

\$6.0 Million Financing for Construction of Dining Facility

Approximately \$320,000 per year in additional debt service

Additional debt service will be paid with the Housing and Dining system’s current revenue streams, which have grown significantly due to enrollment that has grown beyond the housing system’s capacity.

1. Current revenues:

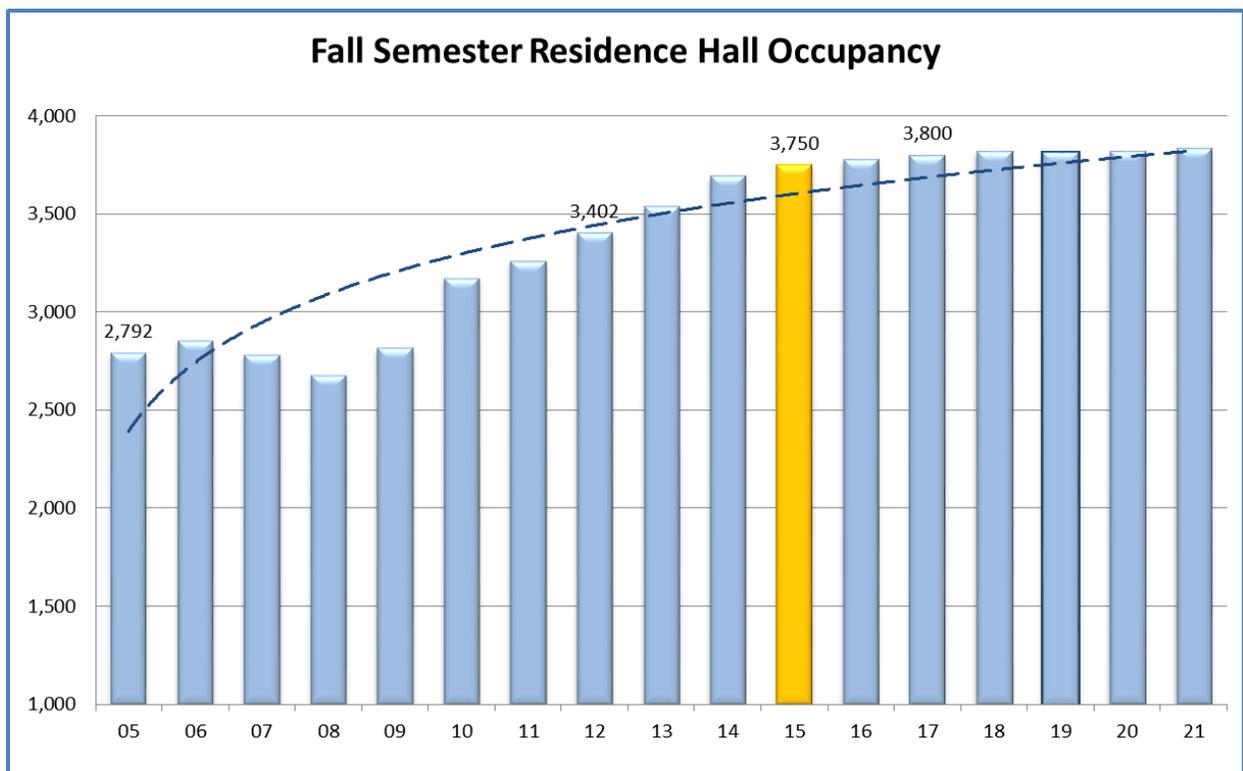
- Increased enrollment has resulted in the Housing and Dining system generating revenue in excess of recurring operating and debt service requirements.
- A significant portion of the excess was expended to update spaces, make improvements to infrastructure (including wireless communications), and to make other improvements that ensure the accommodations are desirable to students and generate a healthy revenue stream.
- Additional debt was issued in 2013 to construct a new residence hall and improve facilities, and current revenue levels have proven sufficient to service additional debt.

2. Expectation of Continued Strong Revenues:

The Housing and Dining system has experienced significant growth over the past several years due to the University’s increased enrollment.

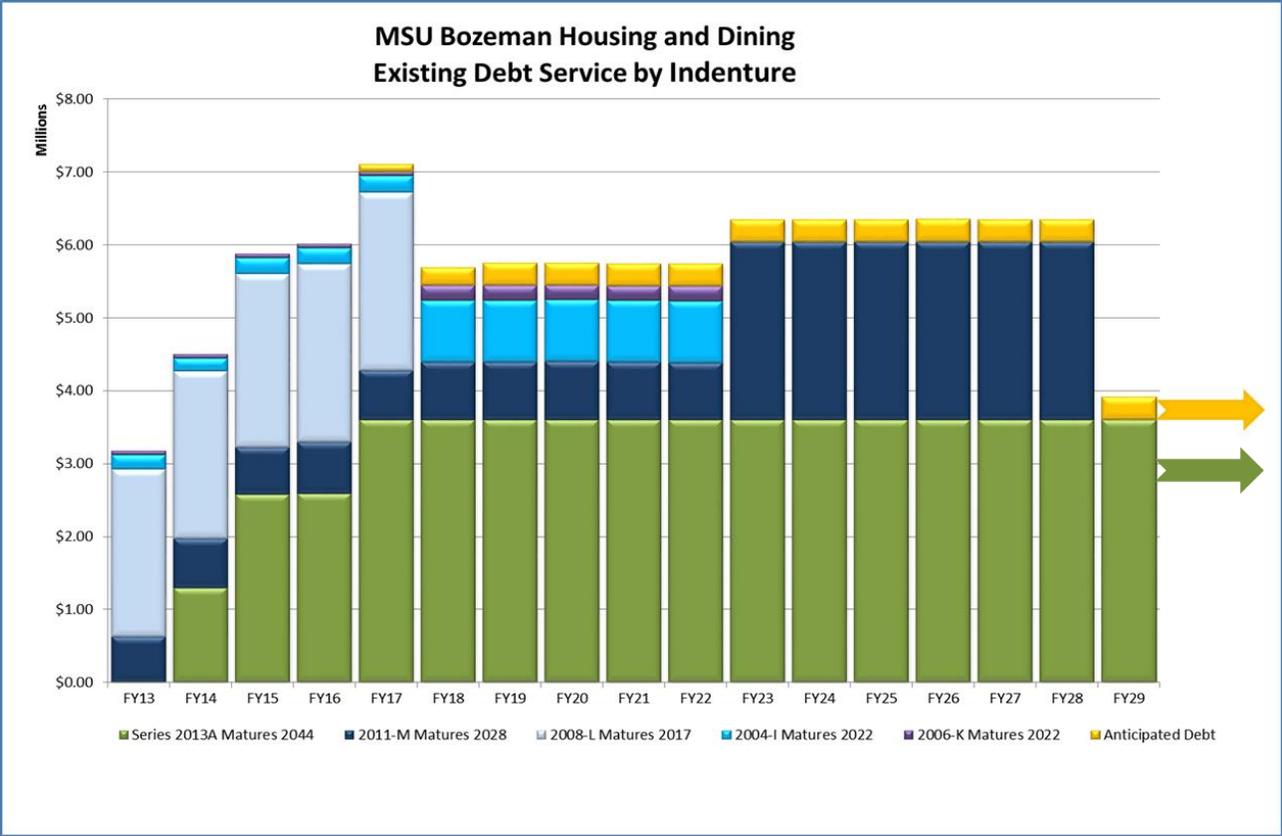
- University enrollment has grown from 12,250 in Fall 2005 to 15,428 in Fall 2014, an increase of 26%.
- Residence hall occupancy has increased from 2,792 in Fall 2005 to 3,691 in, a 32% increase.
- When the new 402-bed unit is opened in Fall of 2016, it is anticipated to be fully occupied.

The following table shows past and projected occupancy trends.



4. Housing and Dining Debt Service Projections

Existing debt service for the housing and dining system is between \$5.5 and \$6.0 million per year through FY2028, dropping significantly in 2029. There is capacity for the additional \$305,000 debt, which is included within the schedule below.



The Big Picture

The University's four-campus anticipated debt service schedule, assuming the additional proposed debt, is as follows. The University's financial advisors have compared MSU debt with other institutions in our same credit rating category, and do not believe our financial position will be adversely affected through the issuance of this debt. Below is a schedule of debt service requirements, including debt approved at the September 2015 board meeting. The University anticipates combining borrowing for this dining project with that for the recently-approved building purchase and parking garage for economies of scale.

