

Contact: Joan Racki

SALE AND ISSUANCE OF \$8,775,000
DORMITORY REVENUE BONDS, SERIES I.S.U. 2013C

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 \$8,775,000 (estimated) Dormitory Revenue Bonds, Series I.S.U. 2013C, for the purpose of paying a portion of the costs of constructing and equipping the Frederiksen Court Expansion project at Iowa State University of Science and Technology, 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 and issuance of Dormitory Revenue Bonds for Iowa State University. Proceeds from the sale of the bonds would be used to complete funding for the Frederiksen Court Expansion project, which would provide housing for 720 students. This bond issue is the second of two series of bonds which would be sold for the project; the first bond issue was sold in March 2013. At its October 2012 meeting, the Board approved the schematic design, and project description and budget (\$30,900,000) for the project. The University's Residence System is a self-supporting operation and receives no state appropriations.

The amount of the bond issue will be sized to provide project proceeds, in addition to the proceeds from the first sale, so that the net proceeds from the two sales do not exceed the Board approved budget. Principal on the bonds would be repaid over a period of 20 years, with annual debt service payments of approximately \$639,000. Payments would be made from the net rents, profits and income of the Residence System. Interest on the bonds would be exempt from federal and state taxes (double tax-exempt) for Iowa residents who purchase the bonds.

Additional Information: Under the provisions of Iowa Code §§262.55 to 262.66, the Board is authorized to construct, equip, improve, repair, remodel, operate and maintain residence halls and dormitories, including dining and other incidental facilities, at the universities. The Board is further authorized to borrow money to finance the construction or improvements and to refund such indebtedness.

The bond issue, which is anticipated to total \$8,775,000, is expected to include:

- project costs (estimated at \$7,973,000);
- debt service reserve (estimated at \$631,500);
- underwriters discount (estimated at \$105,300); and
- issuance costs (estimated at \$65,200).

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, December 4, 2013, and the award is scheduled for later that day.

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: 11.1 Years
- Bonds Dated: December 1, 2013
- Interest Due: July 1, 2014, 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, 2014 – 2033
- Optional Call: Bonds maturing on or after July 1, 2024 are callable commencing July 1, 2023 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof