RESOLUTION FOR THE SALE AND ISSUANCE OF $25,000,000 ACADEMIC BUILDING
REVENUE BONDS, SERIES I.S.U. 2008A

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 $25,000,000 Academic Building Revenue Bonds, Series I.S.U. 2008A, for the purpose of paying a portion of the costs of constructing, improving, remodeling, repairing, and equipping the Chemistry Building (Hach Hall) facilities on the campus of Iowa State University of Science and Technology, 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 Iowa State University. The bond issuance was included on the calendar year 2008 schedule approved by the Board in October 2007.

The bond issuance would be used to partially finance the construction of the Chemistry Facilities (Hach Hall) project ($78,107,090). The project was authorized by 2007 legislation and is currently under construction. A portion of the proceeds from the February 2008 sale of Academic Building Revenue Bonds was used for the project; the bond issuance schedule for calendar year 2009 (Agenda Item 16) includes a further sale for the project in September 2009.

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. 2008A bonds will range from approximately $1.3 million in FY 2010 to $2.6 million in FY 2021 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.

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 outstanding principal amount of Iowa State University Academic Building Revenue Bonds is $98.75 million.

The $25,000,000 bond issue is anticipated to include:
- project costs (estimated at $21,950,000);
- debt service reserve (estimated at $2,657,050);
- underwriters discount (estimated at $300,000) and
- issuance costs (estimated at $92,950).

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, October 29, 2008, 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: 15.82 Years
- Bonds Dated: November 1, 2008
- Interest Due: July 1, 2009, 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, 2011 – 2030
- Optional Call: Bonds maturing on or after July 1, 2020 are callable commencing July 1, 2019 and any date thereafter at par
- Denomination: $5,000 and integral multiples thereof