SALE AND AWARD OF $27,275,000 (ESTIMATED) DORMITORY
REVENUE BONDS, SERIES S.U.I. 2017

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 $27,275,000 (estimated) Dormitory Revenue Bonds, Series S.U.I. 2017, for the purpose of paying a portion of the costs of constructing and equipping a new residence hall for student housing and related facilities, 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 Dormitory Revenue Bonds for the University of Iowa. Proceeds from the sale of the bonds will be used to partially fund the Madison Street (now Elizabeth Catlett) Residence Hall – Construct New Facility project, which will provide housing for approximately 1,050 students and provide dining services for 2,000 students beginning in Fall 2017. This bond issue is the last of three bond issues for the project; the first two issues were sold in August 2015 and in September 2016. At its March 2015 meeting, the Board approved the schematic design, and project description and budget ($95 million) for the project. The University’s Residence System is a self-supporting operation and receives no state appropriations.

The amount of the bond issue is sized to provide project proceeds, in addition to the proceeds from the prior sales, so that the net proceeds from the three sales do not exceed the Board approved budget. Principal on the bonds would be repaid over a period of 25 years. Annual debt service payments range from $1.1 million to $1.6 million for FY 2018 through FY 2024 and then approximately $2.0 million through FY 2042. Payments would be made from the net rents, profits and income of the Residence System. 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 provisions of Iowa Code §§262.55 to 262.66, the Board is authorized to construct, equip, improve, repair, remodel, operate and maintain residence halls and dormitories, including dining and other incidental facilities, at the universities. The Board is further authorized to borrow money to finance the construction or improvements and to refund such indebtedness.

The $27,275,000 bond issue and reoffering premium are expected to include:

- project costs (estimated at $26,000,000);
- debt service reserve (estimated at $2,024,000);
- underwriters discount (estimated at $409,000); and
- issuance costs (estimated at $141,000).

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, February 23, 2017, 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 Municipal 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:** 17.1 Years
- **Bonds Dated:** March 1, 2017
- **Interest Due:** January 1, 2018, 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, 2018 – 2042
- **Optional Call:** Bonds maturing on or after July 1, 2027 are callable commencing July 1, 2026 and any date thereafter at par
- **Denomination:** $5,000 and integral multiples thereof