

Contact: Joan Racki

**RESOLUTION FOR THE SALE AND AWARD OF \$25,000,000 ACADEMIC BUILDING
REVENUE BONDS, SERIES S.U.I. 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 S.U.I. 2008, for the purpose of paying a portion of the costs of constructing and equipping the College of Public Health Academic Building, renovation of the Old Music Building, renewal and HVAC modernization of the Pentacrest, and fire and environmental safety, deferred maintenance, and campus security improvements on the campus of the University of Iowa, 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 the University of Iowa. The bond issuance was included on the calendar year 2008 schedule approved by the Board in October 2007.

The bonds would be used to partially finance the costs of constructing and equipping the College of Public Health Academic Building, renovating the Old Music Building, renewing the Pentacrest, including its HVAC, and the University's allocation of deferred maintenance, fire safety and campus security improvement funds (see Agenda Item 15 from August 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 S.U.I. 2008 bonds will range from approximately \$1.2 million in FY 2009 to \$2.3 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 Board approved the schematic design and project description and budget (\$47.7 million) for the College of Public Health Academic Building at its September 2007 meeting. The project would construct a dedicated classroom and office building for the College. The facility would be constructed at the current site of the International Center building (south of the Art Building West and north of Westlawn) on the University's west campus; the Board approved the demolition of the Center at its August 2007 meeting.

Other sources of funds for the project in addition to the proceeds from the sale of Academic Building Revenue Bonds (\$18.7 million) include Facility Corporation Revenue Bonds (\$16 million), College of Public Health Gifts and Earnings (\$6 million), Federal Grants (\$3 million), Capital Appropriations (\$2 million) and Utility System Revenues/Income from Treasurer's Temporary Investments (\$2 million).

In November 2006, the Board granted permission to proceed with the Old Music Building Renovation; this 1915 facility is located at the southwest corner of Jefferson and Gilbert Streets adjacent to Seashore Hall. The project will renovate this now nearly decommissioned facility for departmental offices. The 2007 bonding authorization provided \$4.2 million for the project.

The Pentacrest Renewal and HVAC Modernization project will continue the renewal of historic academic buildings on the Pentacrest; Schaeffer Hall and the Old Capitol were previously renovated. Work will include improvements to building systems, classrooms, offices and public spaces, while maintaining a high degree of attention to the historic nature of these important buildings. The bonding authorization provided \$13 million for the Phase 1 project.

The outstanding principal amount of the University of Iowa Academic Building Revenue Bonds is \$89.3 million.

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

- project costs (estimated at \$22,245,000);
- debt service reserve (estimated at \$2,365,100);
- underwriters discount (estimated at \$300,000) and
- issuance costs (estimated at \$89,900).

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, May 1, 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: 15.84 Years
- Bonds Dated: June 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 – 2030
- 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