

COLLEGE OF SOUTHERN IDAHO JUNIOR COLLEGE DISTRICT
MEETING OF THE BOARD OF TRUSTEES
MAY 20, 1968

CALL TO ORDER - The Board of Trustees of the College of Southern Idaho Junior College District met in regular session in the Executive Office of the College on Monday, May 20, 1968.

Chairman Evans called the meeting to order at 7:59 pm with all members of the Board of Trustees present; also Dr. James L. Taylor, Attorney Robert Alexander, and secretary Herb Van Slyke.

VISITORS - Ken Newman of Burrows, Smith Company of Idaho was the only visitor. Mr. Newman's company has been acting as Fiscal Agent for the CSI Dormitory Housing Commission with regard to a proposed revenue bond issue. His report was unfavorable as to the sale of any bonds for under 6% earnings. A copy of his letter, and one from the First Security Bank of Utah is attached to and made a part of these minutes.

MINUTES of the previous meeting of the Board were approved as written upon MOTION by Mr. Garrabrandt, seconded by Mr. Blastock.

THE APRIL REPORT OF THE TREASURER was presented for review and, upon MOTION by Mr. Shields, seconded by Mr. Coleman, approved as presented.

The Board suggested that a full review of the Construction Account would be appreciated.

BILLS, AND PAYROLL approved for payment. Bills for the month of April in the aggregate amount of \$52,796.37, and the June payroll in the gross amount of \$46,247.21, were submitted for payment.

Upon MOTION by Mr. Coleman, seconded by Mr. Garrabrandt, the Board of Trustees approved for payment the bills and payroll hereinbefore submitted and authorized checks issued to cover the same.

1969 FISCAL YEAR BUDGET - Having had under consideration since the previous regular meeting of the Board, a proposed budget for the 1969 Fiscal Year to start June 1, 1968, a MOTION was made by Mr. Blastock, seconded by Mr. Garrabrandt, that the 1969 Fiscal Year Budget as proposed by approved and adopted by the Board of Trustees.

Being put to a vote, the MOTION was declared carried. Copy of this Budget is attached and made a part of these minutes.

PERSONNEL - Dr. Taylor recommended that Dr. Jack Sowards be employed in Chemistry, Physics, and Math at a salary of \$9,200.00 for the Academic Year.

Upon MOTION by Mr. Blastock, seconded by Mr. Shields, the Board accepted

Municipal Financial Consultants
Investments, Tax Free Bonds
Experience Since 1899

1003 Kearns Building
Lake City, Utah 84101
Phone 328-1511

Burrows, Smith Company

May 20, 1968

of Idaho



Honorable Housing Commission
College of Southern Idaho
Junior College District
Twin Falls, Idaho

Re: Proposed Dormitory and Student Union Revenue Bonds

Gentlemen:

Since my meeting with your Commission and the Board of Trustees in April, I have pursued the possibility of marketing a revenue bond issue of your Commission in an approximate amount of \$1,600,000. Preliminary to conferences with the nation's major underwriters of college revenue bonds, I reviewed carefully the feasibility schedules setting forth a 30-year revenue bond issue payable from the operations of a new 150 room dormitory and a new student union with dining facilities, bookstore, etc., together with funds to be raised from student fees.

Based on a 6 per cent maximum interest rate, it was determined that the average annual debt service (principal and interest only) was \$116,240 and that, with the necessary 1.40 coverage for revenue bonds, the required annual net revenues would be \$162,735. Based on our preliminary figures, using an enrollment figure of 1,200 doubling in 10 years (2,400 in 1978) and assuming dormitory rentals and meal ticket fees comparable to or higher than those of other intermountain colleges, we estimate that a student fee of approximately \$70 annually would be necessary to raise the needed amount of revenue.

Once some of these estimates were determined, the proposed issue was described to representatives of two nationally recognized firms of municipal bond underwriters. They were unequivocal in their pronouncements that a revenue bond issue of this amount for a new junior college of this size in a municipal bond market such as we are now experiencing could not be marketed.

The major buyers of college revenue bond issues during the past 10 years have ceased buying. Many new issues of well known and even major colleges and universities have been unsuccessful from the viewpoint of buyers and underwriters. During the past few weeks, some large issuers have paid

Burrows, Smith and Company

Honorable Housing Commission

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nearly 6 per cent for their bonds; and many of those major financial institutions who have recently been heavy buyers of this type of paper have closed the door to future purchases.

A variety of reasons are cited and may be partially summarized as follows:

1. The generally weak status of the bond markets. The Bond Buyer's Index hovers at its 35-year high, and each slight improvement has only falsely raised the hopes of those closely connected with the marketing of municipal bonds.
2. The plethora of industrial revenue bond issues in substantial amounts (many million dollars per issue) at high rates and yields.
3. The shattering riots on our nation's campuses--many of them offering foreboding evidence of future acts of violence and destruction.
4. The continuously heavy calendar of all types of bond issues.

The major buyers of college revenue bond issues have advised us that they are not interested at this time in the prospective issue, nor do they expect to become interested in the foreseeable future.

A major area of discussion centered around the fact that the bonds would be issued by the Housing Commission as provided by the law. An instance was cited of a proposed issue of a well-known university in Ohio with an enrollment of 8,000 which proposed issuing Housing Commission bonds but was unable to do so not because the plan was unfeasible but the security features were so weakened by the fact that the issue was not a direct responsibility or pledge of the university's Board of Regents. Even the fact that this was a well-established four-year institution did not persuade underwriters to consider that issue further.

Regional interest in the proposed issue is nil at this time and under prevailing conditions. Conferences between Mr. George Denton and our staff members lead us to conclude that every attempt should be made to obtain HUD grant approval. We shall be very pleased to obtain letters from some of the firms referred to above indicating their indifference to submitting a bid

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on the proposed bonds. This could have a disadvantageous effect though, and the Board and the Housing Commission would want to weight such a move very carefully.

An alternative of which you are aware, of course, is to determine the amount of general obligation bonds which could be issued and call a bond election. It would be necessary to levy taxes to pay the interest and principal until such time as income is sufficient to eliminate or reduce such levy. The Idaho Constitution requires that provision be made in the first year for the tax levy sufficient to pay principal and interest on the general obligation bonds. This means that, even with sufficient operating revenues and revenues from student fees, it would not be possible to promise the voters a "no tax increase" bond issue.

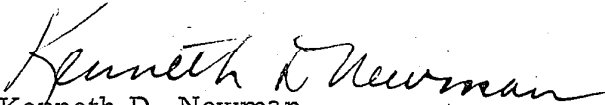
The time will again come when an issue of this type will gain favor among underwriters and investors. In the meantime, perhaps some amendatory legislation should be drafted by bond attorneys respecting the necessity of having the Housing Commission issue the bonds. We would be happy, at your request, to have them draft possible new legislation.

Our conclusion for the present is to make every effort to obtain an HUD loan (by July 1 the status of your application should be known). If that fails, we probably are faced with a "wait and see" attitude with respect to bond market conditions or with a bond election if the 1968 assessed valuation would permit sufficient leeway.

We are most anxious to be of service. We want to perform for the District and will continue to make contact with those underwriters who would be even remotely interested in your program.

Sincerely yours,

BURROWS, SMITH COMPANY OF IDAHO


Kenneth D. Newman
Vice President

KDN:ds

cc: Michael Gray
Dr. James Taylor



First Security Bank of Utah

NATIONAL ASSOCIATION

79 SOUTH MAIN STREET

SALT LAKE CITY, UTAH

May 17, 1968

Chairman and Board of Trustees
College of Southern Idaho Junior
College District
Twin Falls, Idaho

Gentlemen:

We have studied your proposed revenue financing very thoroughly with Burrows Smith & Company and have discussed the possibility of the marketability with firms who normally bid on this type of bonds. We are confronted with three very serious problems as follows:

1. The fact that we have a relatively new institution, creates some question in the minds of some possible bidders, especially when they are able to bid on issues of college bonds where the institutions have a long history of operation and acceptance in the bond market.
2. The fact that the bonds are not issued directly by the college, but through a building commission, creates a dual system which makes possible bidders and institutional buyers somewhat disinterested. It is somewhat cumbersome and involves an indirect pledge.
3. The bond market is quite soft, with interest rates at a very high level. There have been many university revenue bonds offered in recent months and competition from industrial revenue bonds and other securities has created a reduction in interest in these types of securities by institutional buyers.

After checking the market very carefully, we find that it might be impossible to sell the bonds at this time, even though they might have adequate coverage and reasonable security. We would suggest that the College make every effort to obtain a loan from H.U.D., in order to finance the project. We would cooperate in substantiating the difficulty of financing the project in the general market.

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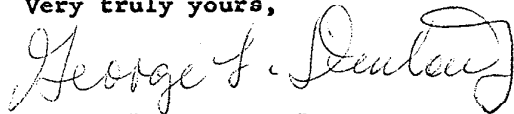
Chairman and Board of Trustees
College of Southern Idaho Junior College District

We would also suggest that every effort be made to have legislation adopted at the next session of the Idaho Legislature, in which the statutes authorizing these bonds be amended so that the bonds might be issued directly by the College itself.

We would hope that definite action is taken by fiscal authorities in the country which would improve the climate for the flotation of securities generally and thereby possibly enhance the possibility of your bonds being saleable.

We would appreciate your thoughts with regards to this matter and hope that some of the above suggestions might enable us to overcome the problems presented.

Very truly yours,



George L. Denton, Jr.
Vice President

GLD:ab

BOARD OF TRUSTEES
COLLEGE OF SOUTHERN IDAHO
JUNIOR COLLEGE DISTRICT
TWIN FALLS, IDAHO

FISCAL YEAR ENDING MAY 31, 1969

ADOPTED: MAY 20, 1968

PRESIDENT

Meeting of the Board of Trustees
May 20, 1968

Dr. Taylor's recommendation and approved the employment of Dr. Jack Sowards as stated above.

BID FOR NEW AUTOMOBILE - Bids having been invited, pursuant to statute, for furnishing the College District with a new automobile for administration use, bids were received from five dealers.

John Chris Motors of Twin Falls was the low bidder at \$3,198.00 for a new 1968 Pontiac Executive Model 4-door sedan.

Upon MOTION by Mr. Coleman, seconded by Mr. Blastock, the Board of Trustees accepted the bid from John Chris Motors for a new 1968 Pontiac Executive Model sedan with specifications as stipulated in the invitation to bid at \$3,198.00, and authorized the purchase to be made.

The 1965 Plymouth 4-door sedan belonging to the College District had been advertised for sale simultaneously with the invitations to bid on the new automobile. However, no bids were received; the Board therefore decided to keep the Plymouth for a while.

STUDENT UNION FEES - Dr. Taylor having discussed on a number of occasions during the past year, the validity and necessity for a student union fee, recommended to the Board that a fee of \$25.00 per semester be effective, starting with the fall semester of 1968, for all full time (10 hours or more) students, or \$2.50 per credit hour for students less than 10 hours.

A MOTION was made by Mr. Coleman, seconded by Mr. Shields, that the College of Southern Idaho charge the student union fee recommended by Dr. Taylor.

Being put to a vote, the Motion carried.

HEALTH & PE BUILDING schematics calling for construction of a facility which will cost about \$1,000,000.00 under present price indexes, were reviewed. Approximately 82% of this cost would be eligible for federal grant determination and we can expect from 33% to 40% federal participation. Seating in this facility would be 4000 to 4200.

LYONS PROPERTY - Dr. Taylor reported that he has now spent 22 hours trying to deal for this property but without visible success. The "boy" has said for \$30,000.00 they would move. Condemnation seems now to be the only route left.

A MOTION was made by Mr. Garrabrandt, seconded by Mr. Shields, that after a final consultation with the Lyon's family and if no purchase is consummated, that Attorney Alexander be instructed to institute condemnation proceedings.

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Upon being put to a vote, four trustees voted "Aye", with Mr. Blastock abstaining.

ATTORNEY ALEXANDER presented a new rental agreement with Dr. McAtee for the space occupied by the Administrative Office of the College; the monthly rent is increased from \$300.00 to \$385.00 which is supposed to be justified by the improvements the Doctor has made and intends to make to the building; the new lease was to start April 1, 1968.

A Motion was made to enter into this new lease agreement, but died from want of a second.

IDAHO POWER COMPANY POWER LINE EASEMENT - Mr. Alexander reported that the Idaho Power Company has asked for an amended easement for power lines R. O. W. on campus, and recommended that the Board grant it.

Upon MOTION by Mr. Garrabrandt, seconded by Mr. Coleman, the amended easement was granted.

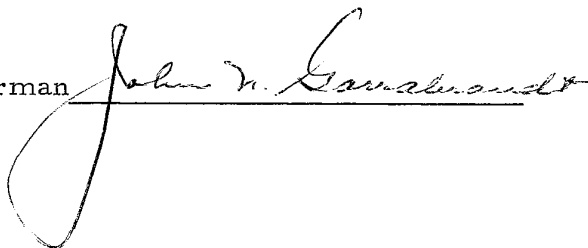
ADJOURNMENT - No further business appearing, Chairman Evans declared the meeting adjourned at 10:19 p. m.



H. W. Van Slyke, Secretary

APPROVAL: June 17, 1968

Chairman



John V. Garrabrandt