of the indenture.