

**MEMORANDUM**

**To** Banking Committee

**From:** Board Office

**Subject:** Preliminary Resolution for the Sale of up to \$6,250,000 Parking System Revenue Bonds, Series I.S.U. 2002

**Date:** April 8, 2002

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**Recommended Action:**

Recommend that the Board adopt A Resolution (see G.D. 4) authorizing the Executive Director to fix the date or dates for the sale of up to \$6,250,000 Parking System Revenue Bonds, Series I.S.U. 2002.

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**Executive Summary:**

The Banking Committee is requested to recommend that the Board adopt a resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$6,250,000 Parking System Revenue Bonds, Series I.S.U. 2002.

The calendar year 2002 bond issuance schedule, approved by the Board in November 2001, included the Iowa State University Parking System Revenue Bond sale in May 2002.

The bonds would be sold to finance expanded and improved parking at Jack Trice Stadium, construction of a new single-level parking deck in central campus, and other improvements to the System.

Principal on the bonds would be repaid over a period of 20 years, with debt service of approximately \$510,000 annually to be paid from the net rents, profits and income of the Parking System.

The University's Parking System is a self-supporting operation. Parking user fees and fines support all parking operations, including maintenance, capital improvements and the free campus shuttle service.

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**Background:**

Long-Range Plan	<p>As highlighted in the March 2002 docket item on Proposed Parking Rates, the University has developed a long-range plan for expansion of parking facilities, including:</p> <ul style="list-style-type: none"><li>• Expanded and improved parking at Jack Trice Stadium:<ul style="list-style-type: none"><li>• Reviewed and approved by the Board in January, 2002;</li><li>• Estimated project cost of \$2.9 million; and</li><li>• Construction proposed for summer of 2002.</li></ul></li><li>• A new, central campus single-level parking deck:<ul style="list-style-type: none"><li>• Exact location to be determined;</li><li>• Estimated project cost of \$3.0 million; and</li><li>• Construction proposed for summer of 2003.</li></ul></li><li>• A new, central campus multi-level parking structure:<ul style="list-style-type: none"><li>• Exact location to be determined;</li><li>• Estimated project cost of \$7.0 million; and</li><li>• Construction proposed for summer of 2004.</li></ul></li></ul>
Financing	<p>To finance the Plan, parking fees would need to be increased and bonds issued for the major improvements:</p> <ul style="list-style-type: none"><li>• The Board, at its March meeting, considered three-year parking rate increases (FY 2003 – FY 2005); approval of these rate increases is scheduled for the April meeting. (See G.D. 9.)</li><li>• The first bond issuance, scheduled for May 2002, would finance the additional and improved parking at Jack Trice Stadium and the single-level parking deck.</li></ul> <p>The second bond issuance, needed in 2004, would finance the proposed multi-level parking ramp.</p>
Statutory Provisions	<p>Under the provisions of <u>Iowa Code</u> Chapter 262, the Board is authorized to construct, equip, maintain and operate self-liquidating and revenue producing facilities at the universities; the Board is also authorized to borrow money to construct or improve these facilities.</p>
Electronic Bids	<p>The Board, at its November 2001 meeting, adopted a resolution approving electronic bidding procedures.</p>

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**Analysis:**

Issue Size	<p>The size of the bond issue would not exceed \$6,250,000 including:</p> <ul style="list-style-type: none"><li>• project costs (estimated at \$5,600,000);</li><li>• debt service reserve (estimated at \$510,000);</li><li>• bond discount (estimated at \$93,000); and</li><li>• issuance costs (estimated at \$47,000)</li></ul>
Outstanding Bonds	<p>There are no outstanding Parking System Bonds; these would be the first bonds to be issued for the System.</p>
Resolution	<p>The resolution authorizing the Executive Director to fix the date or dates for the sale of the bonds, which was prepared by Ahlers Law Firm and reviewed by Springsted, Inc., is available from the Board Office.</p> <p>The resolution includes a provision permitting to the Board to receive bids by means of both sealed and electronic communication; the receipt by electronic communication is consistent with the resolution adopted by the Board in November 2001 approving electronic bidding procedures.</p>
Sale Date	<p>The bond sale and award would be scheduled for the May Board meeting.</p>