

**SHEPHERD UNIVERSITY**  
**FINANCIAL FEASIBILITY STUDY**

This Financial Feasibility Study is being submitted for approval by the Higher Education Policy Commission of a proposed residence hall construction project and related bond sale by The Shepherd University Board of Governors and is to be included in the Annual Budget for 2006.

**Submission Date:** January 4, 2005

**Name of Agency/Institution:** Shepherd University Agency Code: 0486

**Project Name:** New Residence Hall Construction

**Project Amount:** \$23,290,000 (Approximately)

**Proposed Financing Arrangement:**  Revenue Bond  
 Capital Lease  
 Other (specify)

**Requested Type of Financing:** Improvement Revenue Bonds

**Submitted by:**

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The attached Financial Feasibility Study has been prepared using information and projections believed to be reliable and accurate for the purpose of estimating the demand and affordability of the proposed capital project.

**Section 1 - General Information – To be completed for all projects.**

- 1. Describe the project in sufficient detail so that an uninformed reader has a clear understanding of the project. Indicate whether the project involves new construction or is a renovation/addition to an existing facility.**

The University plans to construct a new 300-bed apartment style residence hall on the West Campus and refund the outstanding University Facilities Revenue Notes, Series 2004A (the “Series 2004A Notes”) (collectively, the “Project”).

*The Series 2004A Notes were issued in anticipation of being refunded as part of the issuance of the proposed Series 2005 Bonds (described herein). Proceeds of the Series 2004A Notes were used to provide funding for the removal of asbestos in the ceilings of Shaw and Thacher residence halls, as well as renovations to the halls. The issuance of the Series 2004A Notes and the related improvements and renovations to the Shaw and Thacher residence halls were previously approved the Higher Education Policy Commission.*

- 2. Describe how the project is essential to fulfilling the institution's/agency's mission. Address the alternatives available if the project is not undertaken.**

The Project is included in the campus master plan and will create new student housing. The University does not currently provide the type of housing that juniors and seniors require. As enrollments increase, the University must provide adequate housing to meet the student demand for housing,

- 3. Is the project part of the institution's capital appropriation request for this fiscal year? If yes, what was its priority in relation to the other projects. If no, why was it not included?**

Yes, the Project included in the funding request is a part of the University's 2005-2007 capital outlay submission.

- 4. Is the project included in the institution's approved Ten Year Campus Master Plan and Five Year Implementation Plan? If so, what is the priority in relation to other projects in these documents and what is the estimated project cost identified in these documents? If not, why is it being proposed ahead of the projects in approved Ten Year and Five Year plans?**

Yes, the Project is included in the institutions approved Ten Year Campus Master Plan and Five Year Implementation Plan. It is priority nine in the Five year Implementation Plan, and the estimated cost is \$25 million.

- 5. Describe the effect the project will have on those students or users who will financially support the project.**

Students will live in apartment style housing on the University campus. This make the University more attractive to prospective students.

- 6. Explain whether the project will affect the institution's need for student financial aid.**

An increase in the cost of attendance will affect the institution's need for student financial aid. The increased student needs will be addressed through the use of Title IV Federal Student aid programs, in addition to State programs. As theses costs increase, the University will work to maximize the number of students who apply for financial aid.

**7. Describe the probable effects of the project on the community and environment, including changes to the value of property as a result of the project.**

The Project will have a minimal negative impact on the local community. The new residence hall will have a positive effect on the local economy. If Shepherdstown annexes the West Campus, the students will be included in its population. This in turn will increase the funds available to the town through sources that use population to determine the level of funding for grants and appropriations. There will be little or no effect on the environment. There will be minimal, if any, changes to local property values.

**8. Explain how the project and its impact have been conveyed to local officials and their reaction/response.**

The construction of the Project was discussed with and accepted by the local community during the development of the master plan.

**9. Describe any other positive or negative effects the project may have.**

The development of the West Campus will have a positive effect on enrollment.

**10. Briefly describe the financing proposal. Indicate if this proposal is for a bond financing, a capital lease, or some other less traditional financing arrangement.**

The University intends to utilize bond financing for the Project. The University plans to issue tax-exempt, fixed-rate, Improvement Revenue Bonds, Series 2005 ("Series 2005 Bonds") with a 30-year maturity. The University expects to insure the Series 2005 Bonds through a policy issued by a "Aaa" insurance provider. All figures for the Series 2005 Bonds, here-to-forward, are preliminary and subject to change based on market conditions at the time of sale of the Series 2005 Bonds.

Estimated Sources and Uses of Funds - Series 2005 Bonds

Par Amount of Series 2005 Bonds	<u>23,290,000.00</u>
Total Sources	23,290,000.00
Deposit to Project Construction Fund	18,300,000.00
Refunding of the Series 2004A Notes	1,865,000.00
Deposit to Debt Service Reserve Fund	1,498,867.50
Deposit to Capitalized Interest Fund	1,086,451.78
Estimated Costs of Issuance	<u>539,680.72</u>
Total Uses	23,290,000.00

**11. Are specific revenues planned to support debt service or lease payments? (If so, you will need to complete Section 3.)**

Yes.

**Private Use**

**12. Will any person or entity other than the governmental unit provide (directly or indirectly) any part of debt service on the portion of the bonds issued for the project? For example, will a private foundation or federal agency be required (or expected) to make an annual contribution toward the payment of debt service.**

Yes  No. If yes, please identify the person or entity and the percent of debt service to be provided.

**13. As required by W. Va. Code §18B-1B-4(a)28(A) and (B), please answer the following:**

Yes  No. Does this project give competitive advantage to new private sector projects over existing West Virginia Businesses? If yes, please explain.

**14. Do you anticipate that any person or entity other than the state institution/agency will have a contractual right, different from the rights available to the general public or students, to use any part of the project or to use or buy goods or services produced at the project? For instance, have you contracted parking spaces in a parking deck to a nearby corporate office?**

Yes  No. If yes, briefly summarize the planned contractual agreement.

**15. Do you contemplate any part of the project being managed or operated by any person or entity other than the state institution/agency under a management or service contract, incentive payment or other “privatized” arrangement? Examples include contracts for food service, parking service, dormitory management, bookstore management, etc.**

Yes  No. If yes, summarize the anticipated contractual arrangement (i.e., contract term, renewal options, compensation arrangements, etc.).

**Section 2 – Cost Information (complete for all projects)**

**16. Do you anticipate the need for capitalized interest on any bond financing (i.e., to pay interest during construction)? If so, explain.**

Yes. The University anticipates capitalizing interest on the Series 2005 Bonds during construction of the new residence hall from the date of issuance of the Series 2005 Bonds (anticipated to be in April of 2005) to June 1, 2006. Based on interest and investment rates as of December 30, 2004, approximately \$1,086,452 of proceeds from the Series 2005 Bonds is planned to be invested in a guaranteed investment contract yielding approximately 2.75% annual interest earnings to pay interest to holders of the Series 2005 Bonds prior to initial occupancy of the new residence hall.

**17. Itemize the capital costs of the project. Estimate the costs of issuance at 2% of the cost of the project. Please subtotal project costs net of the 2% cost of issuance and then show a gross cost of project including the cost of issuance. Note that the total cost should be used as the AMOUNT BORROWED field of the worksheet. Attach the CO-2 estimate or further estimate of project cost, if available.**

New Residence Halls:	
Architectural and Engineering	2,000,000
Land Acquisition	
Sitwork/Utilities	1,000,000
Construction	14,000,405
Equipment/Furnishings	360,000
Contingencies and Other Costs	<u>939,595</u>
Subtotal	18,300,000
Refunding of the Series 2004A Notes	<u>1,865,000</u>
Total Project Costs*	20,165,000

\*Excludes costs of issuance of the Series 2005 Bonds (see Question 20).

**18. What is the anticipated useful life of the project?**

50 Years

**19. Discuss the need for a Reserve Fund to support the proposed project, any anticipated uses of the reserve during the life of the bonds, and the plan for replenishment of the reserve. The Reserve Fund Limit in the spreadsheet should be approximately 10% of the project cost.**

The University's Series 2005 Bonds may require a debt service reserve fund ("DSRF") equal to the maximum annual debt service on the bonds. If a DSRF is required for the Series 2005 Bonds, based on interest rates as of December 30, 2004, and assuming "Aaa" bond insurance is obtainable for the Series 2005 Bonds, approximately \$1,498,868 of proceeds from the Series 2005 Bonds would be required to fully-fund the DSRF. The University plans to invest the DSRF in a guaranteed investment contract, which currently is estimated to yield 4.83% annual interest earnings and use the earnings to reduce the amount of capitalized interest on the Series 2005 Bonds and reduce annual debt service requirements for the Series 2005 Bonds by approximately \$72,386.

**20. List and describe any initial Non-Recurring Costs related to the project and the source of funding for each of these items.**

The estimated costs of issuance for the Series 2005 Bonds is as follows: (a) bond insurance premium of \$267,532 to obtain "Aaa" insurance for the Series 2005 Bonds, (b) underwriter's discount of \$149,056 (or 0.640% of the par amount of the Series 2005 Bonds), and (c) other costs of issuance of \$123,093 to pay bond counsel fees, underwriter's counsel fees, rating agency fee, printing, trustee fees and other costs associated with the issuance of the Series 2005 Bonds.

**21. List and estimate the Incremental Annual Operating Expenses. Provide any supporting documentation and illustrate how your estimate was made. These expenses include personnel costs, utilities, contractual services, supplies and materials, indirect costs, equipment, etc.**

The following incremental Annual Operating Expenses for supporting the residence halls for FY 2007 are as follows:

Personal Services	141,696
Supplies and Materials	53,432
Utilities	418,160
Maintenance and Repair	<u>200,712</u>
Total	814,000

### **Section 3 Revenue Information. (Complete for all revenue-producing projects)**

- 22. Describe the Revenue Sources that will be used for payment of debt service and the expenses associated with these revenues. Consider what other expenses are planned to be supported by the revenues, and how much revenue will actually be available for debt service.**

The Series 2005 Bonds are planned to be payable from a pledge of Auxiliary Fees and Auxiliary Capital Fees of the University. "Auxiliary Fees" are fees levied on all students to support auxiliary enterprises or optional charges levied only on students using the auxiliary service, including without limitation fees imposed and collected by the University on the students for the purpose of operating and financing the Auxiliary Facilities. "Auxiliary Facilities" are all auxiliary facilities of the University, including but not limited to all residence halls, food service facilities, student center facilities, athletic facilities, and parking facilities. "Auxiliary Capital Fees" are the auxiliary capital fees imposed and collected by the University on students for the purpose of supporting debt service, capital projects and campus maintenance and renewal for the Auxiliary Facilities of the University.

The University may expand the revenue pledge for the Series 2005 Bonds to include Institutional Capital Fees. "Institutional Capital Fees" are required educational and general capital fees imposed and collected by University on students for the purpose of supporting debt service, capital projects and campus maintenance and renewal for the University's educational and general educational facilities, exclusive of that component part of the required educational and general capital fees of the University that constituted registration and tuition fees in effect as of March 21, 2004, and imposed and collected for the purpose of supporting debt service of system-wide bond issues. The University does not intend to use Institutional Capital Fees to pay for the debt service on the Series 2005 Bonds, however, additional bonds payable from Institutional Capital Fees may be issued on parity with the Series 2005 Bonds.

The foregoing pledges of revenue would be subject to any prior pledges thereof, if any.

A common security pledge will result in more cost-effective financing with more robust revenues available to pay debt service on the Series 2005 Bonds viewed favorably by investors, rating agencies and bond insurers. In addition, a common security pledge facilitates more straightforward University disclosure to investors and can be more effectively managed by the University.

**Preliminary Pro Forma (Fiscal Year)**  
*Student Housing Projections from the Brailsford and Dunlavey Feasibility Study*

	2006	2007
<b>Student Housing Base Parameters</b>		
Capital Cost	\$0	\$20,215,000
Rev Beds in Service - Res Halls	1,008	1,008
Rev Beds in Service - Apt	0	300
Square Feet - Residence Halls	273,044	273,044
Square Feet - Apartments	0	120,000
Occupied Beds - Residence Halls	966	966
Occupied Beds - Apartments	0	285
Occupancy Rate - Residence Halls	96%	96%
Occupancy Rate - Apartments	0%	95%
Percent in Service	100%	100%
<b>Revenues</b>		
Single Rooms Rental - Residence Halls	\$0	\$0
Double Rooms Rental - Residence Halls	\$3,110,000	\$3,359,000
Triple Rooms Rental - Residence Halls	\$102,000	\$110,000
Quad Rooms Rental - Residence Halls	\$0	\$0
Other Revenues - Residence Halls	\$194,000	\$201,000
Room Rental - Apartments	\$0	\$1,728,000
Other Revenues - Apartments	\$0	\$66,000
Dining Subsidy	<u>\$461,000</u>	<u>\$475,000</u>
Gross Revenues	\$3,867,000	\$5,939,000
Less: Vacancy - Res. Halls	(\$133,000)	(\$143,000)
Less: Vacancy - Apts.	<u>\$0</u>	<u>(\$86,400)</u>
Total Revenue	\$3,734,000	\$5,709,600
<b>Expenses</b>		
Variable Operating Costs	(\$2,770,000)	(\$3,578,000)
Fixed Operating Costs	(\$185,000)	(\$191,000)
General Education (College Subsidy)	<u>(\$100,000)</u>	<u>(\$100,000)</u>
Total Operating Expenses	(\$3,055,000)	(\$3,869,000)
<b>Net Operating Income from Student Housing</b>	<u>\$679,000</u>	<u>\$1,840,600</u>
Net Operating Income from Other Auxiliary Facilities (student center, athletics, bookstore)	<u>267,947</u>	<u>271,849</u>
Estimated Interest Earnings on the Series 2005 Bonds Debt Service Reserve*	<u>0*</u>	<u>72,386</u>
<b>Total Available for Debt Service on the Series 2005 Bonds</b>	<u>\$946,947</u>	<u>\$2,184,835</u>

\*Estimated Interest Earnings on the Debt Service Reserve Fund of \$81,753 for FY 2006 is to be transferred directly to the debt service fund for the Series 2005 Bonds and used with Capitalized Interest Fund monies to pay the interest on the Series 2005 Bonds.

**23. If revenues will be derived from a group of similar facilities (a system) and an increase in system revenues will be used to support the debt, provide justification for any system contribution and any marginal increase in system-wide fees.**

Additional rent will be charged to all students living in existing residence halls to pay for a portion of the debt service on the Series 2005 Bonds. The rental charges for the existing residence halls are below the regional market rates. The new apartments will improve the marketability of the existing residence halls due to the greater variety of units available to students. Currently, the University provides traditional residence halls that primarily house first year students and sophomores. The new residence hall apartments will give the University the opportunity to market a four-year, developmentally appropriate residence experience to prospective students.

**24. If revenues will be derived from just one facility of several similar facilities in a campus system, show all fees for all similar facilities and justify any differential in pricing between the facilities.**

Not Applicable

**25. Will project revenues or revenues pledged to the payment of debt service be available prior to completion of the project? Describe the timing of revenues and when they will be available and sufficient to begin servicing the debt.**

Rental charges to students living in the new residence hall will be assessed when construction is completed beginning FY 2007. Revenues from a rent increase charged to all students living in existing residence halls, beginning the fall semester of 2004, are available to service a portion of debt service on the Series 2005 Bonds, however, during the construction period, the University intends to use the revenue increase for additional renovations and improvements to existing residence halls as further described below.

The University's excess revenues over operating expenses for FY 2006 is estimated at \$946,947, to be generated from revenues from Auxiliary Capital Fees and Auxiliary Fees (the "Net Revenues"). The University intends to use the FY 2006 Net Revenues for future renovations and improvements to the existing residence halls. Net Revenues for FY 2007 are estimated to be \$2,184,835 and would be sufficient to pay the annual debt service on the Series 2005 Bonds.

**26. What studies have been completed to demonstrate the demand for the facility and the reliability of the revenue stream? (Attach copies if available.)**

A feasibility study was completed by Brailsford and Dunlavey and is available upon request.

**27. If any portion of the revenues are already pledged or otherwise committed to other debt service payments, provide a schedule of debt service payments (by issue) and cumulatively. Clearly identify the portion of the revenue source that is committed or being used to pay debt service.**

In January 2003, the University Board of Governors issued its Student Fee Revenue Bonds, Series 2003 (the "Series 2003 Bonds") and, in 2004, issued its Infrastructure Revenue Bonds, Series 2004B (the "Series 2004B Bonds"). Annual surplus revenues after the payment of debt service on the Series 2003 Bonds and Series 2004B Bonds may be pledged to the Series 2005 Bonds on a subordinated basis subject to all prior pledges thereof. The excess revenues are estimated to be \$110,000 for FY 2006 and, if pledged, may enhance the credit of the Series 2005 Bonds. The University does not intend to use the excess revenues for payment of annual debt service on the Series 2005 Bonds.

**28. If any revenues are projected to increase, explain how the projections were calculated. Do not use an automatic growth rate.**

The Brailsford and Dunlavey feasibility study assumes an 8% room rental revenue growth rate and a 3% growth rate in other revenues. For purposes of this Financial Feasibility Study, the University projected Net Revenues from the residence halls facilities for FY 2007 to FY 2009 to increase at 5% per year and 3% per year thereafter. In addition, Net Revenues from other Auxiliary Facilities (student center, athletics, bookstore) was projected to increase 1.5% per year.

**29. If institutional reserves are to be used to service the debt, include the source of funds, balances for the last five years, and impact on future balances. Identify the authorization for using these funds to pay debt service and other costs.**

Not Applicable

**30. If any amounts currently used for debt service are expected to be available and used for debt service on this project (i.e., the existing debt will be retired), provide the name(s) of the existing project(s), the bond series, and the annual amount to be available. Address the status of the existing facility's physical condition and plans for repair or maintenance. Conversely, explain why any such amounts scheduled to be available are not planned for use for debt service on this project.**

Not applicable (see Question 27).

**Section 4 General Financial Condition - Complete this section for all projects**

**31. Provide the following revenue/funding information.**

	Last 5 years				
	2003-04	2002-03	2001-02	2000-01	1999-00
Tuition & Fees	12,089,915	9,922,447	8,916,874	10,111,158	10,275,283
State Appropriations	11,008,431	12,206,156	13,096,703	11,690,909	10,565,611
Gifts, Grants and Contracts	5,766,791	5,497,347	4,781,990	12,656,602	11,598,983
Auxiliary operations	8,944,331	8,505,604	7,816,621	7,643,499	7,069,392
Endowment income		0	0	0	0
Other sources	1,142,780	1,250,649	1,303,512	1,142,548	983,515
Total revenues	38,952,248	37,382,203	35,915,700	43,244,716	40,492,784

Shepherd Community and Technical College		
	FY 2003-04	FY 2002-03
Tuition and Fees	1,231,589	1,117,435
State Appropriations	2,132,732	2,265,345
Gifts, Grants and Contracts	1,184,837	1,104,869
Auxiliary operations		
Endowment income		
Other sources	243,465	129,193
Total revenues	4,792,623	4,616,842

**32. Provide the following FTE enrollment and admissions information**

	Last 5 years				
<b>Enrollment</b>	2003-04	2002-03	2001-02	2000-01	1999-2000
Undergraduate	3,722	3605	3417	3372	3377
Graduate & 1st Prof.					
<b>Total</b>	3,722	3605	3417	3372	3377
On-Campus	3,606	3165	3302	3248	3256
Off-Campus	116	440	115	124	121
			0	0	0
<b>Admissions</b>					
Applications Received	2,586	2458	2442	2538	2315
Applications Accepted	2,082	2118	2065	2157	1967
Students Enrolled	1,213	1237	1220	1199	1113
Acceptance Rate	80.51%	86.17%	84.56%	84.99%	84.97%
Matriculation Rate	58.26%	58.40%	59.08%	55.59%	56.58%

**Shepherd Community and Technical College**

Enrollment	Fall 2004	Fall 2003
Full Time	437	414
Part Time	1087	1090
<b>Total</b>	1524	1504
FTE	680	700

**33. Provide the following tuition and fee information.**

	2004-05	2003-04	2002-03	2001-02	2000-2001
Tuition and Fees Resident	3,654	3270	2658	2508	2430
Tuition and Fees Non-Resident	9,234	8030	6294	5938	5754
Total Scholarship & Fellowship Expense (tuition discount)					
Average Room and Board	5,802	5162	4368	4244	4112

**34. Operating Revenue Sufficiency – Using the format below, forecast the net operating revenue sufficiency for the project. Net current fund revenues must be projected to exceed maximum annual debt service by 10%.**

Net Current Fund Revenues (Current fund revenues minus expenditures and mandatory transfers)	FY 2007 \$2,184,835
Maximum Projected Annual Debt Service (less projected interest earnings on the DSRF)	\$1,498,868
Percentage Coverage	146%

35. **Maximum Debt Service as a Percent of Operating Expenses - Using the format below, compute the agency's maximum estimated annual debt service payments compared to unrestricted current fund expenditures.**

<b>Debt Service Ratio</b>	<b>FY2004</b>		
Total unrestricted current fund expenditures		\$38,942,667	
Mandatory Transfers		\$966,390	
Subtotal (a)			\$39,909,057
Maximum Annual Debt Service (current)		\$1,092,907	
Maximum Annual Debt Service (new project(s) beginning FY 2006)		\$1,498,868	
Maximum Capital Lease Payments (current)		\$68,490	
Maximum Capital Lease Payments (new project(s))			
Subtotal (b)			\$2,660,265
Maximum Debt Service Ratio (b/a)			6.7%

**Section 5 Capital Lease Projects – Complete Items 34 through 37 only if the financing involves a capital lease.**

36. **Discuss the alternatives that were considered before deciding that the capital lease structure was the best option.**

Not Applicable.

37. **Who is the Lessor? Who is the Lessee?**

38. **Who will manage the facility during and after construction?**

39. **Who will be issuing bonds or otherwise financing the project? Will it be tax-exempt debt?**

Financial Feasibility Study - Part II

Spreadsheet 1 - Cost Components

Agency/Institution

Shepherd University

Project Name (Number)

New Residence Hall Construction

		Series 2005 Bonds Principal + Interest	Principal	Interest	Reserve Fund Payment	Reserve Fund Balance	Total Debt Service	Residence Halls Annual Expenses	Non Recurring Initial Outlays	Total Cost
1	2006	1,498,659	359,371	1,139,288	0	0	1,498,659	3,055,000	0	4,553,659
2	2007	1,498,659	376,891	1,121,768	0	0	1,498,659	3,869,000		5,367,659
3	2008	1,498,659	395,264	1,103,395	0	0	1,498,659	3,985,070		5,483,729
4	2009	1,498,659	414,533	1,084,126	0	0	1,498,659	4,104,622		5,603,281
5	2010	1,498,659	434,742	1,063,917	0	0	1,498,659	4,227,761		5,726,420
6	2011	1,498,659	455,936	1,042,723	0	0	1,498,659	4,354,594		5,853,253
7	2012	1,498,659	478,162	1,020,497	0	0	1,498,659	4,485,231		5,983,890
8	2013	1,498,659	501,473	997,186	0	0	1,498,659	4,619,788		6,118,447
9	2014	1,498,659	525,920	972,739	0	0	1,498,659	4,758,382		6,257,041
10	2015	1,498,659	551,558	947,101	0	0	1,498,659	4,901,133		6,399,792
11	2016	1,498,659	578,447	920,212	0	0	1,498,659	5,048,167		6,546,826
12	2017	1,498,659	606,646	892,013	0	0	1,498,659	5,199,612		6,698,271
13	2018	1,498,659	636,220	862,439	0	0	1,498,659	5,355,601		6,854,260
14	2019	1,498,659	667,236	831,423	0	0	1,498,659	5,516,269		7,014,928
15	2020	1,498,659	699,763	798,896	0	0	1,498,659	5,681,757		7,180,416
16	2021	1,498,659	733,877	764,782	0	0	1,498,659	5,852,210		7,350,869
17	2022	1,498,659	769,653	729,006	0	0	1,498,659	6,027,776		7,526,435
18	2023	1,498,659	807,174	691,485	0	0	1,498,659	6,208,609		7,707,268
19	2024	1,498,659	846,524	652,135	0	0	1,498,659	6,394,867		7,893,526
20	2025	1,498,659	887,792	610,867	0	0	1,498,659	6,586,714		8,085,372
21	2026	1,498,659	931,072	567,587	0	0	1,498,659	6,784,315		8,282,974
22	2027	1,498,659	976,461	522,198	0	0	1,498,659	6,987,844		8,486,503
23	2028	1,498,659	1,024,064	474,595	0	0	1,498,659	7,197,480		8,696,139
24	2029	1,498,659	1,073,987	424,672	0	0	1,498,659	7,413,404		8,912,063
25	2030	1,498,659	1,126,344	372,315	0	0	1,498,659	7,635,806		9,134,465
26	2031	1,498,659	1,181,253	317,406	0	0	1,498,659	7,864,880		9,363,539
27	2032	1,498,659	1,238,839	259,820	0	0	1,498,659	8,100,827		9,599,486
28	2033	1,498,659	1,299,233	199,426	0	0	1,498,659	8,343,852		9,842,511
29	2034	1,498,659	1,362,570	136,089	0	0	1,498,659	8,594,167		10,092,826
30	2035	1,498,659	1,428,995	69,664	0	0	1,498,659	8,851,992		10,350,651
		44,959,769	23,370,000	21,589,769	0		44,959,769	178,006,731	0	222,966,501
PV @4.88%		23,370,000			0		23,370,000	83,062,701	0	106,432,701

**(1) DEBT INFORMATION**

Borrowing Year	2005
Amount Borrowed	23,370,000
Borrowing Rate	4.875%
Term (Years)	30
Reinvestment Rate	0.00%
Reserve Fund Target	0

**(2) ANNUAL OPERATING EXPENSES**

Personal Services	673,491
Contractual Services	
Supplies and Materials	253,966
Indirect Cost	0
Utilities	1,987,544
Maintenance / Repair	953,998
Depreciation	0
Total Annual Expenses	3,869,000

Financial Feasibility Study - Part II  
 Spreadsheet 2 - Revenue Components  
 Shepherd University  
 New Residence Hall Construction

	Student Housing Revenues	Part Time User Fees	Other Student Fees	Indirect Cost Recoveries	Net Revenues from Other Auxiliary Facilities	Institutional Reserves	Series 2005 Bonds Capitalized Interest Fund and Earnings	Series 2005 Bonds Earnings on the Reserve Fund	Total Revenues
2006	3,734,000	0	0	0	267,832	0	1,111,995	81,753	5,195,580
2007	5,709,600		0	0	271,849	0	0	72,386	6,053,835
2008	5,995,080	0	0	0	275,927	0	0	72,386	6,343,393
2009	6,294,834	0	0	0	280,066	0	0	72,386	6,647,286
2010	6,483,679	0	0	0	284,267	0	0	72,386	6,840,332
2011	6,678,189	0	0	0	288,531	0	0	72,386	7,039,106
2012	6,878,535	0	0	0	292,859	0	0	72,386	7,243,780
2013	7,084,891	0	0	0	297,252	0	0	72,386	7,454,529
2014	7,297,438	0	0	0	301,711	0	0	72,386	7,671,535
2015	7,516,361	0	0	0	306,236	0	0	72,386	7,894,983
2016	7,741,852	0	0	0	310,830	0	0	72,386	8,125,068
2017	7,974,107	0	0	0	315,492	0	0	72,386	8,361,986
2018	8,213,331	0	0	0	320,225	0	0	72,386	8,605,941
2019	8,459,731	0	0	0	325,028	0	0	72,386	8,857,145
2020	8,713,522	0	0	0	329,904	0	0	72,386	9,115,812
2021	8,974,928	0	0	0	334,852	0	0	72,386	9,382,166
2022	9,244,176	0	0	0	339,875	0	0	72,386	9,656,437
2023	9,521,501	0	0	0	344,973	0	0	72,386	9,938,860
2024	9,807,146	0	0	0	350,148	0	0	72,386	10,229,680
2025	10,101,361	0	0	0	355,400	0	0	72,386	10,529,146
2026	10,404,401	0	0	0	360,731	0	0	72,386	10,837,518
2027	10,716,534	0	0	0	366,142	0	0	72,386	11,155,061
2028	11,038,030	0	0	0	371,634	0	0	72,386	11,482,049
2029	11,369,170	0	0	0	377,208	0	0	72,386	11,818,765
2030	11,710,246	0	0	0	382,867	0	0	72,386	12,165,498
2031	12,061,553	0	0	0	388,610	0	0	72,386	12,522,548
2032	12,423,399	0	0	0	394,439	0	0	72,386	12,890,224
2033	12,796,101	0	0	0	400,355	0	0	72,386	13,268,843
2034	13,179,985	0	0	0	406,361	0	0	72,386	13,658,731
2035	13,575,384	0	0	0	412,456	0	0	72,386	14,060,226
	271,699,065	0	0	0	10,054,060	0	1,111,995	2,180,945	285,046,065
PV @4.88%	126,173,268	0	0	0	4,961,285	0	1,060,305	1,137,714	133,332,572

USER FEE INFO		NET REVENUES FROM OPERATIONS	
# of Units	1,300	Auxiliary Fees and Net Sales	4,901,233
Session Fee	4,392	Cost	4,633,401
Rate increase years 1-4	5.000%	Profit	267,832
Rate increase years 5+	3.000%	Operating Expenses	
<b>SUMMER/PARTIME USER FEES</b>		Selling	
# of Units	0	General Administrative	
Session Fee	0	Lease Payment	
Rate increase years 1-4	0.000%	Gross Operating Income	267,832
Rate increase years 5+	0.000%	Rate increase years 1-4	1.500%
		Rate increase years 5+	1.500%

Financial Feasibility Study - Part II  
 Spreadsheet 3 - Net Revenues/Coverage  
 Shepherd University  
 New Residence Hall Construction

		Total Cost	Reserve Fund Payment	Adjusted Total Cost	Total Revenues	Net Revenues	Coverage Percent
1,193,748	2006	4,553,659	0	4,553,659	5,195,580	641,921	114.10%
	2007	5,367,659	0	5,367,659	6,053,835	686,176	112.78%
	2008	5,483,729	0	5,483,729	6,343,393	859,664	115.68%
	2009	5,603,281	0	5,603,281	6,647,286	1,044,005	118.63%
	2010	5,726,420	0	5,726,420	6,840,332	1,113,912	119.45%
	2011	5,853,253	0	5,853,253	7,039,106	1,185,854	120.26%
	2012	5,983,890	0	5,983,890	7,243,780	1,259,890	121.05%
	2013	6,118,447	0	6,118,447	7,454,529	1,336,082	121.84%
	2014	6,257,041	0	6,257,041	7,671,535	1,414,494	122.61%
	2015	6,399,792	0	6,399,792	7,894,983	1,495,191	123.36%
	2016	6,546,826	0	6,546,826	8,125,068	1,578,241	124.11%
	2017	6,698,271	0	6,698,271	8,361,986	1,663,714	124.84%
	2018	6,854,260	0	6,854,260	8,605,941	1,751,682	125.56%
	2019	7,014,928	0	7,014,928	8,857,145	1,842,217	126.26%
	2020	7,180,416	0	7,180,416	9,115,812	1,935,396	126.95%
	2021	7,350,869	0	7,350,869	9,382,166	2,031,298	127.63%
	2022	7,526,435	0	7,526,435	9,656,437	2,130,002	128.30%
	2023	7,707,268	0	7,707,268	9,938,860	2,231,592	128.95%
	2024	7,893,526	0	7,893,526	10,229,680	2,336,153	129.60%
	2025	8,085,372	0	8,085,372	10,529,146	2,443,774	130.22%
	2026	8,282,974	0	8,282,974	10,837,518	2,554,544	130.84%
	2027	8,486,503	0	8,486,503	11,155,061	2,668,558	131.44%
	2028	8,696,139	0	8,696,139	11,482,049	2,785,911	132.04%
	2029	8,912,063	0	8,912,063	11,818,765	2,906,702	132.62%
	2030	9,134,465	0	9,134,465	12,165,498	3,031,033	133.18%
	2031	9,363,539	0	9,363,539	12,522,548	3,159,009	133.74%
	2032	9,599,486	0	9,599,486	12,890,224	3,290,738	134.28%
	2033	9,842,511	0	9,842,511	13,268,843	3,426,332	134.81%
	2034	10,092,826	0	10,092,826	13,658,731	3,565,905	135.33%
	2035	10,350,651	0	10,350,651	14,060,226	3,709,575	135.84%
		222,966,501	0	222,966,501	285,046,065	62,079,565	

Based on Interest Rates as of December 30, 2004 (Preliminary, Subject to Change)

## The Shepherd University Board of Governors

University Revenue Improvement Bonds, Series 2005  
(Shepherd University Projects)

"Aaa" Insured

### Project Summary - All Figures are Estimated

Dated 04/14/2005 | Delivered 04/14/2005

#### SOURCES OF FUNDS

Par Amount of Bonds	\$23,290,000.00
<b>TOTAL SOURCES</b>	<b>\$23,290,000.00</b>

#### USES OF FUNDS

Total Underwriter's Discount (0.640%)	149,056.00
Costs of Issuance	123,092.91
Gross Bond Insurance Premium ( 60.0 bp)	267,531.81
Deposit to Debt Service Reserve Fund	1,498,867.50
Deposit to Capitalized Interest Fund	1,086,451.78
Deposit to Project Construction Fund	18,300,000.00
Refunding of the Series 2004A Notes	1,865,000.00
<b>TOTAL USES</b>	<b>\$23,290,000.00</b>

#### Flow of Funds Detail

	Gross Funded
Project Construction Fund Solution Method	
Total Cost of Investments	\$18,300,000.00
Interest Earnings @ 2.750%	275,018.73
Total Draws	\$18,300,000.00
Capitalized Interest Fund Solution Method	Net Funded
Original Bond Proceeds	1,086,451.78
Interest Earnings @ 2.750%	25,543.00
Transfers from Debt Service Reserve Fund	81,753.18
Total Draws	\$1,193,747.96
Debt Service Reserve Fund Solution Method	Gross Funded
Total Cost of Investments	\$1,498,867.50
Interest Earnings @ 4.829%	2,180,945.44
Transfers to Capitalized Interest Fund	(81,753.18)
Transfers to Debt Service Fund	(2,099,192.26)
Total Draws	\$1,498,867.50

#### Bond Statistics

Average Life	19.142 Years
Average Coupon	4.7774536%
Net Interest Cost (NIC)	4.8108881%
Bond Yield for Arbitrage Purposes	4.8293757%
True Interest Cost (TIC)	4.7861648%
All Inclusive Cost (AIC)	4.9287586%

University Facilities 2005 | SINGLE PURPOSE | 12/31/2004 | 11:35 AM

Ferris, Baker Watts, Inc.  
West Virginia Public Finance Office

Based on Interest Rates as of December 30, 2004 (Preliminary, Subject to Change)

## The Shepherd University Board of Governors

### University Revenue Improvement Bonds, Series 2005

(Shepherd University Projects)

"Aaa" Insured

## Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total Principal+Interest	Debt Service Reserve Earnings	Capitalized Interest Funds	Total Net Debt Service
06/01/2005	-	-	-	-	-	-	-
06/01/2006	-	-	1,193,747.96	1,193,747.96	-	(1,193,747.96)	-
06/01/2007	440,000.00	2.400%	1,055,895.00	1,495,895.00	(72,385.94)	-	1,423,509.06
06/01/2008	450,000.00	2.550%	1,045,335.00	1,495,335.00	(72,385.94)	-	1,422,949.06
06/01/2009	460,000.00	2.850%	1,033,860.00	1,493,860.00	(72,385.94)	-	1,421,474.06
06/01/2010	475,000.00	3.100%	1,020,750.00	1,495,750.00	(72,385.94)	-	1,423,364.06
06/01/2011	490,000.00	3.350%	1,006,025.00	1,496,025.00	(72,385.94)	-	1,423,639.06
06/01/2012	505,000.00	3.500%	989,610.00	1,494,610.00	(72,385.94)	-	1,422,224.06
06/01/2013	525,000.00	3.650%	971,935.00	1,496,935.00	(72,385.94)	-	1,424,549.06
06/01/2014	545,000.00	3.750%	952,772.50	1,497,772.50	(72,385.94)	-	1,425,386.56
06/01/2015	565,000.00	3.850%	932,335.00	1,497,335.00	(72,385.94)	-	1,424,949.06
06/01/2016	585,000.00	4.650%	910,582.50	1,495,582.50	(72,385.94)	-	1,423,196.56
06/01/2017	615,000.00	4.650%	883,380.00	1,498,380.00	(72,385.94)	-	1,425,994.06
06/01/2018	640,000.00	4.650%	854,782.50	1,494,782.50	(72,385.94)	-	1,422,396.56
06/01/2019	670,000.00	4.650%	825,022.50	1,495,022.50	(72,385.94)	-	1,422,636.56
06/01/2020	705,000.00	4.650%	793,867.50	1,498,867.50	(72,385.94)	-	1,426,481.56
06/01/2021	735,000.00	4.650%	761,085.00	1,496,085.00	(72,385.94)	-	1,423,699.06
06/01/2022	770,000.00	4.650%	726,907.50	1,496,907.50	(72,385.94)	-	1,424,521.56
06/01/2023	805,000.00	4.650%	691,102.50	1,496,102.50	(72,385.94)	-	1,423,716.56
06/01/2024	845,000.00	4.650%	653,670.00	1,498,670.00	(72,385.94)	-	1,426,284.06
06/01/2025	880,000.00	4.650%	614,377.50	1,494,377.50	(72,385.94)	-	1,421,991.56
06/01/2026	925,000.00	4.950%	573,457.50	1,498,457.50	(72,385.94)	-	1,426,071.56
06/01/2027	970,000.00	4.950%	527,670.00	1,497,670.00	(72,385.94)	-	1,425,284.06
06/01/2028	1,015,000.00	4.950%	479,655.00	1,494,655.00	(72,385.94)	-	1,422,269.06
06/01/2029	1,065,000.00	4.950%	429,412.50	1,494,412.50	(72,385.94)	-	1,422,026.56
06/01/2030	1,120,000.00	4.950%	376,695.00	1,496,695.00	(72,385.94)	-	1,424,309.06
06/01/2031	1,175,000.00	4.950%	321,255.00	1,496,255.00	(72,385.94)	-	1,423,869.06
06/01/2032	1,235,000.00	4.950%	263,092.50	1,498,092.50	(72,385.94)	-	1,425,706.56
06/01/2033	1,295,000.00	4.950%	201,960.00	1,496,960.00	(72,385.94)	-	1,424,574.06
06/01/2034	1,360,000.00	4.950%	137,857.50	1,497,857.50	(72,385.94)	-	1,425,471.56
06/01/2035	1,425,000.00	4.950%	70,537.50	1,495,537.50	(1,571,253.44)	-	(75,715.94)
<b>Total</b>	<b>\$23,290,000.00</b>	<b>-</b>	<b>\$21,298,635.46</b>	<b>\$44,588,635.46</b>	<b>(3,598,059.76)</b>	<b>(1,193,747.96)</b>	<b>\$39,796,827.74</b>

Based on Interest Rates as of December 30, 2004 (Preliminary, Subject to Change)

## The Shepherd University Board of Governors

### University Revenue Improvement Bonds, Series 2005

(Shepherd University Projects)

"Aaa" Insured

## Projected Revenue vs Debt Service

Date	Revenue	Debt Service Reserve	Capitalized Interest Funds	Total Revenues	Debt Service (Principal+Interest)	Debt Service Coverage
06/01/2006	946,832.00	-	1,193,747.96	2,140,579.96	1,193,747.96	1.7931591x
06/01/2007	2,112,449.00	72,385.94	-	2,184,834.94	1,495,895.00	1.4605537x
06/01/2008	2,285,937.00	72,385.94	-	2,358,322.94	1,495,335.00	1.5771201x
06/01/2009	2,470,278.00	72,385.94	-	2,542,663.94	1,493,860.00	1.7020765x
06/01/2010	2,540,185.00	72,385.94	-	2,612,570.94	1,495,750.00	1.7466628x
06/01/2011	2,612,127.00	72,385.94	-	2,684,512.94	1,496,025.00	1.7944305x
06/01/2012	2,686,163.00	72,385.94	-	2,758,548.94	1,494,610.00	1.8456647x
06/01/2013	2,762,355.00	72,385.94	-	2,834,740.94	1,496,935.00	1.8936967x
06/01/2014	2,840,767.00	72,385.94	-	2,913,152.94	1,497,772.50	1.9449903x
06/01/2015	2,921,464.00	72,385.94	-	2,993,849.94	1,497,335.00	1.9994523x
06/01/2016	3,004,514.00	72,385.94	-	3,076,899.94	1,495,582.50	2.0573255x
06/01/2017	3,089,987.00	72,385.94	-	3,162,372.94	1,498,380.00	2.1105280x
06/01/2018	3,177,955.00	72,385.94	-	3,250,340.94	1,494,782.50	2.1744574x
06/01/2019	3,268,490.00	72,385.94	-	3,340,875.94	1,495,022.50	2.2346660x
06/01/2020	3,361,669.00	72,385.94	-	3,434,054.94	1,498,867.50	2.2910997x
06/01/2021	3,457,571.00	72,385.94	-	3,529,956.94	1,496,085.00	2.3594628x
06/01/2022	3,556,275.00	72,385.94	-	3,628,660.94	1,496,907.50	2.4241050x
06/01/2023	3,657,865.00	72,385.94	-	3,730,250.94	1,496,102.50	2.4933124x
06/01/2024	3,762,426.00	72,385.94	-	3,834,811.94	1,498,670.00	2.5588101x
06/01/2025	3,870,047.00	72,385.94	-	3,942,432.94	1,494,377.50	2.6381774x
06/01/2026	3,980,817.00	72,385.94	-	4,053,202.94	1,498,457.50	2.7049168x
06/01/2027	4,094,831.00	72,385.94	-	4,167,216.94	1,497,670.00	2.7824667x
06/01/2028	4,212,184.00	72,385.94	-	4,284,569.94	1,494,655.00	2.8665946x
06/01/2029	4,332,975.00	72,385.94	-	4,405,360.94	1,494,412.50	2.9478882x
06/01/2030	4,457,306.00	72,385.94	-	4,529,691.94	1,496,695.00	3.0264629x
06/01/2031	4,585,282.00	72,385.94	-	4,657,667.94	1,496,255.00	3.1128838x
06/01/2032	4,717,011.00	72,385.94	-	4,789,396.94	1,498,092.50	3.1969968x
06/01/2033	4,852,605.00	72,385.94	-	4,924,990.94	1,496,960.00	3.2899950x
06/01/2034	4,992,178.00	72,385.94	-	5,064,563.94	1,497,857.50	3.3812054x
06/01/2035	5,135,848.00	1,571,253.44	-	6,707,101.44	1,495,537.50	4.4847431x
<b>Total</b>	<b>\$103,746,393.00</b>	<b>\$3,598,059.76</b>	<b>\$1,193,747.96</b>	<b>\$108,538,200.72</b>	<b>\$44,588,635.46</b>	<b>-</b>