

**MEMORANDUM**

**To:** Banking Committee

**From:** Board Office

**Subject:** Preliminary Resolution for the Sale of up to \$12,900,000 University of Northern Iowa Student Union Revenue Bonds, Series U.N.I. 2002

**Date:** January 7, 2002

**Recommended Action:** Recommend that the Board adopt A Resolution (see G.D. 16) authorizing the Executive Director to fix the date or dates for the sale of up to \$12,900,000 University of Northern Iowa Student Union Revenue Bonds, Series U.N.I. 2002.

**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 \$12,900,000 University of Northern Iowa Student Union Revenue Bonds, Series U.N.I. 2002.

The calendar year 2002 bond issuance schedule approved by the Board in November 2001 included this Student Union Revenue Bond sale in March 2002.

The bonds would be sold to finance, in part, additions to and renovations of the Maucker Union.

Principal on the bonds would be repaid over a period of 20 years, with debt service of approximately \$1,015,000 annually to be paid from mandatory Student Union fees and the net rents, profits and income of the Student Union.

**Background:**

Use of Bond Proceeds      The bond proceeds would finance, in part, the **Maucker Union – Center for Multicultural Education Renovation / Expansion** project, for which the schematic design and a project description and budget (\$13 million) were approved by the Board in July 2001.

This project will construct multiple additions to the Maucker Union and renovate existing space to:

- House the Center for Multicultural Education and the Office of International Services;

- Provide additional meeting, office and support space; and
- Provide expanded food service and retail areas.

The project will also provide accessibility improvements to the facility and upgrade the mechanical and electrical systems.

**Mandatory Fee**

In October 2000, the Board approved a new student mandatory fee that included a dedicated funding stream for the renovation and expansion of Maucker Student Union beginning in fall 2001.

- Revenues collected from this fee and income from the Union, as well as proceeds from the bonds to be issued, will provide funding for the project.

In November 2001, the Board approved an increase in the Maucker Union fee bringing the total fee to \$90.00. A significant portion of this fee would support the debt service payments.

**Statutory Provisions**

Under the provisions of Iowa Code 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.

**Electronic Bids**

The Board, at its November 2001 meeting, adopted a resolution approving electronic bidding procedures.

A protocol for electronic bids has been developed by Springsted, Inc., and is included in the Regent Exhibit Book.

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**Analysis:**

**Size of Bond Issue**

The size of the bond issue would not exceed \$12,900,000 including:

- project costs (estimated at \$11,635,000);
- debt service reserve (estimated at \$1,015,000);
- bond discount (estimated at \$185,000); and
- issuance costs (estimated at \$65,000)

**Outstanding Bonds**

There are no outstanding Student Union bonds.

Bonds were issued in 1967 to finance, in part, construction of the Union. The last debt service payment was made in 1997.

Resolution            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 included in the Regent Exhibit Book.

Sale Date             The bond sale award would be scheduled for the March Board meeting.