

**MEMORANDUM**

**To** Banking Committee

**From:** Board Office

**Subject:** Resolutions for the Sale and Award of \$9,210,000 Dormitory Revenue Bonds, Series U.N.I. 2003

**Date:** January 6, 2003

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**Recommended Action:**

Recommend that the Board adopt the following resolutions (see G.D. 15), subject to receipt of acceptable bids:

1. A Resolution providing for the sale and award of \$9,210,000 Dormitory Revenue Bonds, Series U.N.I. 2003, 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 \$9,210,000 Dormitory Revenue Bonds, Series U.N.I. 2003, for the purpose of paying the cost of remodeling, improving, constructing and equipping residence halls and related facilities, located on the campus of the University of Northern Iowa, including funding a debt service reserve fund and paying the costs of issuance of the Bonds.
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**Executive Summary:**

The Banking Committee is requested to recommend that the Board adopt two resolutions related to the sale and award and issuance of \$9,210,000 Dormitory Revenue Bonds, Series U.N.I. 2003.

At its November 2002 meeting, the Board authorized the Executive Director to fix the date(s) for the sale of the bonds, which would be sold to finance dining upgrades, including development of a "market place" food service area, and mechanical, restroom, and accessibility improvements for the Towers Center, which is a major dining facility used by students residing in Bender, Dancer, and Campbell Residence Halls at the University of Northern Iowa.

Principal on the bonds would be repaid over a period of 19 years, with debt service of approximately \$750,000 annually to be paid 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 individuals who purchase the bonds.

The University's Residence System is a self-supporting operation and receives no state appropriations.

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**Background:**

Statutory  
Provisions

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. The sources of repayment are the net rents, profits, and income from the operation of residence halls, dormitories, dining, and incidental facilities.

Project

The Board previously approved the program statement (April 2002), schematic design (June 2002) and project description and \$8.5 million budget (June 2002) for the Towers Center Improvements project, which would be financed by the proposed bond issue.

The project includes:

- Renovation of the ground floor space to provide a "market place" food service outlet, reconfiguration of food storage spaces, and replacement of food service equipment;
  - Renovation of the first floor space to provide the Grab 'n Go (breakfast and sack lunch) dining service, and modifications to existing lounge, computer laboratory, and study areas;
  - Accessibility and restroom improvements;
  - Modification or replacement of the heating, ventilating and air conditioning, fire alarm, lighting, and communication systems serving the facility; and
  - Replacement of a portion of the roof area.
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**Analysis:**

Issue Size	The bond issue size of \$9,210,000 includes: <ul style="list-style-type: none"><li>• project costs (estimated at \$8,500,000);</li><li>• debt service reserve (estimated at \$657,000); and</li><li>• issuance costs (estimated at \$53,000).</li></ul>
Outstanding Bonds	With the refunding of the 1964, 1967-C and 1992 Dormitory Bond issues in October 2002 and the issuance of refunding bonds, the outstanding principal amount for UNI Dormitory Bonds is \$30,115,000.
Receipt of Bids	<p>The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, January 16, 2003, and the award is scheduled for 11:30 a.m. on the same date.</p> <p>A representative of Springsted, Inc., will report on the bids received and make a recommendation to the Board for award of the bonds.</p>
Resolutions	Copies of the resolutions, which were prepared by Ahlers Law Firm and reviewed by Springsted, Inc., are available from the Board Office.
Bond Specifics	<p>Average Maturity: 12.9 Years</p> <p>Bonds Dated: February 1, 2003</p> <p>Interest Due: July 1, 2003 and January 1 and July 1 to maturity</p> <p>Interest Exemption: Exempt from federal and state taxes for individual purchasers</p> <p>Principal Due: July 1, 2005 – 2023</p> <p>Optional Call: Bonds maturing on or after July 1, 2013 are callable commencing July 1, 2012 and any date thereafter at par</p> <p>Denomination: \$5,000 and integral multiples thereof</p>