

Contact: Joan Racki

RESOLUTION FOR THE SALE AND ISSUANCE OF \$2,930,000 (ESTIMATED) REGULATED MATERIALS FACILITY REVENUE REFUNDING BONDS, SERIES I.S.U. 2013

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 \$2,930,000 (estimated) Regulated Materials Facility Revenue Refunding Bonds, Series I.S.U. 2013, for the purpose of currently refunding the \$6,750,000 Regulated Materials Facility Revenue Bonds, Series I.S.U. 2003, and paying 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 Regulated Materials Facility Revenue Refunding Bonds for Iowa State University. When the calendar year 2013 bond issuance schedule was approved by the Board in October 2012, it authorized such refunding bonds as the Executive Director determines advisable.

A review of possible refundings by Springsted, Inc., the Board's Financial Advisor, has determined that interest rate savings could occur by refunding the 2014 - 2019 maturities of the \$6,750,000 Regulated Materials Facility Revenue Bonds, Series I.S.U. 2003. These bonds were issued to partially fund the construction of an Environmental Health and Safety (EH&S) Building at the University. The facility houses all EH&S staff and facilities for processing and storing hazardous waste materials for on-campus, extension and research farm activities at the University. The Regulated Materials Facility Enterprise is a self-supporting operation.

Interest on the refunding bonds would be exempt from federal and state taxes (double tax-exempt) for Iowa residents who purchase the bonds. Interest on the bonds to be refunded has also been double tax-exempt.

The refunding of the Series 2003 Bonds would be a current refunding as the refunding would occur less than 90 days prior to the anticipated call date of July 1, 2013. The outstanding maturities of the bonds would be called and principal payments made on the call date. (The July 1, 2013 debt service payment would be made as scheduled.) The refunding would not extend the last maturity of the Series 2004 Bonds, which is 2019.

Interest rates on the refunding bonds are anticipated to be lower than the interest rates on the refunded bonds for the same years. (Rates on the 2003 Series bonds range from 4.0% in 2014 to 4.55% in 2019.) Springsted, Inc. has projected that the refunding would result in a present value savings of approximately \$280,000. Annual cash flow savings are estimated at approximately \$100,000.

The refunding issuance amount is estimated at \$2,930,000. This amount will be adjusted up or down, depending upon the bid received, but not to exceed \$3,250,000, in order to provide sufficient funds to call and redeem the Series 2004 Refunded Bonds and to pay costs of issuance, which are estimated at \$63,000.

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 receipt and opening of bids is scheduled for 10:30 a.m. on Thursday, April 25, 2013, 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. 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: 3.7 Years
- Bonds Dated: May 1, 2013
- Interest Due: January 1, 2014 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, 2014 – 2019
- Optional Call: The bonds are not callable
- Denomination: \$5,000 and integral multiples thereof