

Contact: Brad Berg

**RESOLUTION FOR THE SALE AND ISSUANCE OF
\$32,335,000 ATHLETIC FACILITIES REVENUE BONDS, SERIES I.S.U. 2015**

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 \$32,335,000 Athletic Facilities Revenue Bonds, Series I.S.U. 2015, for the purpose of constructing and equipping improvements at Jack Trice Stadium, funding a debt service reserve fund, and paying costs of issuance

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of a resolution providing for the sale and issuance of Athletic Facilities Revenue Bonds for Iowa State University.

Proceeds from the sale of the bonds would be used to fund Jack Trice Stadium Improvements – Phase 3 – South End Zone project as approved by the Board in December 2014.

The Board previously approved the schematic design, project description, budget (\$53 million), and financing plan for the Jack Trice Stadium Improvements – Phase 3 – South End Zone project, including authorizing the Executive Director to fix the date or dates for the sale of Athletic Facilities Revenue Bonds. The project will replace and renovate the existing south end zone seating, upgrade south end zone concourse infrastructure, replace and relocate field pump structure, upgrade the south video board and sound system components, and construct 3,000 premium club seats. The project will connect the existing east and west seating on the concourse level and provide additional concession and restroom facilities. The project will increase the seating capacity in Jack Trice Stadium to more than 61,000 fans. The Athletic Facilities System, which was established in September 2007, is a self-supporting operation.

The Board also previously approved a reimbursement resolution for the project which permits the University's athletic department to be reimbursed from the bond issue proceeds for expenditures associated with the facility prior to the issuance of the bonds.

Principal on the bonds would be repaid over a period of 25 years, with annual debt service payments on the bonds to be paid from net revenues of the Athletics Facilities System; anticipated annual debt service payments range from approximately \$2.2 million in FY 2016 to approximately \$1.9 million in FY 2017 and subsequent years. Interest on the bonds would be exempt from federal and state taxes (double tax-exempt) for Iowa residents who purchase the bonds.

Additional Information: Under the provision of Iowa Code Chapter 262, the Board is authorized to construct, equip, maintain and operate self-liquidating and revenue producing facilities at the universities; the Board is also authorized to borrow money to construct or improve these facilities.

The sources of repayment are the income and revenues to be derived from the operation or use of the facility and from any fees or charges implemented by the Board to students for whom the facilities are made available.

The \$32,335,000 bond issue and reoffering premium are anticipated to include:

- project costs (estimated at \$30,000,000);
- debt service reserve (estimated at \$1,912,400);
- underwriters discount (estimated at \$420,400); and
- issuance costs (estimated at \$107,700).

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, February 5, 2015 and the award is scheduled for later that day.

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: 14.7 Years
- Bonds Dated: March 1, 2015
- Interest Due: January 1, 2016 and each 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, 2016 – 2040
- Optional Call: Bonds maturing on or after July 1, 2025 are callable commencing July 1, 2024 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof