RESOLUTION FOR THE SALE AND AWARD OF $25,000,000 ACADEMIC BUILDING
REVENUE BONDS, SERIES I.S.U. 2008

Action Requested: Consider adopting the following resolution, subject to receipt of acceptable bids:

A Resolution providing for the sale and authorizing and providing for the issuance and securing the payment of $25,000,000 Academic Building Revenue Bonds, Series I.S.U. 2008, for the purpose of paying a portion of the costs of constructing additions and improving, remodeling, repairing, and equipping the veterinary teaching hospital and diagnostic lab, Coover Hall, Chemistry Building facilities, fire and environmental safety, deferred maintenance, and campus security improvements on the campus of Iowa State University of Science and Technology, funding a reserve fund, and paying the costs of issuance.

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of a resolution providing for the sale, award, authorization, and issuance of Academic Building Revenue Bonds for Iowa State University. The bond issuance was included on the calendar year 2008 schedule approved by the Board in October 2007.

A portion of the bond proceeds would be used to finance the remainder of the project costs authorized by 2004 legislation for the Veterinary Teaching Hospital and Diagnostic Laboratory project and the Coover Hall Addition and Renovation, Phase 1 project. Both of these projects are under construction.

The remainder of the bond issuance would be used to partially finance the University's allocation of deferred maintenance, fire safety and campus security improvement funds (see Agenda Item 15 from August 2007 meeting), and construction of the Chemistry Facilities project for which the Board approved the schematic design, project description and budget ($74,500,000) at its October 2007 meeting. These projects were authorized by 2007 legislation.

Tuition and fee revenues are used for debt service payments on Academic Building Revenue Bonds; a tuition replacement appropriation replaces that university revenue.

It is anticipated that annual debt service payments on the Series I.S.U. 2008 bonds will range from approximately $1.6 million in FY 2009 to $1.9 million in FY 2016 and subsequent years.

Additional Information: Chapter 262A of Iowa Code permits the sale by the Board of Regents of Academic Building Revenue Bonds upon authorization of the General Assembly and approval by the Governor. The Board is responsible for undertaking the authorized capital projects at the Regent universities.

The Veterinary Teaching Hospital / Diagnostic Laboratory project is constructing new space and renovating existing areas for the Veterinary Teaching Hospital and Veterinary Diagnostic Laboratory to provide modern academic facilities to ensure accreditation, respond to changing demands for the College's services, and provide facilities that are biosecure.
The Coover Hall Addition and Renovation, Phase 1 project demolished the inefficient 1959 addition, and is constructing a new addition to provide a state-of-the-art teaching and research laboratory facility and renovating a portion of the existing space.

The Chemistry Facilities project would construct an 82,000 net square foot (135,000 gross square feet) chemical sciences building to house state-of-the-art classrooms, laboratories and equipment to support modern instruction and research by the Department of Chemistry. The building would provide the additional and upgraded space necessary to support the Department’s teaching and research initiatives. The facility would be built directly north of Davidson Hall; construction is anticipated to begin in the summer of 2008.

The outstanding principal amount of Iowa State University Academic Building Revenue Bonds is $79.95 million.

The $25,000,000 bond issue is anticipated to include:

- project costs (estimated at $22,725,000);
- debt service reserve (estimated at $1,872,900);
- underwriters discount (estimated at $300,000) and
- issuance costs (estimated at $102,100).

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, February 7, 2008, and the award is scheduled for later that day. A representative of Springsted, Inc. will report on the bids received and make a recommendation to the Board for award of the bonds.

The official statement for the bond sale may be found on the website of Springsted, Inc., the Board’s Financial Advisor, at http://www.springsted.com/.

A copy of the resolution, which was prepared by Ahlers & Cooney, P.C. and reviewed by Springsted, Inc. is available from the Board Office.

Specifics of the bonds are:

- Average Maturity: 18.53 Years
- Bonds Dated: March 1, 2008
- Interest Due: January 1, 2009 and July 1 and January 1 to maturity
- Interest Exemption: Exempt from federal and state taxes for individual purchasers who are residents of Iowa
- Principal Due: July 1, 2011 – 2035
- Optional Call: Bonds maturing on or after July 1, 2019 are callable commencing July 1, 2018 and any date thereafter at par
- Denomination: $5,000 and integral multiples thereof