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MEMORANDUM

To: Larry Rowe – Chairman, WVSU Board of Governors
Larry Salyers – Chair, WVSU Board of Governors Finance Committee

From: John M. Berry, PH.D. – Vice President for Institutional Advancement, WVSU

RE: WVSU Downtown Charleston Media Studies Center

On Wednesday, August 3, I along with Interim Assistant VP for our department, Jonathan Adler, attended a monthly meeting of the Charleston Urban Renewal Authority. Per a September 2010 meeting before the CURA Board where WVSU obtained approval for a two-year extension to prosecute a funding plan to create a downtown WVSU Media Studies Center, Mr. Adler and I were summoned to give a status report on the project. To give you some background information on the project, for five years WVSU has had an option on CURA property on Capitol Street in downtown Charleston to develop the media studies center for graduate students. The project was conceived by the former Dean of our College of Arts and Humanities, Dr. David Wohl, who had diligently secured the support of many public officials including Charleston Mayor Danny Jones, Kanawha State Senators and Delegates as well as several passionate Charleston citizens and patrons of the arts community who either signed petitions or voiced their support to Charleston City Council and CURA.

Because the University had no active professional fundraising arm in this time, Dr. Wohl - a busy man with all his other duties as Dean - could not devote the time and resources to develop the project, and it languished. Just after I began my tenure here at the University in March 2010, Dr. Wohl had announced his accepting a new position and would be leaving the University in June 2010. Prior to his departure he informed me about the media center project - my first knowledge of it - and that CURA would most likely rescind their offer of WVSU's developing the Capitol Street property at their next meeting in June 2010. With the administration's approval I represented the University before CURA and offered to present a viable fundraising plan to the Board at a future date. The September 2010 meeting date was set, and at that meeting our Advancement team presented a strong proposal that mixed private and public financing to develop the project, and CURA granted the University its 2-year extension.

Just before this recent August 3 2011 meeting, I was preparing to inform CURA that the WVSU Board of Governors was pursuing a plan to acquire the WV Rehabilitation Center property adjacent to our Institute Campus from the State of West Virginia. Due to this exciting new addition, the University would be withdrawing its plans for developing its media studies center at the Capitol Street location. However, during a July 27 meeting with Dr. Carter, he instructed me to postpone making said announcement and to announce that due to a lack of private philanthropic interest, the University might pursue an option of floating federal bonds through our HBCU designation, and Dr. Carter asked me to explore this funding option. Upon my research WVSU has used this HBCU capital financing in 1996 for the renovation of student housing for \$3,500,000.

What was stated to the CURA Board on August 3, 2011 by me was that WVSU is exploring the possibility of approaching the HBCU Bond Financing Program to the sum of \$11 million dollars to build the Media Studies Center. At no time in my formal presentation to the CURA Board or speaking to the two newspaper reporters did I nor Mr. Adler ever state that WVSU submitted a formal application to the HBCU Capital Financing Program. I stated only that we are exploring this funding avenue as an option given that the U.S. Department of Education has previously earmarked capital building construction for HBCUs.

On the morning of August 4, Mr. Adler was alerted by WVSU Board of Governor member Tom Susman that several members of the Board were surprised by the stories of the CURA meeting in the Charleston newspapers and concerned that they conveyed a definitive step by the University to pursue the bond approach. Susman directed Adler to contact the reporters of the newspapers, the CURA Executive Director and HEPC Chancellor Brian Noland and report that WVSU was only exploring options on how to procure funds for the downtown location, that no action or approval had been given by either the WVSU BOG or the WV Higher Education Policy Authority. Adler stated to Susman that he and Dr. Berry had not given any such definitive statement of action and that the bonding was only "an option".

However, he said he would follow through with each phone call as directed. Subsequently, Mr. Adler discussed the stories with CURA Executive Director Jim Edwards, Charleston Gazette reporter Jim Balow and Chancellor Brian Noland (a message was left for the Charleston Daily Mail reporter). Of the three, only Chancellor Noland expressed concern by the newspaper articles, and Adler assured the Chancellor that no definitive action had been made but that the WVSU Board would be discussing the project at their August meeting. No communication had been made with President Carter in the past two days as he is currently on vacation. However, WV State University BOG Chairman Larry Rowe instructed me to draft this memorandum for your review.



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Purpose

Service Area: [Institutional Service](#)
Program Type: Loans
Also Known As: HBCU Capital Financing

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PROGRAM DESCRIPTION

The goal of the program is to provide low-cost capital to finance improvements to the infrastructure of the nation's historically black colleges and universities (HBCUs). Specifically, the program provides HBCUs with access to capital financing or refinancing for the repair, renovation, and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. The program's authorizing statute caps the total amount of loans and accrued interest available through the program at \$1.1 billion.

This assistance comes through the issuance of federal guarantees on the full payment of principal and interest on qualified bonds, the proceeds of which are used for loans.

TYPES OF PROJECTS

The loan proceeds of the HBCU Capital Financing Program can be used for repair, renovation or, in exceptional circumstances, the construction or acquisition of --

- Any classroom facility, library, laboratory facility, dormitory (including dining facilities) or other facility customarily used by colleges and universities for instructional or research purposes or for housing students, faculty, and staff;
- A facility for the administration of an educational program, or a student center or student union, except that not more than five percent of the loan proceeds provided under this part may be used for the facility, center, or union if the facility, center or union is owned, leased, managed, or operated by a private business that, in return for such use, makes a payment to the eligible institution;
- Instructional equipment technology, research instrumentation, and any capital equipment or fixture related to facilities described in subparagraph (A);
- A maintenance, storage, or utility facility that is essential to the operation of a facility, a library, a dormitory, equipment, instrumentation, a fixture, real property or an interest therein, described in this paragraph;
- A facility designed to provide primarily outpatient health care for students or faculty;
- Physical infrastructure essential to support the projects authorized under this paragraph, including roads, sewer and drainage systems, and water, power, lighting, telecommunications, and other utilities;
- Any other facility, equipment, or fixture which is essential to the maintaining of accreditation of the member institution by an accrediting agency or association recognized by the Secretary under Subpart 2 of Part H of Title IV.

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BOARDS & COMMISSIONS

Historically Black College and University Capital Financing Advisory Board

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MISSION

The Historically Black College and Universities Capital Financing Advisory Board provides advice and counsel to the Secretary and the designated bonding authority as to the most effective and efficient means of implementing construction financing on African American college campuses, and advises the Congress of the United States regarding the progress made in implementing this part of the legislation. The Advisory Board shall meet with the Secretary at least twice each year to advise as to the capital needs of historically Black colleges and universities, how those needs can be met through the program authorized by this part of the legislation, and what additional steps might be taken to improve the operation and implementation of the construction financing program.

MEMBERS

- **Dr. Lezli Baskerville, President & CEO**
National Association for Equal Opportunity in Higher Education
Term expires upon tenure of position of President of the National Association for Equal Opportunity in Higher Education
- **Dr. Norman Francis, President**
Xavier University of Louisiana
Chair and Secretary's Designee
Appointed 02/26/2007
Term expires 09/30/2013
- **Dr. Robert M. Franklin, President**
Morehouse College
Appointed March 18, 2010
Term expires 9/30/2013
Representative of a private HBCU
- **Dr. Henry Givens, Jr., President**
Harris Stowe University
Appointed March 18, 2010
Term expires 9/30/2013
Representative of a public HBCU
- **Dr. Michael Lomax, President & CEO**
United Negro College Fund
Term expires upon tenure of position of the President of the United Negro College Fund
- **Dr. Adena Loston, President**
St. Phillips College
Appointed March 18, 2010
Term expires 9/30/2013
Representative of a public HBCU
- **Dr. Donald J. Reeves, Chancellor**
Winston-Salem State University
Appointed March 18, 2010
Term expires 9/30/2013
Representative of a public HBCU
- **Dr. Trudie Kibbe Reed, President**
Bethune-Cookman University
Appointed March 18, 2010
Term expires 9/30/2013
Representative of a private HBCU
- **Dr. Dianne Boardly Suber, President**
St. Augustine's College
Appointed March 18, 2010
Term expires 9/30/2013
Representative of a private HBCU
- **Mr. Johnny C. Taylor, President & CEO**
Thurgood Marshall College Fund
Term expires upon tenure of position of the President of the Thurgood Marshall College Fund
- **Dr. John S. Wilson, Jr. Executive Director**
White House Initiative on Historically Black Colleges and Universities

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Awards

To date, the Historically Black College and University (HBCU) Capital Financing Loan Program has made loans to 23 HBCUs (five public HBCUs and 18 private HBCUs). The colleges and universities have used their loan proceeds to refinance previous capital project loans, to renovate existing facilities, to build new facilities, or to achieve any combination of the three.

The loan amounts for these 23 colleges and universities ranged from \$3.5 million to \$165 million. These 23 colleges and universities have received 33 HBCU Capital Financing Loan Program loans totaling approximately \$834 million. Public HBCUs have received about \$110 million in loan proceeds and private HBCUs have received about \$724 million in loan proceeds. One HBCU has defaulted on its loan, three have refinanced the loans with the HBCU Capital Financing Program, and two HBCUs have repaid their loans by refinancing their loans with other lenders.

The one defaulted has created a default rate, based on the HBCU Capital Financing Loan Program's total debt outstanding, of about one percent.

LOAN TRANSACTIONS

2011	2010	2009	2007	2006	2005	2004
2003	2002	2001	2000	1999	1997	1996

Wiley College - April 2011 - \$24,400,000

- Program loan:
 - Refinanced of outstanding indebtedness
 - Financed new student housing facility
 - Financed new science building
 - Financed renovation student union and campus facilities
- 30-year fixed rate financing

Wilberforce University - September 2010 - \$24,552,000

- Program loan:
 - Refinancing of outstanding indebtedness
- 25-year fixed rate financing

Tuskegee University - July 2010 - \$68,000,000

- Program loan:
 - Financed new student housing facility
 - Financed new science building
 - Financed renovation academic buildings and student housing facilities
- 30-year fixed rate financing

Bennett College for Women - June 2010 - \$9,500,000

- Program loan:
 - Refinancing of outstanding indebtedness
- 20-year fixed rate and variable rate financing

Harris Stowe State University - April 2010 - \$17,315,000

- Program loan:
 - Financed new student housing facility
- 30-year fixed rate financing

Lane College - March 2010 - \$29,000,000

- Program loan:
 - Refinancing of outstanding indebtedness
- 20-year fixed rate and variable rate financing

Shaw University - February 2010 - \$30,100,000

- Program loan:

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- Refinancing of outstanding indebtedness
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Florida Memorial University - September 2009 - \$28,000,000

- Program loan:
 - Program financed new student housing facility
 - Refinancing of outstanding indebtedness
- 30-year fixed rate financing

Bennett College for Women - September 2009 - \$21,000,000

- Program Loan financed new student housing, academic buildings, and renovations
- 30-year fixed rate and variable rate financing

Talladega College - September 2009 - \$12,000,000

- Program loan:
 - Renovation of existing facilities
 - Program financed new student housing facility
 - Refinancing of outstanding indebtedness
- 30-year fixed rate financing

Southern University at New Orleans - June 2007 - \$44,000,000

- Program financed new student housing facility
- A pledge of net revenues of the Southern University of New Orleans Student Housing System
- 30-year variable rate financing capped at 1 percent

Tougaloo College - June 2007 - \$28,560,000

- Program loan:
 - Refinancing of outstanding indebtedness
 - Renovation of existing facilities
 - Modernization of campus facilities
- General obligation of the university, secured by mortgages, lien on all revenue
- 30-year variable rate financing capped at 1 percent

Xavier University - June 2007 - \$165,000,000

- Program loan:
 - Refinancing of outstanding indebtedness
 - Renovation of existing facilities
 - Reimbursement to borrower for eligible remediation and rehabilitation outlays
- General obligation of the university, secured by mortgages, lien on all revenue, portion of endowment
- 30-year variable rate financing capped at 1 percent

Dillard University - June 2007 - \$160,000,000

- Program loan:
 - Refinancing of outstanding indebtedness
 - Renovation of existing facilities
 - Construction of science and professional schools building
 - Reimbursement to borrower for eligible remediation and rehabilitation outlays
- General obligation of the university, secured by mortgages, lien on all revenue, portion of endowment
- 30-year variable rate financing capped at 1 percent

Allen University - June 2007 - \$19,000,000

- Program financed new student housing facility and residence hall improvements
- Secured by general obligation of the university on parity with existing creditors, net revenue pledge of entire student housing and a first mortgage on 5 buildings
- 30-year variable rate financing with a cap

Tuskegee University - May 2007 - \$28,000,000

- Program loan:
 - Renovation of existing facilities
 - Modernization of campus facilities
- Revenue of mortgaged facilities
- General obligation of the university, secured by mortgages, lien on all revenue
- 30-year fixed rate financing

Clark-Atlanta University - May 2007 - \$20,000,000

- Program loan:
 - Renovation of existing facilities
 - Modernization of campus facilities
- Secured by general obligation of the university, pledge of all revenue and mortgages

- 30-year fixed rate financing

Harris Stowe State University - June 2006 - \$15,500,000

- Program financed new student housing facility
- Secured all student housing revenue
- 30-year fixed rate financing

South Carolina State University - June 2005 - \$42,000,000

- Program financed new 780 bed student housing facility
- Also refinanced existing student housing revenue bonds
- Secured by net revenue pledge of entire student housing revenue system
- 30-year fixed rate financing

Miles College - July 2004 - \$7,835,000

- Program financed new men's dormitory
- Financing structured in conjunction with bank loan on other college projects, requiring management of inter-creditor issues, including security and parity debt
- Secured by general obligation of the college, lien on revenues of the student housing facility and mortgage
- 30-year fixed rate financing

Tuskegee University - February 2004 - \$12,056,000

- Refinanced taxable bond issue used to finance the university's Kellogg Conference Center
- Provided substantial debt service savings which created ability to finance an additional \$1.2 million of renovation projects
- Secured by general obligation of the university and a mortgage on the conference center
- Structured as 23-year financing with \$2 million deferred principal variable rate financing

Shaw University - January 2004 - \$10,015,000

- First loan structured on a 100 percent variable rate basis
- Program loan:
 - Refinanced bond issue which had a balloon provision
 - Refinanced a note on a satellite campus
 - Refinanced an existing Department of Education mortgage
 - Provided small amount of new money
- Secured by general obligation of the university, pledge of all revenues and mortgages
- 20-year variable rate financing

Clark-Atlanta University - November 2003 - \$23,905,000

- First financing to include a variable rate component
- Financing structured primarily to offer substantial debt service savings
- Secured by general obligation of the university, pledge of all revenue and mortgages
- Fixed rate loan portion structured consistent with term of refinanced bonds through 2015; variable rate loan portion amortizes through 2020

Livingstone College - November 2003 - \$12,000,000 and November 2001 - \$1,000,000

- Projects included:
 - Refinancing (\$7.00 million)
 - Student housing renovation
 - Administrative/classroom renovation
- General obligation of the college, secured by mortgage and lien on all revenues
- 17-year fixed rate on financing; 30 year fixed rate on new projects financing

Virginia Union University - April 2002 - \$8,218,000

- Loan included:
 - Refinancing
 - HVAC upgrades
 - Building Renovations
- Loan secured by general obligation of the university, a first lien on revenues and a mortgage
- 30-year fixed rate financing

Tuskegee University - March 2002 - \$23,875,000

- Provided financing for:
 - Campus infrastructure projects
 - Residence hall improvements

- Loan secured by general obligation of the university, a first lien on certain student housing revenues and mortgages
- 30-year fixed rate financing

Bennett College - July 2001 - \$8,700,000

- First financing completed by Commerce Capital Access Program Corporation
- Project included:
 - Refinancing
 - Storm drainage
 - Network/telephone upgrades
 - Roof repair
- General obligation of the college, secured by mortgage and lien on all revenue
- 30-year fixed rate financing

Barber-Scotia College - December 2000 - \$7,000,000

- Last financing completed by Eddie Mac
- Financed renovation of Faith Hall, a 23,000 square foot student housing facility
- General obligation of the college, secured by a mortgage and lien on all revenue
- 30-year fixed rate financing

Lincoln University - October 1999 - \$13,850,000

- Loan retired through a refinancing by Aaa/AAInsured tax-exempt bond issue in 2004
- Project included:
 - Refinancing and renovation of the university's Urban Center in Philadelphia
 - Deferred campus maintenance and computer software and hardware upgrades
- General obligation of the university, secured by a mortgage on the Urban Center
- 25-year fixed rate financing for the Urban Center; 15-year fixed rate for the deferred maintenance

Bethune-Cookman College - May 1999 - \$15,500,000

- Project included:
 - Student center
 - Auditorium
 - Mass communications building
- Loan secured by general obligation of the college, lien on all revenues and a mortgage
- 30-year fixed rate financing

Tougaloo College - May 1999 - \$8,200,000

- Project included:
 - Four new student housing facilities
 - Furniture purchase
 - Refinancing of lease for HVAC system
- Loan secured by general obligation of the college, pledge of net revenues of the financed dormitories and a mortgage
- 10-year fixed rate refinancing
- 30-year fixed rate new project financing

Bethune-Cookman College - July 1997 - \$4,795,000

- Provided financing for a new 200 bed student housing facility
- Loan secured by general obligation of the college, pledge of net revenues and covenant to maintain minimum level of unrestricted net assets equal to 150% of debt
- 30-year fixed rate financing

West Virginia State College - September 1996 - \$3,500,000

- First HBCU Program loan
- Program financed renovation of student housing
- Loan secured by pledge of net revenues and negative pledge on the student housing system
- 30-year fixed rate financing

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