RESOLUTIONS FOR THE SALE, AWARD AND ISSUANCE OF
$20,000,000 ACADEMIC BUILDING REVENUE BONDS, SERIES I.S.U. 2005

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

1. A Resolution providing for the sale and award of $20,000,000 Academic Building Revenue Bonds, Series I.S.U. 2005 and approving and authorizing the agreement of such sale and award.

2. A Resolution authorizing and providing for the issuance and securing the payment of $20,000,000 Academic Building Revenue Bonds, Series I.S.U. 2005, for the purpose of paying a portion of the costs of constructing additions and improving, remodeling, repairing, and equipping the veterinary teaching hospital and diagnostic lab and Coover Hall, and for fire safety costs 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 two resolutions related to the sale, award, authorization, and issuance of Academic Building Revenue Bonds for Iowa State University.

These bonds would be the third issuance of Academic Building Revenue Bonds authorized by 2004 legislation; bonds for University of Iowa projects were sold at the September 2004 Board meeting and bonds for University of Northern Iowa projects were sold at the September 2005 Board meeting.

Proceeds from the sale of the bonds would be used to partially fund the Veterinary Teaching Hospital and Diagnostic Lab project and the Coover Hall Addition and Renovation, Phase 1 project, and to correct fire and environmental safety deficiencies at Iowa State University. Additional bond issue(s), tentatively scheduled for calendar year 2007, will finance additional costs of these projects.

The Board previously approved project descriptions and budgets for the two projects and approved the schematic design for the Coover Hall Addition and Renovation project at its August 2005 meeting. Approval of the schematic design for the Veterinary Teaching Hospital and Diagnostic Lab project is being requested at the November 2005 meeting. (See Agenda Item 4i.)

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. 2005 bonds will increase from approximately $600,000 in FY 2006 to approximately $1.7 million in FY 2014 and subsequent years. Interest on the bonds would be exempt from federal and state taxes (double tax-exempt) for Iowa residents who purchase the bonds.
**Additional Information:** Chapter 262A of the Iowa Code permits the sale of Academic Building Revenue Bonds upon authorization of the General Assembly and approval by the Governor.

The Veterinary Teaching Hospital / Diagnostic Lab project would construct new space and renovate existing areas for the Veterinary Teaching Hospital and Veterinary Diagnostic Laboratory to provide modern academic facilities to ensure accreditation, respond to changing demands for the College’s services, and provide facilities that are biosecure.

The Coover Hall Addition and Renovation, Phase 1 project would demolish the inefficient 1959 addition, construct a new addition to provide a state-of-the-art teaching and research laboratory facility, and renovate a portion of the existing space.

The $20,000,000 bond issue is anticipated to include:

- project costs (estimated at $17,897,900);
- debt service reserve (estimated at $1,726,700);
- underwriters discount (estimated at $300,000) and
- issuance costs (estimated at $75,400).

The outstanding principal amount of Iowa State University Academic Building Revenue Bonds is $52.7 million.

Specifics of the bonds are:

- Average Maturity: 14.50 Years
- Bonds Dated: December 1, 2005
- Interest Due: July 1, 2006, 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, 2008 – 2027
- Optional Call: Bonds maturing on or after July 1, 2016 are callable commencing July 1, 2015 and any date thereafter at par
- Denomination: $5,000 and integral multiples thereof

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, November 2, 2005, 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.

Copies of the resolutions, which were prepared by Ahlers & Cooney, P.C. and reviewed by Springsted, Inc. are available from the Board Office.