

Contact: Joan Racki

**SALE AND AWARD OF \$27,025,000 ACADEMIC BUILDING REVENUE FLOOD
ANTICIPATION PROJECT NOTES, SERIES S.U.I. 2009**

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

A resolution providing for the sale, award and authorizing the issuance and securing the payment of \$27,025,000 Academic Building Revenue Flood Anticipation Project Notes, Series S.U.I. 2009, to defray costs of building, repairing, replacing, reconstructing and equipping flood damaged facilities at The State University of Iowa, funding capitalized interest 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 Flood Anticipation Project Notes, Series S.U.I. 2009.

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. The notes would be used to provide interim financing for flood recovery, as permitted under Iowa Code §76.13, which permits a public body which is authorized to issue bonds to issue project notes in anticipation of the receipt of any or a combination of the following:

- Proceeds from the issuance of previously authorized bonds;
- Proceeds to be received pursuant to law or agreement from any state or federal agency; and
- Income or revenues from sources to be received and expended for the project during the project construction or acquisition period.

In January 2009, the Board adopted a reimbursement resolution which permits the University to be reimbursed from the proceeds of tax exempt notes or bonds for costs incurred for flood recovery. A portion of the notes to be issued will be used for reimbursement.

The maturity date for the notes would be January 1, 2013, although they could be called for redemption of any date on or after July 1, 2011. Interest due on the notes would be capitalized and no principal payments would be due during the time that the notes are outstanding.

The \$27,025,000 note issue is anticipated to include:

- project costs (estimated at \$24,998,500);
- capitalized interest (estimated at \$1,666,500)
- underwriters discount (estimated at \$270,300); and
- issuance costs (estimated at \$89,700).

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, December 10, 2009, 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 notes.

The official statement for the 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 Notes are:

- Maturity: 3.08 Years
- Bonds Dated: December 1, 2009
- Interest Due: July 1, 2010 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: January 1, 2013
- Optional Call: The Notes are callable on any date on or after July 1, 2011 at par
- Denomination: \$5,000 and integral multiples thereof