

BOARD OF REGENTS
BANKING COMMITTEE

April 21, 2004

The Banking Committee of the Board of Regents met on Wednesday, April 21, 2004, at the Iowa Braille and Sight Saving School, Vinton.

Those present were:

Banking Committee members: Regents Amir Arbisser (chair), Mary Ellen Becker, Robert Downer, John Forsyth, David Neil and Owen Newlin.

Others in attendance were (not an all-inclusive listing):

Board of Regents member Sue Nieland;

Institutional representatives: David Skorton, Doug True, Terry Johnson, Carol Senneff, Gregory Geoffroy, Warren Madden, Mark Chidister, Robert Koob, Tom Schellhardt, Jim Heuer, Luann Woodward;

Mark LeMay, Springsted, Inc.;

Ed Bittle and John Bunz, Ahlers law firm;

Board Office: Greg Nichols, Pam Elliott, Joan Racki, Deb Hendrickson, Andrea Anania, Marilee Mitchell and Barb Briggie.

Regent Arbisser called the meeting to order at 12:55 p.m.

APPROVE MINUTES OF THE MARCH 2004 BANKING COMMITTEE MEETING.

Regent Arbisser asked for additions or corrections to the minutes. There were none.

MOTION: Regent Neil moved to approve the minutes of the March 10, 2004, Banking Committee meeting, as written. Regent Downer seconded the motion.
MOTION CARRIED UNANIMOUSLY.

RESOLUTIONS FOR THE SALE AND AWARD OF \$6,695,000 ACADEMIC BUILDING REVENUE REFUNDING BONDS, SERIES S.U.I. 2004.

Mr. LeMay offered the following comments which were common to all four of the bond sales: The bid opening had been held earlier in the day. One bid was received for each bond issue from a group led by Piper Jaffray. Using the Delphis scale, the interest rates

received were equal to or better than the interest rates on bonds with comparable ratings from the rating agencies.

Mr. LeMay reported on the bid that was received for the sale of \$6,695,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2004. He said the present value savings of \$258,301 reflected a net present value benefit of 3.669 percent (based upon the present value dollar savings divided by the present value dollar amount of the refunded debt service). The true interest cost for the refunding bonds was 3.7536 percent.

Regent Arbisser asked if the reason the rate was somewhat different than anticipated could be attributed to Mr. Greenspan's comments on Monday of that week. Mr. LeMay responded that the market had moved two basis points since Monday.

MOTION:

Regent Downer moved to recommend that the Board adopt the following resolution: (1) A Resolution providing for the sale and award of \$6,695,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2004, 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 \$6,695,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2004, for the purpose of refunding the 2006 through 2015 maturities of the \$8,935,000 Academic Building Revenue Bonds, Series S.U.I. 1993, dated September 1, 1993; and for the purpose of refunding the 2006 through 2015 maturities of the \$1,345,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 1994, dated July 1, 1994. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

RESOLUTIONS FOR THE SALE AND AWARD OF ACADEMIC BUILDING REVENUE REFUNDING BONDS, SERIES I.S.U. 2004A (\$5,430,000) AND SERIES I.S.U. 2004B (\$3,135,000).

Mr. Bittle stated the sale was for two series of bonds; the debt service on one of the series of bonds was being paid by tobacco proceeds through the 2007 maturity.

Mr. LeMay reported on the sale of \$5,430,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2004A and \$3,135,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2004B. The 2004A sale resulted in a present value savings of \$418,822, which reflected a net present value benefit of 7.096 percent (based upon the present value dollar savings divided by the present value dollar amount of the refunded debt service). The true interest cost for the refunding bonds was 4.1774 percent. The 2004B sale resulted in a present value savings of \$128,636, which reflected a net present value benefit of 3.916 percent (based upon the present value dollar savings divided by the present value dollar amount of the refunded debt service). The true interest cost for the refunding bonds was 3.3061 percent.

MOTION:

Regent Neil moved to recommend that the Board adopt the following resolutions: (1) A Resolution providing for the sale and award of \$5,430,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2004A and \$3,135,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2004B, 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 \$5,430,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2004A, for the purpose of refunding the 2006 through 2020 maturities of the \$6,545,000 Academic Building Revenue Bonds Series I.S.U. 1994, dated October 1, 1994; and \$3,135,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2004B, for the purpose of refunding the 2005 through 2012 maturities of the \$5,315,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 1994, dated January 1, 1994. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

RESOLUTIONS FOR THE SALE AND AWARD OF \$6,210,000 RECREATIONAL FACILITY REVENUE REFUNDING BONDS, SERIES I.S.U. 2004.

Mr. Bittle stated that bond counsel had worked with the Iowa State University business office to provide more flexibility in how student fees are applied to the debt service payments. University officials can determine the allocation of fees each year.

Mr. LeMay reported on the bids received for Iowa State University Recreational Facility Revenue Refunding Bonds, Series I.S.U. 2004. The sale resulted in a present value savings of \$167,578, which reflected a net present value benefit of 2.327 percent (based upon the present value dollar savings divided by the present value dollar amount of the refunded debt service). The true interest cost for the refunding bonds was 2.9971 percent.

MOTION:

Regent Forsyth moved to recommend that the Board adopt the following resolution: (1) A Resolution providing for the sale and award of \$6,210,000 Recreational Facility Revenue Refunding Bonds, Series I.S.U. 2004, 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 \$6,210,000 Recreational Facility Revenue Refunding Bonds, Series I.S.U. 2004, to pay the costs of refunding the 2005 through 2010 maturities of the Recreational Facility Revenue Refunding Bonds, Series I.S.U. 1994, dated March 1, 1994, including the debt service reserve fund, and paying costs of issuance. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

PRELIMINARY RESOLUTION FOR THE SALE OF UP TO \$19,000,000 PARKING SYSTEM REVENUE BONDS, SERIES S.U.I. 2004.

Vice President True stated that proceeds of the sale would finance the Melrose Avenue Parking Facility Expansion project. An addition to the parking facility, located just south of the Fieldhouse, would help it better serve the University of Iowa Hospitals and Clinics. He noted that the University of Iowa's parking system is viewed very favorably by the rating agencies.

Regent Arbisser stated that the \$30,000 per parking space cost seemed high. Vice President True responded that the average cost per parking space on a flat open surface is approximately \$15,000. When the schematic design was brought to the Board, the architect explained the additional requirements for facilitating movement of pedestrians to the University of Iowa Hospitals and Clinics.

Regent Becker asked if the debt service reserve of over \$1 million was a typical amount. Vice President True responded that the debt service reserve amount was the result of the bond covenants and was not a voluntary reserve.

MOTION: Regent Downer moved to recommend that the Board adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$19,000,000 Parking System Revenue Bonds, Series S.U.I. 2004. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

CHANGE OF USE – ROY J. AND LUCILLE A. CARVER BIOMEDICAL RESEARCH BUILDING.

Vice President True reported on the lengthy work that has gone into planning for a re-issuance of bonds due to a change in the use of the Roy J. and Lucille A. Carver Biomedical Research Building. The decision was made to convert what was originally planned as dean's office space to research space. The change will provide 16,000 square feet of additional research space. He noted that Internal Auditor Senneff had assisted in preparation of the documentation.

President Skorton stated the change in use was reviewed with the major external donor for the project.

Regent Arbisser asked if the rent for space designated as 501(c)(3) is the same as rent for taxable space. Vice President True responded that the construction cost is the same since it is research space. The rent is based on cost and the cost is extremely expensive.

MOTION: Regent Becker moved to recommend that the Board adopt a Resolution authorizing and providing for the reissuance of \$1,870,000 University of Iowa Facilities Corporation qualified 501(c)(3) bonds, Series 2004, for the purpose of constructing and equipping the Roy J. and Lucille A. Carver Biomedical Research Building. Regent Forsyth seconded the motion. MOTION CARRIED UNANIMOUSLY.

REALLOCATION OF PROCEEDS FROM MASTER LEASE FINANCING FOR JACK TRICE STADIUM – EXTERIOR STAIR REPLACEMENT.

Vice President Madden stated that the Board had previously approved the use of master lease financing to replace stairs at Jack Trice Stadium. Construction bids came in lower than had been anticipated; therefore, University officials requested to reallocate the remaining \$130,000 in proceeds for other projects at the stadium.

MOTION: Regent Forsyth moved to recommend that the Board approve the reallocation of a portion of the proceeds from the master lease financing of the exterior stair replacement at Jack Trice Stadium to other projects at the Stadium. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

RESOLUTION FOR ABANDONMENT OF KNAPP RESIDENCE HALL.

Vice President Madden presented Iowa State University's request for approval to take down Knapp Hall in the summer of 2005. University officials will probably demolish both Knapp and Storms Halls together.

Regent Becker asked if the Commons area was also being demolished. Vice President Madden responded that the Commons would continue to be used for food service-related activities, such as a catering kitchen and storage.

Regent Becker questioned the ability to not damage the Commons building when the other two buildings are taken down. Vice President Madden responded that would be part of the engineering activities, and may cause a reassessment of the continued use of the Commons.

Regent Downer noted that in previous discussions, the Banking Committee members had indicated to University officials their preference that the building be taken down sooner rather than later.

Regent Forsyth expressed appreciation for the University's responsiveness in aggressively responding to the Banking Committee's request to expedite taking down the building.

MOTION: Regent Forsyth moved to recommend that the Board adopt a Resolution directing the abandonment of Knapp Dormitory at Iowa State

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University of Science and Technology. Regent
Becker seconded the motion. MOTION CARRIED
UNANIMOUSLY.

ADJOURNMENT.

The meeting of the Regents Banking Committee adjourned at 1:25 p.m. on
April 21, 2004.



Pamela M. Elliott
Director, Business and Finance



Gregory S. Nichols
Executive Director

bb/f.winword/404bank