SALE AND ISSUANCE OF $28,225,000 ACADEMIC BUILDING REVENUE BONDS,
SERIES I.S.U. 2010

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 $28,225,000 Academic Building Revenue Bonds, Series I.S.U. 2010, for the purpose of paying a portion of the costs of constructing, improving, remodeling, repairing, and equipping the Chemistry Building (Hach Hall) facilities and certain veterinary medical facilities on the campus of Iowa State University of Science and Technology, funding interest during construction and 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 Iowa State University. The bond issuance was included on the calendar year 2010 schedule approved by the Board in October 2009.

The bond issuance would be used to complete the financing of the construction of the Chemistry Facilities (Hach Hall) project (project budget of $78,107,090). The project was authorized by 2007 legislation and is currently under construction. Previous sales of Academic Building Revenue Bonds in February and October 2008, and September 2009 funded a portion of the cost of the project. The sum of $15 million of the proceeds of the sale will be used to fund a portion of the cost of the College of Veterinary Medicine – Phase 2 – Small Animal Hospital Renovation and Addition project. (The remainder of the project is being funded by I-Jobs Bonds and private gifts.)

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 I.S.U. 2010 bonds will range from approximately $1.1 million in FY 2011 to $2.6 million in FY 2027 and subsequent years.

Additional Information: Chapter 262A of the 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.

The Chemistry Facilities project is constructing an 82,000 net square foot (135,000 gross square feet) chemical sciences building to house state-of-the-art classrooms, laboratories and equipment to support modern instruction and research by the Department of Chemistry. The building would provide the additional and upgraded space necessary to support the Department’s teaching and research initiatives. The facility is being built directly north of Davidson Hall.
The College of Veterinary Medicine Phase 2 project (92,254 net assignable square feet and 144,796 gross square feet) includes both new and renovated areas and continues the improvements to the College of Veterinary Medicine facilities by providing state-of-the-art facilities for the Small Animal Hospital, correcting health and safety deficiencies and cross contamination concerns, and improving patient flow, functionality, and facility security.

The outstanding principal amount of Iowa State University Academic Building Revenue Bonds is $140.05 million.

The $28,225,000 bond issue is anticipated to include:

- project costs (estimated at $23,717,600);
- debt service reserve (estimated at $1,232,900);
- capitalized interest (estimated at $2,798,300);
- underwriters discount (estimated at $352,800); and
- issuance costs (estimated at $123,400).

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, August 5, 2010, 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., the Board's Financial Advisor, at [http://www.springsted.com/](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: 18.32 Years
- Bonds Dated: August 1, 2010
- Interest Due: July 1, 2011, and 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, 2016 – 2035
- Optional Call: Bonds maturing on or after July 1, 2021 are callable commencing July 1, 2020 and any date thereafter at par
- Denomination: $5,000 and integral multiples thereof