SALE AND AWARD OF
$30,000,000 DORMITORY REVENUE BONDS, SERIES I.S.U. 2015

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 $30,000,000 Dormitory Revenue Bonds, Series I.S.U. 2015, for the purpose of paying a portion of the costs of constructing and equipping a new residence hall for student housing (Buchanan Residence Hall – Building #2 project) and other improvements to the system, including the Friley Dining Renovation at Iowa State University of Science and Technology, 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 Iowa State University. Proceeds from the sale of the bonds would be used to partially fund the Buchanan Residence Hall – Building #2 project, which will provide housing for 784 residents, and hall community and support spaces and the Friley Residence Hall - Dining Renovation project. This would be the first of two series of bonds for the projects.

The Board approved the schematic design, and project description and budget ($49,500,000) for the Buchanan Residence Hall – Building #2 project at the December 2014 meeting and for the Friley Residence Hall – Dining Renovation project ($6,200,000 budget) at its October 2014 meeting. The University’s Residence System is a self-supporting operation and receives no state appropriations.

Principal on the bonds would be repaid over a period of 20 years. Debt service payments are estimated at approximately $2 million from FY 2016 through FY 2035. 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 bond issue of $30,000,000 and an anticipated reoffering premium are expected to include:

- project costs (estimated at $27,711,000);
- debt service reserve (estimated at $2,058,000);
- underwriters discount (estimated at $450,000); and
- issuance costs (estimated at $138,000).
The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, April 23, 2015, 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:** 11.6 Years
- **Bonds Dated:** May 1, 2015
- **Interest Due:** January 1, 2016, 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, 2016 – 2035
- **Optional Call:** Bonds maturing on or after July 1, 2026 are callable commencing July 1, 2025 and any date thereafter at par
- **Denomination:** $5,000 and integral multiples thereof