

Contact: Joan Racki

**RESOLUTION FOR THE SALE AND ISSUANCE OF
\$26,000,000 RECREATIONAL FACILITIES REVENUE BONDS, SERIES S.U.I. 2007**

Action Requested: Consider adopting the following resolution, subject to receipt of acceptable bids:

A Resolution establishing a Recreational Facilities System and providing for the sale and authorizing and providing for the issuance and securing the payment of \$26,000,000 Recreational Facilities Revenue Bonds, Series S.U.I. 2007, 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 Facilities Revenue Bonds for the University of Iowa.

Proceeds from the sale of the bonds would be used to partially fund the Campus Recreation and Wellness Center project, for which the Board has approved a project budget of \$69,125,000. At its June 2007 meeting, the Board received a summary report of the key provisions of the financing plan and authorized the Executive Director to fix the dates for the sale of bonds for the facility. It is anticipated that three series of bonds will be issued for the project. The Recreational Facilities System, which is being established in the bond resolution, will be a self-supporting operation.

Total annual debt service payments for the three series of bond are designed to match available system revenues. Principal on the 2007 bonds would be repaid over a period of 25 years, with debt service payments expected to range from a low of \$1.2 million in FY 2008 to a high of \$2.4 million in FY 2014, with the annual debt service for the remaining term of the bonds ranging from \$1.5 million to \$1.8 million. The debt service payments would be made from Athletic Department gifts and earnings, contributions from the University for Wellness program space, and implementation of a new building fee charged to students. The Department of Recreational Services will charge access fees to non-student participants.

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 \$26,000,000 bond issue is anticipated to include:

- project costs (estimated at \$23,468,200);
- debt service reserve (estimated at \$2,038,300);
- underwriters discount (estimated at \$390,000) and
- issuance costs (estimated at \$103,500).

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, August 1, 2007, and the award is scheduled for later that day.

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: 16.55 Years
- Bonds Dated: September 1, 2007
- Interest Due: July 1, 2008, and each January 1 and July 1 to maturity
- Interest Exemption: Exempt from federal and state taxes for individual purchasers who are residents of Iowa
- Principal Due: July 1, 2010 – 2034
- 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