

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 7 – I

DATE: October 3-5, 2017

SUBJECT: USD Muenster Student Union Financing Update

At the October 2012 Board meeting, USD presented a plan to internally finance the addition to the Muenster University Center. That plan utilized dollars that had been set aside in the Repair and Replacement Reserve (RRR) account for the student union as well as borrowing RRR funds from residential life and the Wellness Center. The plan included a payback schedule for replenishing the RRR accounts for the Wellness Center and residence halls. The center was completed in the fall of 2014.

In FY17, USD made the final repayment of RRR funds to the wellness and residence halls. Below is a brief recap of the funding plan for the expansion. On the next page is the recap of the fund sources used for repayment.

Muenster University Center Expansion Funding Plan

Construction Costs	\$11,656,667
Funding Sources	
Univ. Center Operations and Indirect Overhead	\$2,824,086
Student Gov't Assoc.	\$20,000
USD Foundation	\$237,227
Muenster University Center RRR	<u>\$1,128,742</u>
Balance Borrowed from Other Funds*	\$7,446,611

* RRR Funds from the residence halls and the wellness center were used to fund the project. This balance is to be repaid per the agreed upon schedule.

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INFORMATIONAL ITEM

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The repayment of the \$7,446,611 was originally supposed to come from proceeds generated by the Muenster Student Union, with final payment in FY23. In order to accelerate the repayment process, USD identified additional fund sources. Below is a list of the fund sources that were used to reimburse the residence hall and wellness RRR funds.

Source of Repayment	
Muenster University Center Operations	\$2,713,909
Indirect Campus Revenue ¹	\$1,568,973
Central Administrative Overhead	\$1,834,595
Upfront Savings from Refinancing of Series 2005 Bond ²	\$1,329,134
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	\$7,446,611

¹ Indirect revenue was generated from charges to the Auxiliary System.

² The Series 2005 bond was issued for the Muenster Center. The funds generated from the refinancing in FY16 were allocated to the residence halls. The Muenster Center still covers the debt service.