



University of  
Connecticut

UConn  
2000

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REPORT



COVER: Academic Way and the Biology/Physics Building, two of the earlier UCONN 2000 projects to be completed, have lived up to their billing. The walkway – which intersects with Fairfield Way at the campus core – is regularly filled with students, faculty, and staff moving through campus. The Biology/Physics Building's state-of-the-art laboratories support some of the University's finest researchers.

# UConn 2000

## REBUILDING, RENEWING AND ENHANCING THE UNIVERSITY OF CONNECTICUT

OCTOBER 2006

The **Twenty-Third**  
in a series of reports to

Governor M. Jodi Rell  
and the  
Connecticut General Assembly

UNIVERSITY OF CONNECTICUT

## **UCONN 2000: THE UPDATE**

This is the twenty-third in a series of semi-annual reports to the Governor and the General Assembly pursuant to the provisions of Sections 10a-109 through 10a-109y of the Connecticut General Statutes, originally An Act to Enhance the Infrastructure of the University of Connecticut, now known as UCONN 2000. These reports have been issued each October and April since passage of UCONN 2000 on June 7, 1995. The law also requires a four-year progress report, which was filed on January 15, 1999, as well as two five-year performance reviews; the first was submitted January 15, 2006 and the second is due January 15, 2011.

## **UCONN 2000: PROGRAM IMPROVEMENT**

In the past year, issues related to the construction program identified by the University became the subject of review by the Governor, the General Assembly and the University's Board of Trustees. The Governor's Commission on UConn Review and Accountability issued its final report on September 1, 2005. The report, which has been made available to members of the General Assembly, contains a number of recommendations to improve the administration and oversight of the construction program. Almost all of the recommendations had been partially or fully implemented as part of the University's Corrective Action Plan. During the 2006 session of the General Assembly, the legislature amended the UCONN 2000 provisions by providing additional oversight and accountability for the program. The major provisions of Public Act 06-134, An Act Concerning Construction Oversight At The University of Connecticut And The Prequalification of Substantial Contractors, include:

### **Audit Requirements**

Requires UConn's Board of Trustees to hire and select independent auditors to conduct annual audits of UCONN 2000 projects and to annually review the reports of such audits with the independent auditors, initially, without the presence of University staff. (The University has obtained the services of UHY, LLC to audit UCONN 2000 payments for FY04 and FY05.)

### **Creation of Construction Management Oversight Committee**

Establishes a seven-member construction management oversight committee comprised of four members appointed jointly by the Governor and Legislative leadership and three members from the Board of Trustees. The Chair of the Committee will be designated by the Board of Trustees. The construction management oversight committee shall review and approve the University policies and procedures under which the UCONN 2000 program operates, including the selection of design professionals and contractors, contract compliance, building and fire code compliance, deferred maintenance and change orders. The Committee will also review, at the completion of a named project, the University's project management with respect to the policies and procedures it approved. Every other year, the Committee will prepare a summary of construction performance

of the UCONN 2000 program. The Oversight Committee will submit to the Board of Trustees each assessment, summary and review it completes. The Board is required to review each such report, initially, without the presence of University staff members. (Members of the Construction Management Oversight Committee have been appointed, and the Committee has started its review of University construction procedures.)

### **Creation of Construction Assurance Office**

Requires the University to establish a construction assurance office, led by a full-time director who shall be responsible for conducting reviews of individual project performance and the biennial construction performance review of the UCONN 2000 program. The director shall report to the Construction Management Oversight Committee and the UConn president. (The University is recruiting for the Construction Assurance Director position.)

### **Contracting Authority & Changes to State Prequalification Process**

Clarifies the University's authority to utilize the Construction Manager at Risk (CMAR) construction contract delivery method and prescribes the processes to be used when exercising this construction method. Additionally, the State Department of Public Works is also given CMAR authority under the act.

Removes the University's exemption to the Department of Administrative Services prequalification process, however, it leaves the University's prequalification process intact. Also, requires all subcontractors seeking to bid on state construction contracts with a value of more than \$500,000, to be prequalified by the Department of Administrative Services.

### **Deferred Maintenance**

Increases the oversight of deferred maintenance. It defines deferred maintenance and stipulates that the University's deferred maintenance funds only be used for those purposes that meet the definition of deferred maintenance which specifically excludes code repairs on projects for which the University was responsible for code compliance. It requires the University to conduct reviews of deferred maintenance needs of the University and to annually submit a deferred maintenance budget to the Construction Management Oversight Committee. Further, the University must account for all funds expended for deferred maintenance prior to the effective date of the legislation, inspect all structures of the University, create an inventory of all structures requiring maintenance, determine the approximate costs of such maintenance and report its findings to the Board of Trustees and the Higher Education and Employment Advancement Committee by December 1, 2006.

### **Fire Safety and Building Code Compliance**

Requires the University to continue through the duration of the UCONN 2000 program its memorandum of understanding with the Department of Public Safety for compliance with the Fire

Safety and State Building Code. (The memorandum of understanding between the University and the Department of Public Safety has been extended.)

Requires the University to report to the General Assembly by December 1, 2006 any findings of Fire Safety and Building Code violations in buildings completed under UCONN 2000 for which the University was responsible for code compliance. The report is to include an initial schedule to address the violations, the approximate costs and proposed funding sources.

## **UCONN 2000: ACTIVITIES COMPLETED OR UNDERWAY**

### **PLANNING, DESIGN AND MANAGEMENT**

The update of the University's 1998 Master Plan is complete. In view of the extensive physical changes on all the campuses resulting from the UCONN 2000 investment and the 21<sup>st</sup> Century UConn initiative, it was necessary to update the plan so that the University can prioritize and manage its capital resources most effectively. The Master Plan adjusts the planning baseline data to reflect the current physical plant, assesses current and projected space needs relative to available facilities, assesses the overall parking and transportation system including its financial and operational aspects, assesses student access, and refines the campus' physical composition to advance improvements already in place. The planning effort includes activities on the West Hartford, Torrington and Avery Point campuses. Additionally, a plan has been developed for athletic facilities. The consultant for the Master Plan revision has been Smith Group/JJR of Ann Arbor, Michigan. It should be noted that, while the Master Plan provides an important planning template, it is by its nature a living document that will be modified throughout the construction process as new information is available to inform the University's planning effort. The Storrs Campus Master Plan Update – January 2006, was approved by the Board of Trustees on April 11, 2006. The Health Center also has a Master Plan, finalized in 2003. An update to the Health Center's Master Plan is currently underway.

A new fixed asset management information system, titled Facilities Asset Management Information System (FAMIS), has been implemented and is on-line. This system will provide space management, work order management and more accurate project management, budget and cost data that will be integrated into the University's Financial Reporting System. Among other capabilities will be the ability to better forecast cost into the future, a component that is lacking in the current information system.

The Board of Trustees, at its June 20, 2006 meeting, approved the FY 2007 Capital Budget totaling \$89 million for system-wide capital improvements as shown in Exhibit A. This amount reflects \$65.5 million for Storrs and Regional Campuses and \$23.5 million for the University of Connecticut Health Center. The following is a brief description of the named projects included in the FY 2007 Capital Budget. The budget can be found attached as Exhibit A of this report.

## ***Storrs and Regional Campuses***

### ***Law School Renovations/Improvements***

The installation of an elevator in Hartranft Building (renamed Chase Hall in August 2005) at the Law School Campus in Hartford was completed. This project also includes associated ADA modifications required to meet code requirements.

The Law School Library has experienced an on-going series of leaks through the exterior walls since opening in 1996. The project's construction, whose start date predates UCONN 2000, was managed by the Department of Public Works. Corrections undertaken did not resolve the situation, so the University hired its own forensic engineer and consultant (Simpson Gumpertz and Heger, Inc. of Cambridge, MA) to investigate, identify problems and design solutions. The testing and analysis necessary to design is complete with construction documentation complete. The University is working with the Office of the Attorney General to pursue recovery from the original contractors. In the meantime, funding for repairs has been authorized by the General Assembly. The University has requested that the Bond Commission approve the allocation of that funding. A project budget for the design phase for the Law School Façade restoration was approved by the Board of Trustees on April 11, 2006. The project budget estimate of \$12.5 million will require the University to allocate UCONN 2000 funds in addition to the authorization of \$8 million in State General Obligation bonds under Special Act 04-2, Section 2(i).

### ***Stamford Campus Improvements***

The original design for the repair of the interior ramps to the Stamford Campus Parking Garage was completed and the project released for bid. The University developed alternate designs and the project was bid and should be completed within budget.

### ***West Hartford Campus Renovations/Improvements***

The project is complete. This project is partially funded by the Town of West Hartford, which uses the lots in conjunction with recreational use of athletic fields adjacent to the parking area.

### ***Farm Buildings Repairs/Replacements***

Two projects are in progress for the upgrade of the various farm buildings. Demolition of two wings of the Yellow Barn is complete. The second phase including exterior repairs and parking improvements are complete. Interior stabilization and re-use plans are in the planning stages, and will be completed when funding is available.

## **PLANNING, DESIGN AND MANAGEMENT**

- An update to the Health Center's 2002 Master Plan is underway. Periodic updates to the Master Plan will serve to modify and adjust the planning template to assure the document is current and useful to inform the Health Center's planning efforts. FLAD & Associates, Stamford, CT is providing the consulting services.



- The University of Connecticut Health Center has a significant need for research and incubator space. The need for additional space is based on three important variables:
  - 1.) Development of the core lab for the UConn Stem Cell Initiative, which will do work on human embryonic stem cells. There is a need for 26,000 gross square feet of wet lab and associated space.
  - 2.) Housing additional research activities most closely associated with the work of the Stem Cell Initiative. It is estimated that 73,000 gross square feet will be needed.
  - 3.) Incubator space for small businesses created by UConn research or wishing to be near UConn research. Approximately 12,000 gross square feet is needed for this type of use.
- On September 26, 2006 the University Board of Trustees approved the acquisition of the property known as Farm Tech, 400 Farmington Avenue, Farmington, Connecticut, and also determined that the project definition and scope is consistent with the designation under the law. The Farm Tech property is comprised of 113,000 square feet on 29 acres.
- Design and bidding for a portion of the Health Center's Academic Building Renovations project is complete. The project scope includes renovations to the two main teaching auditoria and will include upgrades to the technology, seating and all finishes. The architecture firm Svigals + Partners, Architects and Planners of New Haven provided design services. Construction is scheduled to begin in November, 2006 with completion in October, 2007.
- A detailed planning effort is underway for the School of Dental Medicine. The planning study involves all Dental School disciplines and will establish their space needs, review the current space usage and provide recommendations for renovations and reconfigurations. The study will guide the Dental School Renovations which will occur over the next several years.
- The planning study for the Health Center's Center for Laboratory Animal Care (CLAC), renovations, is complete. An overall schedule for the renovation is being formulated based on the planning study recommendations.
- A planning study for the Health Center's Main Building Renovations project is complete. The planning study, prepared by CUH2A, Architecture, Engineering, Planning, of Princeton NJ, provides a roadmap for the Main Building Renovation project. Renovation strategies including planning options and phasing scenarios are refined and will guide the design work scheduled for FY 08.

## **CONSTRUCTION**

- Various Health Center deferred maintenance projects are in progress. One of the major projects, the cooling tower replacement, is complete and the cooling towers are providing reliable, energy efficient cooling for UCHC.



## ON-GOING CONSTRUCTION PROJECTS

- Construction of the gas turbine Cogeneration/Central Chilled Water Facility is complete and the facility is operational. The facility is producing electricity for the Storrs campus, with secondary waste heat providing steam heat and driving chillers for cooling for a large segment of the Storrs campus. The project represents a major component of the University's on-going energy efficiency and cost-containment efforts.



THE BURTON FAMILY FOOTBALL COMPLEX AND MARK R. SHENKMAN TRAINING CENTER – THE FIRST LEEDS CERTIFIED ATHLETIC FACILITIES IN THE NATION -- OPENED IN MID-AUGUST, GIVING UCONN'S BIG EAST FOOTBALL TEAM ACCESS TO AN INDOOR PLAYING FIELD, A LARGE, FULLY EQUIPPED WEIGHT ROOM, A TRAINING CENTER COMPLETE WITH FOUR HYDRO THERAPY POOLS, AND LARGE STUDY AREA, AND OFFICES FOR ACADEMIC COUNSELORS ASSIGNED TO THE FOOTBALL TEAM. IN ADDITION, THE INDOOR PLAYING FIELD IS ALSO USED FOR INTRAMURAL PROGRAMS RUN BY THE ATHLETICS DEPARTMENT'S RECREATIONAL SERVICES.



PHOTOS BY  
PETER MORENUS



- The Intramural, Recreational & Intercollegiate Facilities Project is complete, operational and occupied. This facility houses the football program including offices, training rooms, locker rooms, dining facilities, lounge, strength and conditioning room and an indoor practice field. When not used by athletic teams, the indoor field is used by the recreational programs. The building has 170,000 square feet of space. Funding for this \$48.8 million project includes \$31 million from Phase III of UCONN 2000, and the remainder from private fundraising and Division of Athletics funds.



A 90,000-SQUARE-FOOT ADDITION TO THE REFURBISHED STUDENT UNION OPENED AUG. 21 TO GREAT FANFARE, WITH STUDENTS, FACULTY AND STAFF ALIKE SINGING ITS PRAISES. THE ADDITION HOUSES A 300-SEAT FOOD COURT, COMPLETE WITH FIVE EATERIES RUN BY DINING SERVICES AND THREE OUTSIDE FAST-FOOD VENDORS. THE ADDITION ALSO BOASTS A HIGH-CEILINGED BALLROOM CAPABLE OF HOLDING UP TO 900 PEOPLE, AND NEW SPACES FOR FOUR CULTURAL CENTERS. THE ADDITION HAS QUICKLY BECOME ONE OF THE MOST POPULAR SPOTS ON CAMPUS FOR STUDENTS.

PHOTOS BY  
PETER MORENUS

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- Construction is complete and the facility is operational and occupied on the second phase of the Student Union Addition Project. This phase included the demolition of the south end of the building and the construction of a new facility, which includes a food court, retail space, cultural center facilities and a ballroom with occupancy capacity of 300. The completed first phase of the project included a 500-seat theater, student activity offices and meeting spaces, cultural centers and offices for student organizations. It also included space for the student-run radio and TV stations. This project was designed as a complete rehabilitation and addition to the Student Union to make it a focal point for student life on campus. The combined project (Phase I and II) doubled the amount of space available for student use.
- Renovation projects in facilities on the Avery Point Campus have been completed, or are in the construction or design phase. FY 07 projects include classroom renovations and interior work on several facilities. This work will be complete by January 2007. Additional projects are anticipated for FY 07.



BUILT IN 1931 TO HOUSE VISITING FACULTY, THE HISTORIC LAKESIDE APARTMENTS BECAME OBSOLETE WHEN THE NATHAN HALE INN WAS CONSTRUCTED. THE NORTH EAGLEVILLE ROAD BUILDING IS NOW BEING CONVERTED INTO OFFICES FOR UNIVERSITY COMMUNICATIONS, GOVENMENTAL RELATIONS AND UNIVERSITY EVENTS, PROVIDING A MORE CENTRAL LOCATION. THIS CLEARS THE WAY FOR THE PUBLICATION BUILDING TO BE RAZED, AND BECOME THE LOCATION FOR PHASE 1 OF THE DOWNTOWN STORRS CENTER PROJECT.



PHOTOS BY  
PETER MORENUS



- The Lakeside Building renovation design was completed and the project was bid in April 2006. Bids were received within budget and the project was authorized to proceed. The project is currently 30% complete.
- The Landfill Closure Project was bid in March 2006 by O&G Industries, the project Construction Manager. The project is 30% complete. While trade contractor bids exceeded the original engineers' estimate, the total project remains within budget. The project has an 18 month duration.
- The first phase of the Hilltop Apartments Code Correction Project was completed over the summer of 2005 and the second phase was completed by the end of August 2006. The purpose of this project was to correct fire and building code violations discovered after project completion.

## **UCONN 2000: SET-ASIDE CONTRACTOR SUMMARY**

- Public Act 99-241 called for, among other things, information regarding use of Connecticut-owned businesses on UCONN 2000 program projects, including those owned by women and minorities (“set-aside” contractors). Since Fiscal Year 1996, construction and related contracts for the UCONN 2000 program totaled \$1.249 billion. As of August, 2006, Connecticut businesses have accounted for \$1.113 billion, or 89%, of the total contracted dollars. There have been \$1.205 billion of projects completed to date. 24% of this total, or \$273 million, has gone to “set-aside” general contractors and subcontractors. Overall, small business participation has amounted to \$160 million, minority business participation has amounted to \$35 million, and women-owned business participation has amounted to \$78.1 million.

## **UCONN 2000: FINANCE**

Pursuant to Section 10a-109x of the Connecticut General Statutes, the Semiannual Report to the General Assembly is to provide, among other things, information on the number of projects and securities authorized, approved and issued; the payment of debt service requirements, and the payment of principal and interest on the UCONN 2000 securities; and the amount of investment earnings. This section provides that information.

### **University of Connecticut General Obligation Bonds Secured by the State’s Debt Service Commitment**

Section 10a-109 of the Connecticut General Statutes empowers the University to issue General Obligation Bonds secured by the State’s Debt Service Commitment (sometimes referred to as “General Obligation Debt Service Commitment Bonds” or “GO-DSC Bonds”). These Bonds are issued pursuant to the General Obligation Master Indenture of Trust, dated as of November 1, 1995, between the University of Connecticut, as Issuer, and Fleet National Bank of Connecticut as Trustee (now U.S. Bank N.A.). The University’s Board of Trustees on November 10, 1995, and the State Bond Commission on December 21, 1995 approved the Master Indenture of Trust. UConn’s Board of Trustees and the Governor approve the subsequent Supplemental Indentures for each bond issue. The University and Office of the State Treasurer, working in conjunction, manage the Debt Service Commitment Bond sale process.

**University of Connecticut General Obligation Debt Service Commitment Bonds – Bond Issues Completed**

Pursuant to Section 10a-109g of the Connecticut General Statutes, the UCONN 2000 General Obligation Debt Service Commitment Bonds authorized, approved and issued to date are listed below:

<b>Date of Issue</b>	<b>Par Amount</b>	<b>TIC (1)</b>	<b>General Obligation Bond Issue</b>
<b>Phase I</b>			
February 21, 1996	\$ 83,929,714.85	4.94%	1996 Series A
April 24, 1997	124,392,431.65	5.48%	1997 Series A
June 24, 1998	99,520,000.00	4.78%	1998 Series A
April 8, 1999	79,735,000.00	4.46%	1999 Series A
<b>Phase II &amp; III</b>			
March 29, 2000	\$130,850,000.00	5.42%	2000 Series A
April 11, 2001	100,000,000.00	4.54%	2001 Series A
April 18, 2002	100,000,000.00	4.74%	2002 Series A (2)
March 26, 2003	96,210,000.00	3.97%	2003 Series A (3)
January 22, 2004	97,845,000.00	3.76%	2004 Series A (4)
March 16, 2005	98,110,000.00	4.20%	2005 Series A (5)
March 15, 2006	77,145,000.00	4.20%	2006 Series A (6)
<b>Sub-Total Phases I, II &amp; III</b>	<b>\$1,087,737,146.50</b>		
<b>Refunding</b>			
January 29, 2004	\$216,950,000.00	3.55%	2004 Series A Refunding (4)
March 15, 2006	\$ 61,020,000.00	4.17%	2006 Series A Refunding (6)
<b>Sub-Total Phases I, II &amp; III</b>	<b>\$277,970,000.00</b>		

- (1) TIC is the true interest cost reflecting the interest rate for the time value of money across an entire bond issue.
- (2) The GO-DSC 2002A bonds provided \$994,688.03 directly to the Office of the State Treasurer.
- (3) The GO-DSC 2003 bonds par amount of \$96,210,000 plus \$3,790,000 of the original issue premium, totaled \$100,000,000 available for projects.
- (4) The GO-DSC 2004A New Money and GO-DSC 2004A Refunding Bonds were issued under a single Official Statement. The GO-DSC 2004 new money bonds totaled \$100,000,000 for projects, funded by the \$97,845,000 par amount plus \$2,155,000 of the original issue premium.
- (5) The GO-DSC 2005 bonds totaled \$100,000,000 available for projects funded by the \$98,110,000 par amount plus \$1,890,000 of the original issue premium. Phase II authorizations accounted for \$50 million and Phase III for \$50 million.
- (6) The GO-DSC 2006 bonds totaled \$79,000,000 available for projects funded by the \$77,145,000 par amount plus \$1,835,000 of the original issue premium.



The eleven series of UCONN 2000 General Obligation DSC bonds issued to fund projects total \$1,087,737,146.50 in face value and provided \$1,091,000,000 for UCONN 2000 project spending. (Excluding the UCONN 2000 General Obligation DSC Refunding Bonds Series 2004A and 2006A.) The remaining balance, together with accrued interest and net original issue premium, funded the costs of issuance and deposits to the State Treasurer.

On March 15, 2006 the University issued \$77,145,000 face amount of the UCONN 2000 General Obligation Debt Service Commitment Bonds 2006 Series A, at a true interest cost of 4.20%, with a 10.4 Year Average Life, maturities on or after February 15, 2014 carried FGIC bond insurance. The 2006A Bonds maturing on or after February 15, 2017 will be subject to redemption at par prior to their maturity on or after February 15, 2016.



WORK IS NEARLY COMPLETE ON NEW EXHIBIT SPACE FOR THE CONNECTICUT STATE MUSEUM OF NATURAL HISTORY, LOCATED IN A FORMER HORTICULTURE BUILDING ON HILLSIDE ROAD. THE APPROXIMATELY \$1 MILLION PROJECT WILL MORE THAN TRIPLE THE SIZE OF ITS EXHIBIT AREAS, INCLUDING A COMPLETE RENOVATION OF THE SECOND FLOOR AND THE ADDITION OF TWO NEW CLASSROOMS, WORKSHOP FACILITIES, AND PERMANENT EXHIBITS THAT INCORPORATE MULTIMEDIA ELEMENTS. THE FIRST PHASE OF BUILDING RENOVATIONS INCLUDED OFFICE AND EXHIBIT AREAS ON THE FIRST FLOOR.

PHOTOS BY  
PETER MORENUS

### **UCONN 2000 General Obligation Debt Service Commitment Bonds - Projects**

During Fiscal Year 2005 the University finished Phase I and Phase II and initiated Phase III of the UCONN 2000 project authorizations secured by the State's Debt Service Commitment.

To date, seventy-three projects, totaling \$1,091,000,000 have been authorized to receive General Obligation Debt Service Commitment bond proceeds, as follows:

<u>Phases I &amp; II</u>	<u>Authorized &amp; Issued</u>
Agricultural Biotechnology Facility Completion	\$3,000,000.00
Agricultural Biotechnology Facility	9,400,000.00
Alumni Quadrant Renovations	11,500,000.00
Avery Point Marine Science Research Center-Phase I	30,000,000.00
Avery Point Marine Science Research Center-Phase II	7,341,000.00
Avery Point Renovation	5,323,000.00
Benton State Art Museum Addition	700,000.00
Business School Renovation-Phase II	8,000,000.00
Central Warehouse New *	6,933,751.77
Chemistry Building	53,062,000.00
Deferred Maintenance & Renovation Lumpsum-Phase I	40,792,000.00

Deferred Maintenance & Renovation Lumpsum Balance-Phase II	110,326,022.13
East Campus North Renovations	7,710,000.00
Equipment, Library Collections & Telecommunications-Phase I	60,500,000.00
Equipment, Library Collections & Telecommunications Completion-Phase II	105,812,000.00
Gant Plaza Deck	7,287,174.10
Gentry Renovation	10,000,000.00
Grad Dorm Renovations	3,000,000.00
Heating Plant Upgrade	9,969,000.00
Hilltop Dormitory Renovations	8,700,000.00
Ice Rink Enclosure	3,280,000.00
International House Conversion (a.k.a. Museum of Natural History)	886,134.00
Litchfield Agricultural Center-Phase I	1,000,000.00
Mansfield Apartments Renovation	2,071,000.00
Mansfield Training School Improvements	3,500,000.00
Monteith Renovation	444,348.00
Music Drama Addition *	7,400,000.00
North Campus Renovation	11,866,000.00
North Superblock Site & Utilities	7,668,000.00
Northwest Quadrant Renovation-Phase I	2,001,000.00
Northwest Quadrant Renovation-Phase II	30,000,000.00
Parking Garage-North	9,658,000.00
Pedestrian Walkways/(a.k.a. Fairfield Road Pedestrian Mall)	6,074,000.00
School of Business	25,652,366.00
School of Pharmacy	88,609,000.00
Shippee/Buckley Renovations	7,000,000.00
South Campus Complex	12,251,000.00
Stamford Downtown Relocation-Phase I	55,785,000.00
Student Union Addition	44,622,633.00
Technology Quadrant-Phase IA	39,993,000.00
Technology Quadrant-Phase II	34,120,000.00
Torrey Life Science Renovation	2,181,000.00
Towers Renovation	20,000,000.00
Underground Steam & Water Upgrade-Phase I	6,000,000.00
Underground Steam & Water Upgrade Completion - Phase II	6,000,000.00
Waring Building Conversion	11,452,000.00
Waterbury Property Purchase	200,000.00
West Campus Renovations	500,000.00
White Building Renovation	2,430,000.00
Wilbur Cross Building Renovation	<u>19,999,571.00</u>
<b>Total Phases I &amp; II</b>	<b>\$962,000,000.00</b>



<b><u>Phase III – Storrs and Regional Campuses</u></b>	<b><u>Authorized &amp; Issued</u></b>
Arjona and Monteith (new classroom buildings)	\$9,100,000.00
Deferred Maintenance/Code/ADA Renovation Lumpsum	52,719,575.00
Equipment, Library Collections & Telecommunications	26,909,575.00
Farm Buildings Repairs/Replacement	2,600,000.00
Intramural, Recreational and Intercollegiate Facilities	31,000,000.00
Lakeside Renovation	3,800,000.00
Law School Renovations/Improvements	10,500,000.00
Mansfield Training School Improvements	3,000,000.00
Natural History Museum Completion	500,000.00
North Hillside Road Completion	1,000,000.00
Residential Life Facilities	750,000.00
School of Pharmacy/Biology Completion	6,000,000.00
Stamford Campus Improvements	500,000.00
Student Union Addition	13,000,000.00
Torrey Renovation Completion and Biology Expansion	1,000,000.00
Waterbury Downtown Campus	300,000.00
West Hartford Campus Renovations/Improvements	<u>500,000.00</u>
<b>Total Phase III - Storrs and Regional Campuses</b>	<b>\$163,179,150.00</b>

**Phase III - Health Center**

CLAC Renovation Biosafety Level 3 Lab	\$30,000.00
Deferred Maintenance/Code/ADA Renovation Sum - Health Center	11,395,000.00
Dental School Renovation	1,325,000.00
Equipment, Library Collections and Telecommunications - Health Center	24,340,850.00
Library/Student Computer Center Renovation	1,150,000.00
Main Building Renovation	1,245,000.00
Medical School Academic Building Renovation	3,400,000.00
Research Tower	<u>11,935,000.00</u>
<b>Total Phase III - Health Center</b>	<b>\$54,820,850.00</b>
<b>Total Phase III</b>	<b>\$218,000,000.00</b>
<b>Total Phases I, II &amp; III: GO-DSC Bond Authorizations</b>	<b>\$1,180,000,000.00</b>

\* Pre-UCONN 2000 Bond Authorization

**UCONN 2000 General Obligation Debt Service Commitment Bonds – Refunding**

Pursuant to Section 10a-109m of the Connecticut General Statutes, the University may issue refunding securities. The University achieved a total of \$19.2 million in gross debt services savings for Connecticut taxpayers by issuing two series of General Obligation DSC Refunding Bonds as follows.

On January 29, 2004, the University achieved \$15.2 million in debt service savings for Connecticut taxpayers through the \$216,950,000 of UCONN 2000 General Obligation DSC Refunding Bonds Series 2004-A. Proceeds pre-refunded \$223,160,000 of the portions of the 1996, 1997, 1998, 2000, 2001 and 2002 UCONN 2000 General Obligation Debt Service Commitment Bonds. Debt Service savings amounted to \$15,215,582.84 on a gross cash debt service savings basis, or \$10,117,718.77 on a net present value basis (4.53% savings of refunded bonds), spread across fiscal years 2004 to 2020.

On March 15, 2006, the University achieved \$4.0 million in debt service savings for Connecticut taxpayers through the issuance of \$61,020,000 of UCONN 2000 General Obligation DSC Refunding Bonds Series 2006-A. Proceeds pre-refunded \$61,675,000 of the portions of the 1998, 1999, 2000, 2001 and 2002 UCONN 2000 General Obligation Debt Service Commitment Bonds. Debt Service savings amounted to \$4,003,734.09 on a gross cash debt service savings basis, or \$2,495,916.47 on a net present value basis (3.94% savings over refunded bonds debt service) spread across Fiscal Years 2006 to 2020.

### **University Special Obligation Revenue Bonds Secured by Pledged Revenues**

UCONN 2000 also authorizes the University to issue Special Obligation Revenue bonds. Unlike the UCONN 2000 General Obligation Debt Service Commitment Bonds that are paid from the State's General Fund, debt on the Special Obligation Bonds are paid from certain pledged revenues of the University as defined in the particular bond series indenture.

A Special Capital Reserve Fund may be established for UCONN 2000 Special Obligation bond issues only if the Board of Trustees determines that the Special Obligation bond issue is self-sufficient as defined in the Act. The self-sufficiency finding by the University must be submitted to and confirmed as not unreasonable or arbitrary by the State Treasurer prior to issuance of the bonds. Once approved, the Special Capital Reserve Fund is funded at issuance by the University to meet the minimum capital reserve requirement. However, subject to notification by the University on or before December 1, annually, if this amount falls below the required minimum capital reserve, there is deemed to be appropriated, from the State General Fund, sums necessary to restore each Special Capital Reserve Fund to the required minimum capital reserve.

### **Special Obligation Student Fee Revenue Bonds - Bond Issues Completed**

Section 10a-109x Connecticut General Statutes requires that the University's Semiannual Report to the General Assembly provide information on the number of projects and securities authorized, approved and issued; the payment of debt service requirements, and the payment of principal and interest on the UCONN 2000 securities; and the amount of investment earnings. The UCONN 2000 Special Obligation Student Fee Revenue Securities authorized, approved and issued to date are listed below.

Student Fee Revenue Bonds have been issued pursuant to the Special Obligation Indenture of Trust, dated as of January 1, 1997, between the University as Issuer and U.S. Bank N.A. as successor to State Street Bank & Trust as Trustee ("the Special Obligation Master Indenture"). The Board of Trustees approved the Master Indenture on November 8, 1996.

UConn’s Board of Trustees and the Governor approve the subsequent Supplemental Indentures for each Special Obligation bond issue. The University and Office of the State Treasurer, working in conjunction, manage the Special Obligation Bond sale process. UCONN 2000 Special Obligation Student Fee Revenue Bonds issued to date are summarized below:

<b>Date of Issue</b>	<b>Par Amount</b>	<b>TIC (1)</b>	<b>Special Obligation Student Fee Revenue Bond Issue</b>
February 4, 1998	\$ 33,560,000	5.08%	1998 Series A
June 1, 2000	\$ 89,570,000	6.02%	2000 Series A (2)
February 14, 2002	\$ 75,430,000	4.94%	2002 Series A
February 27, 2002	\$ 96,130,000	4.89%	Refunding 2002 Series A

(1) TIC is the true interest cost reflecting the interest rate for the time value of money across an entire bond issue. The UCONN 2000 Special Obligation Bonds are generally issued for an approximate 30-year final maturity, compared to a 20-year final maturity for the General Obligation DSC Bonds; hence the TIC may appear relatively higher for Special Obligation Bonds.

(2) The Series 2000-A bonds were refunded on February 27, 2002.

On February 4, 1998, the University issued \$33,560,000 of UCONN 2000 Student Fee Revenue Bonds 1998 Series A (“SFR 1998-A Bonds”) with a final maturity of November 15, 2027. The Special Obligation First Supplemental Indenture was also dated January 1, 1997 and authorized the issuance of bonds up to a principal amount not to exceed \$30,000,000 for construction of the South Campus Residence and Dining Hall, plus amounts necessary to fund a Special Capital Reserve Fund (“SCRF”) and provide for costs of issuance. The University managed the issuance and sale of these bonds and realized a favorable true interest cost over the term. Debt service for these bonds is paid from the student Infrastructure Maintenance Fee, instituted in 1997, and other pledged revenues as further defined in the Indenture of Trust. Such pledged revenues also help support future operation and maintenance costs for facilities built or expanded through UCONN 2000.

On June 1, 2000, the University issued \$89,570,000 of the UCONN 2000 Student Fee Revenue Bonds 2000 Series A (“SFR 2000-A”) pursuant to the Special Obligation Master Indenture and the Special Obligation Student Fee Revenue Bonds Second Supplemental Indenture dated as of May 1, 2000. Bond proceeds funded \$87,000,000 of construction for the Hilltop Dormitory, Hilltop Student Rental Apartments, and Parking Garage South. They also provided for capitalized interest and costs of issuance. The \$89,570,000 SFR 2000 Bonds were defeased in substance on February 27, 2002, as further described below, and are no longer reflected as outstanding debt on the University’s financial statements.

On February 14, 2002, the University issued \$75,430,000 of the UCONN 2000 Student Fee Revenue Bonds 2002 Series A pursuant to the Special Obligation Master Indenture and the Special Obligation Student Fee Revenue Bonds Fourth Supplemental Indenture dated as of November 16, 2001. Bond proceeds funded \$72,180,000 of construction for the Alumni Quadrant Renovations, Shippee/Buckley Renovations, East Campus North Renovations, Towers Renovations (including

Greek Housing), and North Campus Renovations (including North Campus Student Suites and Apartments).

**UCONN 2000 Special Obligation Student Fee Revenue Bonds - Projects**

To date, nine projects have been authorized to receive \$189,180,000 of the UCONN 2000 Special Obligation Student Fee Revenue bond proceeds. Some of these projects were also supported by General Obligation or other funding, as follows:

<u><b>Special Obligation Bonds</b></u>	<u><b>Authorized &amp; Issued</b></u>
Alumni Quadrant Renovations <sup>(1)</sup>	\$ 7,000,000
East Campus North Renovations <sup>(1)</sup>	1,000,000
Hilltop Dormitory New	21,000,000
Hilltop Student Rental Apartments	42,000,000
North Campus Renovation (including North Campus Student Suites & Apartments) <sup>(1)</sup>	45,000,000
Parking Garage-South <sup>(1)</sup>	24,000,000
Shippee/Buckley Renovations	5,000,000
South Campus Complex	30,000,000
Towers Renovations (including Greek Housing) <sup>(1)</sup>	<u>14,180,000</u>
<b>Total</b>	<b>\$189,180,000</b>

<sup>(1)</sup> Also partially funded with proceeds of the University’s General Obligation bonds.

**UCONN 2000 Special Obligation Student Fee Revenue Bonds - Refunding**

Pursuant to Section 10a-109m of the Connecticut General Statutes, the University may issue refunding securities. On February 27, 2002, the University achieved debt service savings of \$3,553,672, on a gross cash debt service savings basis, or \$2,383,106 on a net present value basis (3.036% savings of refunded bonds) through its issuance of \$96,130,000 of the UCONN 2000 Student Fee Revenue Bonds 2002 Refunding Series A. The bonds were issued pursuant to the Special Obligation Master Indenture and the Special Obligation Student Fee Revenue Bonds Third Supplemental Indenture, dated as of February 1, 2002. Bond proceeds were used to take advantage of favorable market conditions to advance refund and defease in substance all of the \$89,570,000 of Student Fee Revenue Bonds 2000 Series A bonds outstanding. Proceeds were deposited with the Trustee bank in an irrevocable escrow fund sufficient to satisfy future debt service and call premiums on the prior issue.

**UCONN 2000 Tax-Exempt Governmental Lease Purchase Agreement Financing For Heating Plant Upgrade (Cogeneration Facility)**

The Board of Trustees has authorized \$81,900,000 of UCONN 2000 debt in the form of a Tax-Exempt Governmental Lease Purchase Agreement secured by the University’s general obligation for the cogeneration facility portion of the UCONN 2000 Heating Plant Upgrade project.

This \$81,900,000 of UCONN 2000 debt was not issued under the UCONN 2000 General Obligation or Special Obligation Indentures of Trust, but was entered into under certain separately negotiated documents and agreements in two parts. On December 18, 2003, the University entered into a privately placed \$75,000,000 Tax-Exempt Governmental Lease Purchase Agreement with a reported nominal interest rate of 4.42% compounded monthly to finance the design and construction of a combined heat and power plant. On August 15, 2005, the University amended the agreement for an additional borrowing of up to \$6,900,000 at a 5.09% interest rate compounded monthly (resulting in a combined interest rate of approximately 4.5%).

The Heating Plant Upgrade project is a named project under UCONN 2000. The cogeneration facility is a linchpin of UConn's commitment to energy efficiency, and is expected to generate substantially all of the needs for electrical power, heating and cooling on the main campus at Storrs. Cost avoidance achieved through the construction of the facility will generate funds to pay the debt and debt service. An earlier phase of the Heating Plant Upgrade project was funded with UCONN 2000 General Obligation DSC bonds as listed above.

The lease is not rated by the credit rating agencies but weighs in their credit rating of the University's bond programs.

### **Credit Ratings**

As of September 1, 2006, the UCONN 2000 General Obligation Debt Service Commitment bonds were rated "AA" by Standard & Poor's; "Aa3" by Moody's Investors Service, and "AA-" by Fitch Investors Service. The UCONN 2000 Special Obligation Bonds not secured by SCRF were rated "AA-" by Standard & Poor's and "Aa3" by Moody's Investors Service. Fitch Investors Service does not rate the Special Obligation bonds not secured by SCRF.

The Special Obligation Bonds Series 1998-A carries a Special Capital Reserve Fund and is rated "AA" by Standard & Poor's, "Aa3" by Moody's, and "AA-" by Fitch. In addition to the underlying credit ratings, "AAA" rated municipal bond insurance secures certain maturities of several of the above bond issues.

It is a strong vote of confidence in the University that Moody's ranks all these bonds the same as the State's General Obligation Bond "Aa3" credit rating.

### **Credit Rating History**

Since the inception of UCONN 2000, the University's bond issues have experienced a favorable credit rating history, including several credit rating upgrades.

The capital markets have recognized the tangible benefits to the State's economy of meeting the infrastructure and educational goals of the program, as well as the University's success in implementing them. A high quality credit rating not only provides the State and the University with less expensive access to the capital markets but also supports the State's quality reputation among investors. A University milestone occurred in 2002 with the achievement of the high-grade "double A" credit-rating category from Moody's Investors Service for both its General Obligation and Special Obligation bonds.

**February 1996:** the first issue of the University's General Obligation Bonds secured by the State's Debt Service Commitment carried underlying ratings of "A1" by Moody's Investors Service, "AA-" by Standard & Poor's and "AA-" by Fitch.

**February 1998:** the first issue of UCONN 2000 Special Obligation bonds depended upon the State's SCRF credit rating. An underlying "stand-alone" credit rating was not available for this nascent program. At the time of issuance, the State SCRF enhancement allowed the bonds to obtain an "AA-" rating from Standard & Poor's, "AA-" from Fitch Investors Service, and "A-1" from Moody's Investors Service. The bonds were subsequently covered by municipal bond insurance and upgraded to "AAA" at Fitch and Standard & Poor's and "Aaa" at Moody's Investors Service.

**October 1998:** Standard & Poor's upgraded the UCONN 2000 General Obligation DSC Bonds and the UCONN 2000 SFR 1998-A (SCRF) bonds to "AA" from "AA-".

**March 2000:** Moody's upgraded UCONN 2000 General Obligation DSC Bonds to "Aa3" from "A1".

**June 2000:** the University achieved a milestone with its first underlying Special Obligation Bond "stand alone" credit rating of "AA-" Standard & Poor's and an "A1" Moody's.

**February 2001:** Moody's upgraded UCONN 2000 General Obligation DSC Bonds to "Aa2" from "Aa3". In April 2001, the General Obligation DSC 2001 Series A bonds were sold without any bond insurance security enhancement on any maturity, another successful first-time accomplishment for the UCONN 2000 bond program. Moody's upgraded UConn's SFR 1998-A Bonds, which are secured by the State SCRF, at this time to "Aa3" from "A1".

**January 2002:** UCONN 2000 Special Obligation Bonds (Non-SCRF) were upgraded to "Aa3" from "A1" by Moody's. This graduated UConn's Special Obligation bonds to Moody's "high-grade" bond category and impacted the underlying credit on all outstanding Special Obligation Student Fee Revenue Bonds. (The \$33.6 million Special Obligation Student Fee Revenue Series 1998-A bonds additionally secured by the State's SCRF already carried the "Aa3" rating.) This high rating was assigned a stable outlook and represented a positive judgment by the capital markets regarding UConn's financial strength, real and potential growth as an institution, and management.

**August 2002:** Reflecting the outlook changes for the State's General Obligation Bonds, Moody's and Standard and Poor's both moved their outlook from "stable" to "negative" for UCONN 2000 General Obligation DSC Bonds while retaining their respective credit rating levels at "Aa2" and "AA". Fitch took no action. In a sign of confidence in the University's management and growth potential, Moody's and Standard & Poor's kept UConn's Special Obligation Bond ratings levels and stable outlook unchanged.

**March 2003:** During tougher economic times, the rating agencies confirmed the University's General Obligation DSC bond ratings as follows: Fitch "AA-"; Standard & Poor's "AA"; and



Moody's "Aa2". Moody's also confirmed UConn's Special Obligation and Foundation bond ratings at "Aa3". Holding the credit ratings was a good sign in light of Moody's February 2003 move of the State General Obligation bonds and consequently the University's DSC and SCRF security bonds to watch list for possible downgrade.

**July 2003:** On July 2, 2003, citing State budget problems, Moody's downgraded the University's General Obligation DSC bond ratings to "Aa3" from "Aa2" consistent with its action on the State General Obligation bond rating. The good news was that Moody's confirmed UConn's Special Obligation (non-SCRF) bond ratings at "Aa3". Moody's also briefly downgraded the University's 1998 Special Obligation Bonds secured by the State's SCRF to "A-1" following a general downgrade of any bonds backed by the State's SCRF but then upgraded the University's 1998 Special Obligation Bonds back to "Aa-3" on July 14, 2003.

**January 2004:** We were successful in confirming the credit ratings for the UCONN 2000 General Obligation Debt Service Commitment bonds at a time of State budget deficits and negative press reports. The unenhanced ratings for the UCONN 2000 GO DSC 2004 new money and refunding bond issues were as follows: Moody's Investors Service "Aa3", Standard & Poor's "AA" and Fitch IBCA "AA-". Several maturities also carried "AAA" rated MBIA bond insurance.

**February 2005:** The unenhanced ratings for the UCONN 2000 GO DSC 2005 new money bond issue were confirmed with Moody's Investors Service "Aa3", Standard & Poor's "AA" and Fitch IBCA "AA-". Several maturities also carried "AAA" rated FSA bond insurance.

**February 2006:** The unenhanced ratings for the UCONN 2000 GO DSC 2006 new money and refunding bond issues were confirmed as follows: Moody's Investors Service "Aa3", Standard & Poor's "AA" and Fitch IBCA "AA-". Several maturities also carried "AAA" rated FGIC bond insurance.

### **Debt Service**

Pursuant to Section 10a-109x of the Connecticut General Statutes, the Semiannual Report to the General Assembly is to list the payment of debt service requirements.

### **UCONN 2000 General Obligation Debt Service Commitment Bonds**

The State General Fund pays the debt service on the University's General Obligation Debt Service Commitment Bonds. The University pays the debt service on the Special Obligation Student Fee Revenue Bonds from its own resources. For the Fiscal Year Ending June 30, 2006, the Debt Service Commitment paid for the University's General Obligation Bonds amounted to \$85.9 million (representing \$53.6 million of principal and \$32.3 million of interest). For all the UCONN 2000 General Obligation Debt Service Commitment securities issued since the program's inception in 1996 to September 1, 2006 (including the GO-DSC2006 and 2004 Refunding Bonds but net of refunded debt) debt service totals \$1,600.5 million, representing \$1,080.9 million of principal and \$519.6 million of interest (including capital appreciation bonds). As of September 1, 2006, there



is total debt service remaining of \$1,089.4 million representing \$790.6 million of principal and \$298.8 million of interest (including capital appreciation bonds).

### **UCONN 2000 Special Obligation Student Fee Revenue Bonds**

For all of the UCONN 2000 Special Obligation Student Fee Revenue securities issued since the program's inception in 1996 to September 1, 2006 total debt service (which is paid by the University) amounts to \$392.6 million, representing \$205.1 million of principal and \$187.5 million of interest, net of pre-refunded and defeased bonds. As of September 1, 2006 debt service remaining totals \$319.1 million comprising \$185.8 million of principal and \$133.3 million of interest (including capital appreciation bonds).

All other things equal, the Special Obligation bonds incur proportionally more interest expense because they are generally issued for terms of up to approximately thirty years compared to twenty years for the Debt Service Commitment bonds. For the Fiscal Year Ending June 30, 2006 the University paid from its own resources Special Obligation Bond debt service of \$13.2 million (representing \$4.0 million of principal and \$9.2 million of interest).

### **UCONN 2000 Tax-Exempt Governmental Lease Purchase Agreement**

The capital lease for the \$81,900,000 Heating Plant Upgrade project is paid by the University. Debt is paid in 240 monthly installments of \$517,135.10 each. Total debt service is approximately \$124,112,424 comprising \$42,212,424 of interest and \$81,900,000 of principal.

Debt Service payments commenced on January 29, 2006. As of September 1, 2006 the University had paid \$4,137,080.78 (representing \$1,715,190.99 million of principal and \$2,421,889.79 million of interest), with debt service remaining of \$119,975,342.65 (representing \$80,184,809.00 of principal and \$39,790,533.65 of interest).

### **Investment of UCONN 2000 Debt Proceeds - Management, Investment and Earnings**

The proceeds of the sale by the University of any bonds are part of the Trust Estate established under the General Obligation Master Indenture of Trust with the Trustee Bank as security for bondholders. Consequently, the University holds all of the bond proceeds at the Trustee Bank, with this exception: the Costs of Issuance account funded by the University's General Obligation Bonds Debt Service Commitment bonds may be held and invested by the State Treasurer's Office in a segregated account. The Special Obligation Master Indenture has similar Trust Estate provisions. The Trustee Bank holds all of the Special Obligation bond proceeds received at issuance including the Costs of Issuance account.

Prior to June 1998, all UCONN 2000 General Obligation Debt Service Commitment Bond proceeds were deposited with the Office of the State Treasurer and treated like State bond proceeds, including payments made to vendors through the Office of the State Comptroller. Subsequently, the Office of the Attorney General opined that the University, and not the State, issues UCONN 2000 bonds. Accordingly, upon advice of bond counsel and in conformity with the Master Indenture of Trust, Debt Service Commitment Bond construction fund proceeds were deposited to

the Trustee Bank and disbursed as directed by the University pursuant to the Indenture. The UCONN 2000 General Obligation Debt Service Commitment Bond proceeds for costs of issuance are still treated like State bond proceeds and deposited with the Office of the State Treasurer and disbursed through the Office of the State Comptroller.

The Indentures of Trust provide that the University is authorized and directed to order each disbursement from the Construction Account held by the Trustee upon a certification filed with the Trustee bank and, in the case of the Debt Service Commitment bonds, the State Treasurer. The Indentures provide that such certification shall be signed by an Authorized Officer of the University and include certain disbursement information. Once the Authorized Officer certification filings are made, the University can directly disburse payments.

The investment of tax-exempt debt proceeds is heavily regulated by the Internal Revenue Service, the relevant Indentures of Trust with bondholders, Connecticut law, and other regulatory restrictions. In addition to meeting those requirements, the University's general investment policy is to balance an appropriate risk-return level, heavily weighted towards safety of assets, with estimated cash flow needs and liquidity requirements. The University is also mindful that the rating agencies, bond buyers, and bond insurers often weigh the quality of an issuer's investment portfolio.

Bond Proceeds form part of the Trust Estate established with the Trustee Bank as security for bondholders. To date, the University has directed the Trustee Bank to invest any Debt Service Commitment construction fund proceeds in the State Treasurer's Short Term Investment Fund ("STIF") which is "AAA" rated and offers daily liquidity and historically attractive risk-adjusted yields. The State Treasurer's Office wishes to hold and invest the University's General Obligation Bonds Debt Service Commitment funded Costs of Issuance account, a much smaller account.

The General Obligation Debt Service Commitment Refunding Series 2006-A and 2004-A proceeds, other than the costs of issuance, are held by the Trustee Bank in an irrevocable escrow fund, which is invested in U.S. Treasury Securities and/or U.S. Treasury State and Local Government Securities ("SLGS") and cash pursuant to the relative Escrow Agreements.

The University has directed the Trustee Bank to invest all the Special Obligation new money bond proceeds in dedicated STIF accounts, with the exception of the 1998 Special Obligation Special Capital Reserve Fund which is invested in longer term "AAA" rated federal agencies' fixed income Investment Obligations as defined in the Special Obligation Indenture of Trust.

The Special Obligation Student Fee Revenue Refunding Series 2002-A proceeds, other than the costs of issuance and debt service accounts that are invested in STIF, are held by the Trustee Bank in an irrevocable escrow fund, which is invested in U.S. Treasury State and Local Government Securities ("SLGS"), and cash pursuant to the Escrow Agreement.

The \$15.8 million of the Tax-Exempt Governmental Lease Purchase Agreement proceeds that were advanced to the University during December 2005 are invested in a dedicated STIF account.

The University's General Obligation Debt Service Commitment bond proceeds investment earnings are retained and recorded by the State Treasurer's Office and do not flow to the University or to the Trustee Bank. The University's Special Obligation bond investment earnings are part of the pledged revenues and are directly retained by the Trustee Bank to pay debt service on the bonds, and may also be used to flow to other Trustee bond accounts, if necessary, pursuant to the Indenture of Trust. Fiscal Year End June 30, 2006, UCONN 2000 Special Obligation Student Fee Revenue Bonds (not including the refunding bonds) investment earnings amounted to approximately \$141,900.24 (cash basis).

Investment earnings on the Special Obligation Student Fee Revenue Series 2002-A Refunding Escrow Account flow to the irrevocable escrow and are used by the Trustee Bank to meet debt service payments on the defeased bonds. Similarly, investment earnings on the General Obligation Debt Service Commitment Series 2006-A and 2004-A Refunding Escrow Accounts flow to their respective irrevocable escrows and are used by the Trustee Bank to meet debt service payments on the defeased bonds.

On December 29, 2005 the University received \$15,847,241.65 representing the last advance of the \$81,900,000 of funds to the University under the Tax-Exempt Governmental Lease Purchase Agreement for the Heating Plant Upgrade cogeneration facility. These funds, and the related investment income, are for uses related to the co-generation financing and were deposited to a dedicated STIF account. Investment income as of June 30, 2006 amounted to \$296,436.15 (cash basis).

#### **Future UCONN 2000 Debt Issuance**

UCONN 2000 Phase III provides \$1,300,000,000 of University General Obligation bonds secured by the State's Debt Service Commitment. As of September 1, 2006 \$218,000,000 of Phase III has been authorized, with \$89,000,000 being unissued, leaving \$1,082,000,000 for future fiscal years.

While no Board of Trustee authorizations are pending at this time, the University plans to issue a new UCONN 2000 General Obligation Debt Service Commitment Bond issue during Fiscal Year 2007 to fund an expected \$89,000,000 of UCONN 2000 Projects.

While no Board of Trustee authorizations are pending at this time, the University also could issue Special Obligation Revenue bonds for certain projects that have a financial self-sufficiency capacity and/or if aggregate pledged revenues are sufficient to meet requirements of the Special Obligation Indenture.

Finally, while no Board of Trustee authorizations are pending at this time, the University may enter into other types of tax-exempt or taxable debt pursuant to the UCONN 2000 Act financings such as the Governmental Lease Purchase Agreement.

Market conditions and other factors might also lead to issuance of either General Obligation or Special Obligation refunding bonds in the future.

## **University of Connecticut Audited Financial Statements**

UConn 2000 financings are debt obligations of the University, as issuer, and are reflected accordingly on UConn's financial statements. For example, the General Obligation and Special Obligation bonds and other debt are shown as liabilities on the University's financial statements. The financed UConn 2000 projects and any unspent debt proceeds are shown as assets. The State's Debt Service Commitment and debt service payments are also reflected on the University's financial statements.

## **UConn 2000: PRIVATE FINANCIAL SUPPORT**

As of June 30, 2006 new gifts and pledges to the UConn Foundation totaled \$43.65 million, or 73 percent of the \$60 million goal for fiscal year 2006. This is compared to \$55.84 million received for the same period last year. Of this total, approximately \$36.3 million was earmarked for current operations and \$7.3 million for endowment.

Cash receipts exceeded the Foundation's \$50 million goal for the year, with a total of \$51.52 million received. The number of cash basis donors was reported at 34,006, or 97 percent of goal, compared to 33,868 in fiscal 2005.

### **State Endowment Matching Funds**

As of June 30, the dollar value of endowment gifts eligible for state matching grants was \$9.5 million, a decrease of 42 percent over 2005. This represents 64 percent of the \$15 million goal for calendar year 2006.

### **Significant Commitments**

The estate of Marianne Hartly bequeathed \$2.085 million to establish the Dr. Manfred J. Sakel Distinguished Chair in Psychiatry at the UConn Health Center.

Gary Gladstein '66 and his wife, Judith, established a faculty chair in human rights in the College of Liberal Arts & Sciences with a \$1,000,000 endowment funded through the Marsha Lilien Gladstein Foundation.

Morris N. Trachten '48 and his wife, Shirley Trachten, made a \$1 million gift to the expansion project of Hillel House and its programs at UConn.

The Patrick & Catherine Weldon Donaghue Foundation contributed more than \$900,000 to support various research and clinical initiatives at the UConn Health Center.

The MassMutual Foundation for Hartford, Inc. provided \$584,000 to create the MassMutual Hartford Huskies Scholars Program for minority students from Hartford public high schools to attend UConn.

Straumann USA committed \$500,000 to the Center for Implant and Reconstructive Dentistry at the UConn Health Center to expand its curriculum in the rapidly growing field of dental implant therapy.

The Dr. Robert Atkins Foundation donated \$450,000 for program support in the Neag School of Education's Department of Kinesiology.

Daniel Toscano '87 and his wife, Tresa, made a \$400,000 commitment to establish the Santos and Patricia Mercado Memorial Scholarship and the Joseph P. and Rose M. Toscano Memorial Scholarship in the School of Business.

The Ford Foundation of New York provided \$304,400 to Dr. Marysol Asencio of UConn's Institute of Puerto Rican and Latino Studies to conduct an extensive study of research into Latino sexuality.

The American Cancer Society pledged \$300,000 to the UConn Health Center in support of cancer research.

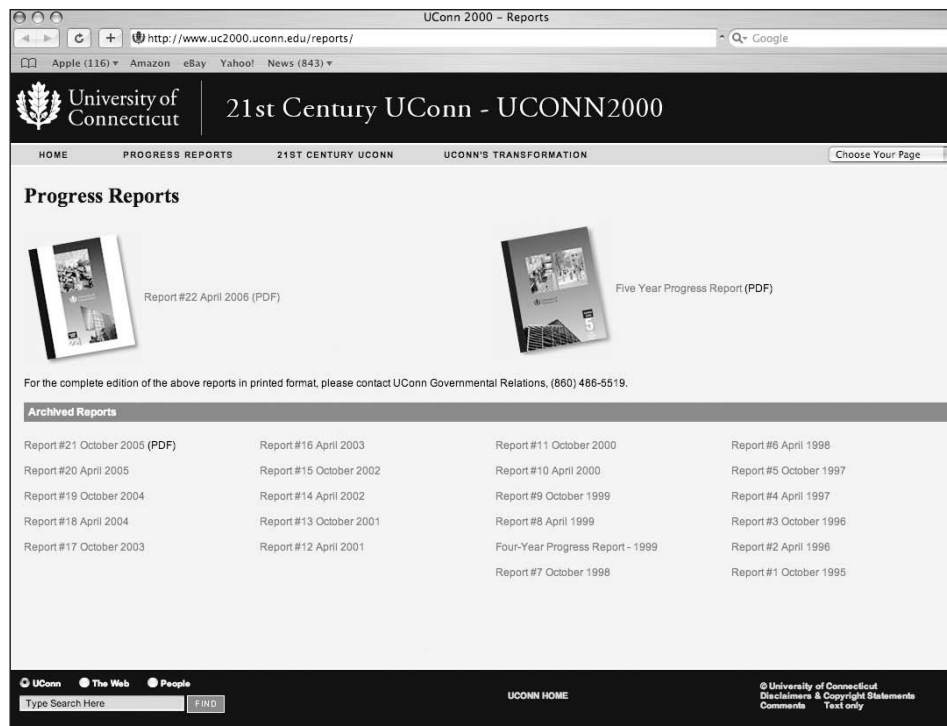
The American Heart Association pledged \$260,000 for cardiology research at the UConn Health Center.

The Andrew W. Mellon Foundation pledged \$250,000 to support the African National Congress archives at the Thomas Dodd Research Center.

Mr. Andy Bessette '75 and his wife, Cheryl, made a \$100,000 gift to establish a scholarship in the Division of Athletics.

## UCONN 2000 IN CYBERSPACE

Information about UCONN 2000 is available on the World Wide Web via the UCONN 2000 homepage. The address is: [www.uc2000.uconn.edu/](http://www.uc2000.uconn.edu/)



The website contains all previous legislative updates to the Governor and the General Assembly, the four year progress report, the original UCONN 2000 proposal and UCONN 2000 project updates from the homepages of the University's Facilities Management Department.

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**University of Connecticut**

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