RESOLUTION FOR THE SALE AND AWARD OF $27,525,000 ACADEMIC BUILDING
REVENUE BONDS, SERIES S.U.I. 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 $27,525,000 (estimated) Academic Building Revenue Bonds, Series S.U.I. 2007, for the purpose of paying a portion of the costs of the chemistry building renovation and Phase II of the art building renovation on the campus of The State 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. These bonds would be the second and final issuance of the Academic Building Revenue Bonds authorized by 2004 legislation for the University of Iowa. The amount of the sale may be adjusted downward, based upon the bids received, to ensure that the total proceeds available for construction do not exceed the amount authorized by the 2004 legislation.

Proceeds from the sale of the bonds would be used to partially fund the Chemistry Renovation project, currently under construction, and Phase II of the Art project for which the Board approved the schematic design and project description and budget at its February 2007 meeting.

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. 2007 bonds will range from approximately $1.3 million in FY 2008 to $2.2 million in FY 2013 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.

A large portion of the Chemistry Building was constructed in the 1920s. The renovation project is providing a modern, code-compliant instructional and research facility for the Department of Chemistry, and general university classroom space, through the demolition and renovation of existing space, construction of new space, and an upgrade of building systems. The project is currently under construction with a scheduled completion date in 2009.

At its February 2007 meeting, the Board approved the schematic design and project description and budget for the Art Building – Phase 2 Renovation and Landscaping project, which would renovate space in the Art and Art History facilities (constructed in 1935 and 1968). The project consists of three major components: program improvements, capital renewal/deferred
maintenance, and landscaping for the Arts Campus. Construction is anticipated to start in the summer of 2007 for completion in 2010.

The outstanding principal amount of University of Iowa Academic Building Revenue Bonds is $67.6 million.

The $27,525,000 bond issue is anticipated to include:
- project costs (estimated at $25,785,000);
- debt service reserve (estimated at $1,257,700);
- underwriters discount (estimated at $385,300) and
- issuance costs (estimated at $97,000).

The receipt and opening of bids is scheduled for 10:00 a.m. on Tuesday, May 1, 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: 13.65 Years
- Bonds Dated: June 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, 2009 – 2028
- Optional Call: Bonds maturing on or after July 1, 2018 are callable commencing July 1, 2017 and any date thereafter at par
- Denomination: $5,000 and integral multiples thereof