

Contact: Joan Racki

**RESOLUTION FOR THE SALE AND AWARD OF  
\$18,000,000 ACADEMIC BUILDING REVENUE BONDS, SERIES I.S.U. 2007**

**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 \$18,000,000 Academic Building Revenue Bonds, Series I.S.U. 2007, 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 and Coover Hall 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. These bonds would be the second issuance of the Academic Building Revenue Bonds authorized by 2004 legislation for the University.

Proceeds from the sale of the bonds would be used to partially fund the Veterinary Teaching Hospital and Diagnostic Laboratory project and the Coover Hall Addition and Renovation, Phase 1 project at Iowa State University. Both of these projects are currently under construction. The last bond issue for these projects would occur in calendar year 2008.

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. 2007 bonds will increase from approximately \$1.2 million in FY 2008 to approximately \$1.5 million in FY 2010, before declining to \$1.3 million in FY 2015 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:** Chapter 262A of Iowa Code permits the sale of Academic Building Revenue Bonds upon authorization of the General Assembly and approval by the Governor.

The Veterinary Teaching Hospital / Diagnostic Laboratory project would construct new space and renovate 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 would demolish the inefficient 1959 addition, construct a new addition to provide a state-of-the-art teaching and research laboratory facility, and renovate a portion of the existing space.

The \$18,000,000 bond issue is anticipated to include:

- project costs (estimated at \$16,458,700);
- debt service reserve (estimated at \$1,241,600);
- underwriters discount (estimated at \$216,000) and
- issuance costs (estimated at \$83,700).

The outstanding principal amount of Iowa State University Academic Building Revenue Bonds is \$67.3 million.

The receipt and opening of bids is scheduled for 10:00 a.m. on Tuesday, March 13, 2007, 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.

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: 11.93 Years
- Bonds Dated: April 1, 2007
- Interest Due: January 1, 2008 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, 2008 – 2027
- Optional Call: Bonds maturing on or after July 1, 2017 are callable commencing July 1, 2016 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof