SALE AND AWARD OF $19,775,000 ATHLETIC FACILITIES REVENUE BONDS,
SERIES S.U.I. 2010

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

A Resolution providing for the sale and authorizing the issuance of Athletic Facilities Revenue Bonds, Series S.U.I. 2010, in the amount of $19,775,000, for the purpose of improving, remodeling, repairing, furnishing, equipping and building additions to Carver-Hawkeye Arena, 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, award, authorization, and issuance of Athletic Facilities Revenue Bonds for the University of Iowa. The bond issuance was included on the calendar year 2010 schedule approved by the Board in October 2009.

At its June 2008 meeting, the Board approved the schematic design, a project description and budget ($47,000,000), and financing plan for the Carver-Hawkeye Arena - Addition and Renovation project, which would construct a practice facility addition, with two practice gymnasiums, immediately north of the Arena for use by the University's basketball and volleyball programs. The project also includes refurbishment and expansion of the wrestling practice room, and fitness and weight training facilities; and improved and expanded locker room facilities. Also included are expanded and improved spaces for concessions and restroom facilities; replacement of the existing “collapse-able” seating to permit courtside and other premium seating opportunities; and the expansion of hospitality and meeting spaces combined with club facilities for premium seating occupants. Finally, the project would upgrade the building’s fire alarms, elevators and mechanical systems. This is the second and final series of bonds for the project; the first issue was sold in October 2009.

It is anticipated that annual debt service payments on the Series S.U.I. 2010 bonds will range from approximately $539,400 in FY 2011, to $820,000 in FY 2012, to $1.2 million in FY 2014, and to $1.3 million in FY 2016 and subsequent years.

Additional Information: Under the provisions 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 $19,775,000 bond issue is anticipated to include:

- project costs (estimated at $18,113,800);
- debt service reserve (estimated at $1,311,900);
- underwriters discount (estimated at $257,100); and
- issuance costs (estimated at $92,200).

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, September 16, 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/.

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: 16.16 Years
- Bonds Dated: October 1, 2010
- Interest Due: July 1, 2011 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, 2012 – 2036
- 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