

## **April 25, 2013 Board Meeting – Student Housing Financing**

**Detail:** In November 2012, the Board approved the publication to enter into a lease purchase agreement for the construction of a new dorm. In 1999, we entered into a lease agreement to construct Cottonwood hall. This lease purchase was then refinanced in 2005.

We have the opportunity to combine the refinancing of the original dorm with the financing of the new dorm. By combining the two finance projects, the college will save approximately \$35,000. The refinancing of the existing dorm is estimated to save the college approximately \$314,859 over the term of the loan.

The following information may change slightly, but the amounts will be relatively close:

- Old interest rate for current lease on dorm – 4.37%
- New interest rate for current dorm – 2.55%
- Approximate savings over term of loan due to refinancing - \$314,859
- End date for the payments for current dorm – February 1, 2029 (No Change to Existing Final Payment Date)
- Interest rate for new money for new dorm – 3.35%
- End date for payments for new dorm - February 1, 2038 (25 Year Repayment)

We are fortunate that the bids came in below the \$4,500,000 amount that we had estimated. The recommendation includes a construction fund amount of the full \$4,500,000 which will allow the college to pay for items such as the camera system, phone & Internet access, the energy management components, and furniture for the dorm.

**Recommendation:** It is recommended that the Board of Trustees approve resolution 13-01, authorizing Barton Community College to enter into a lease purchase transaction for the purpose of constructing a new student dormitory and refinancing the series 2005 lease purchase certificates for an existing dormitory.