

Contact: Joan Racki

**RESOLUTION FOR THE SALE AND ISSUANCE OF
\$27,000,000 RECREATIONAL SYSTEM FACILITIES REVENUE BONDS, SERIES I.S.U. 2009**

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 \$27,000,000 Recreational System Facilities Revenue Bonds, Series I.S.U. 2009, funding the 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 Recreational System Facilities Revenue Bonds for Iowa State University.

Proceeds from the sale of the bonds would be used to partially fund the Recreation Facilities Expansion and Renovation project, for which the Board has approved a financing plan (October 2008), and the schematic design and a project budget of \$52,800,000 (March 2009). This issuance of bonds would be the first of two series of bonds for the project. The Recreational System is a self-supporting operation.

Total annual debt service payments for the two series of bonds are designed to match available system revenues. Principal on the 2009 bonds would be repaid over a period of 25 years, with debt service payments expected to range from a low of \$1.6 million in FY 2010 to a high of approximately \$2.0 million beginning in FY 2015 for the remaining term of the bonds. The debt service payments would be made from revenues of the Recreational System, including student fees, general university and athletic department support, and generated revenue as outlined in the financing plan presented to the Board in October 2008. http://www2.state.ia.us/regents/Meetings/DocketMemos/08Memos/october08/1008_ITEM12.pdf

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 \$27,000,000 bond issue is anticipated to include:

- project costs (estimated at \$24,465,200);
- debt service reserve (estimated at \$2,032,800);
- underwriters discount (estimated at \$378,000); and
- issuance costs (estimated at \$124,000).

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, April 30, 2009, 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: 18.95 Years
- Bonds Dated: May 1, 2009
- Interest Due: January 1, 2010 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, 2013 – 2037
- Optional Call: Bonds maturing on or after July 1, 2020 are callable commencing July 1, 2019 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof