

Contact: Brad Berg

**SALE AND AWARD OF \$14,545,000 (ESTIMATED) ACADEMIC BUILDING
REVENUE BONDS, SERIES S.U.I. 2015**

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 \$14,545,000 (estimated) Academic Building Revenue Bonds, Series S.U.I. 2015, for the purpose of paying a portion of the costs of building, repairing, replacing, reconstructing and equipping flood damaged buildings and facilities on the campus of The State University of Iowa, funding a 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 Academic Building Revenue Bonds for the University of Iowa. The bond issuance was included on the calendar year 2015 schedule approved by the Board in October 2014.

The 2009 General Assembly authorized the Board to issue \$100 million in project proceeds of Academic Building Revenue Bonds to finance the repair, restoration, replacement and mitigation of flood damaged buildings and facilities at the University of Iowa. In addition to the \$100 million authorization, the General Assembly redirected \$13 million originally authorized in 2007 for Pentecrest renewal projects to flood recovery and mitigation. This bond issue is the fifth and final series of bonds issued for this purpose.

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. 2015 bonds will be approximately \$0.3 million in FY 2016 and approximately \$1.0 million per year from FY 2017 through FY 2036.

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 outstanding principal amount of the University of Iowa Academic Building Revenue Bonds is \$184.0 million.

The \$14,545,000 bond issue and an anticipated reoffering premium are expected to include:

- project costs (estimated at \$13,115,000);
- debt service reserve (estimated at \$1,222,000);
- underwriters discount (estimated at \$218,000); and
- issuance costs (estimated at \$91,000).

The receipt and opening of bids is scheduled for 11:00 a.m. on Thursday, October 22, 2015, 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 Municipal 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: 12.17 Years
- Bonds Dated: November 1, 2015
- Interest Due: July 1, 2016 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, 2017 – 2036
- Optional Call: Bonds maturing on or after July 1, 2026 are callable commencing July 1, 2025 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof