

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Costs of Bond Issuance
Date: July 7, 2003

Recommended Action:

Receive the report on the issuance costs for the March, April and May 2003 bond sales.

Executive Summary:

The Banking Committee has requested reports identifying the costs associated with each bond issuance. The report provided to the Banking Committee in May 2003 included issuance costs for the January 2003 sale of Iowa State University Indoor Multipurpose Use and Training Facility Revenue Bonds and University of Northern Iowa Dormitory Revenue Bonds, and the February 2003 sale of University of Iowa Utility System Revenue Refunding Bonds.

This month's report includes the issuance costs for the following bond sales:

- March 2003 sale of Iowa State University Dormitory Revenue Bonds which were sold to finance construction of Union Drive Suite Building 2.
- April 2003 sale of University of Iowa Academic Building Revenue Refunding Bonds which were sold to refund outstanding maturities of the 1993 Academic Building Revenue Bond issue.
- April 2003 sale of University of Northern Iowa Academic Building Revenue Refunding Bonds which were sold to refund outstanding maturities of the 1992 and 1993 Academic Building Revenue Bond issues.
- May 2003 sale of Iowa State University Dormitory Revenue Bonds which were sold to partially finance the renovation of Buchanan Hall.

The costs of issuance for the bond issues are summarized below and detailed on Tables 1 - 4, pages 3 - 4.

<u>Bond Issue</u>	<u>Costs of Issuance</u>
Dormitory Revenue Bonds, Series ISU 2003	\$ 70,234.86
Academic Building Revenue Refunding Bonds, Series SUI 2003	46,600.60
Academic Building Revenue Refunding Bonds, Series UNI 2003	42,352.24
Dormitory Revenue Bonds, Series ISU 2003A	37,813.51

At its January 2002 meeting, the Banking Committee requested that actual costs be detailed by fees paid to Springsted and Ahlers, and other expenses. The requested information for calendar years 1999 – 2003 to date is included on Tables 5 – 9 (pages 5 - 9).

Future reports on issuance costs will be provided on a quarterly basis, with the next report scheduled for October 2003.

Background and Analysis:

Estimated versus Actual Costs The estimated and actual issuance costs for the March, April and May sales were:

<u>Bond Issue</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>	<u>Actual Costs as % of Bond Issue \$</u>
\$21,575,000 Dormitory Revenue Bonds, Series ISU 2003	\$ 75,000.00	\$ 70,234.86	0.33%
\$10,530,000 Academic Building Revenue Refunding Bonds, Series SUI 2003	\$ 45,000.00	\$ 46,600.60	0.44%
\$8,465,000 Academic Building Revenue Refunding Bonds, Series UNI 2003	\$ 35,000.00	\$ 42,352.24	0.50%
\$9,360,000 Dormitory Revenue Bonds, Series ISU 2003A	\$ 45,400.00	\$ 37,813.51	0.40%

The actual costs for each of the bond issues were close to the amounts which had been estimated. The slightly higher, comparative costs for the University of Northern Iowa refunding reflect additional tax planning and coordination costs since the debt service on the refunded bonds was being paid from the tax-exempt bond proceeds of the restricted capital funds account of the State of Iowa's tobacco settlement trust fund.

The percentage costs for the University of Northern Iowa refunding issue were also relatively high since, as has been discussed with the Banking Committee previously, bond issuance costs for smaller bond issues are generally higher on a percentage basis due to costs which are not directly dependent upon the size of the bond issue such as rating agency and official statement printing costs.

When actual costs are lower than estimated costs, the “extra funds” are deposited into the bond fund for payment of either additional project costs or debt service payments.

Table 1
\$21,575,000 Dormitory Revenue Bonds,
Series ISU 2003 (March 2003 Sale)

Springsted as Financial Advisor	\$ 23,787.50
Ahlers Law Firm as Bond Counsel	20,975.00
Moody’s Investor Services and Standard & Poor’s Rating Services as Rating Agents	21,400.00
Official Statement Printing	2,371.68
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>1,700.68</u>
Total	\$ 70,234.86

Table 2
\$10,530,000 Academic Building Revenue Refunding Bonds,
Series SUI 2003 (April 2003 Sale)

Springsted as Financial Advisor	\$ 13,530.00
Ahlers Law Firm as Bond Counsel	12,345.00
Moody’s Investor Services and Standard & Poor’s Rating Services as Rating Agents	18,000.00
Official Statement Printing	2,219.02
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>1,075.41</u>
Total	\$ 46,600.60

Table 3
\$8,465,000 Academic Building Revenue Refunding Bonds,
Series UNI 2003 (April 2003 Sale)

Springsted as Financial Advisor	\$ 11,465.00
Ahlers Law Firm as Bond Counsel	11,312.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	17,200.00
Official Statement Printing	1,988.24
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>975.88</u>
Total	\$ 42,352.24

Table 4
\$9,360,000 Dormitory Revenue Bonds,
Series ISU 2003A (May 2003 Sale)

Springsted as Financial Advisor	\$ 12,360.00
Ahlers Law Firm as Bond Counsel	10,536.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	12,200.00
Official Statement Printing	1,900.72
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>1,507.52</u>
Total	\$ 37,813.51

Historical Information

Tables 5 – 9 include a breakout of actual costs of the bond issuances for calendar years 1999 – 2003 to date. The costs include the fees paid to the Board's financial advisor (Springsted) and bond counsel (Ahlers Law Firm) and other costs for the issues, including rating agency services, official statement printing, and reimbursable expenses.

TABLE 5
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 1999

Month of <u>Sale</u>		<u>Bond Issue</u>	Estimated <u>Costs</u>	Actual Costs			Total <u>Costs</u>	as % of <u>Bond Issue \$</u>
				<u>Springsted Fees</u>	<u>Ahlers Fees</u>	<u>Other Costs*</u>		
Jan-99	\$ 3,560,000	Parking Revenue Bonds, Series S.U.I. 1999A and 10,930,000 Parking Revenue Ref. Bonds, S.U.I. 1999B	\$ 107,659.00	\$ 17,490.00	\$ 22,380.00	\$ 32,818.42	\$ 72,688.42	0.50%
Feb-99	12,845,000	Utility Revenue Ref. Bonds, Series S.U.I. 1999A	50,000.00	18,741.25	24,000.00	9,264.56	52,005.81	0.40%
Mar-99	13,460,000	Utility Revenue Ref. Bonds, Series I.S.U. 1999A	53,000.00	16,460.00	20,000.00	13,417.38	49,877.38	0.37%
Apr-99	7,000,000	Dormitory Revenue Bonds, Series U.N.I. 1999	65,325.00	10,000.00	11,800.00	17,721.90	39,521.90	0.56%
Apr-99	10,000,000	Dormitory Revenue Bonds, Series S.U.I. 1999	69,415.00	13,000.00	14,790.00	19,469.75	47,259.75	0.47%
May-99	16,900,000	Dormitory Revenue Bonds, Series I.S.U. 1999A	75,047.00	19,900.00	18,280.00	23,484.99	61,664.99	0.36%
Jul-99	13,220,000	Utility System Revenue Ref. Bonds, Series I.S.U. 1999B	49,787.00	16,220.00	20,910.00	18,839.66	55,969.66	0.42%
Sep-99	17,180,000	Utility System Revenue Ref. Bonds, Series S.U.I. 1999B	50,000.00	25,180.00	19,940.00	20,280.49	65,400.49	0.38%
Nov-99	17,400,000	Dormitory Revenue Bonds, Series I.S.U. 1999B	75,000.00	20,400.00	18,390.00	22,431.52	61,221.52	0.35%
Totals	\$ 122,495,000		\$ 595,233.00	\$ 157,391.25	\$ 170,490.00	\$ 177,728.67	\$ 505,609.92	0.41%

* Includes rating agency services, Official Statement printing, and reimbursable expenses.

**TABLE 6
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2000**

Month of Sale	Bond Issue	Estimated Costs	Actual Costs				as % of Bond Issue \$	
			Springsted Fees	Ahlers Fees	Other Costs*	Total Costs		
Jan 00	\$ 9,525,000 Dormitory Revenue Bonds, Series I.S.U. 2000A	51,000.00	\$ 12,525.00	\$ 10,525.00	\$ 18,876.67	\$ 41,926.67	0.44%	
Feb 00	15,875,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2000	81,000.00	18,875.00	14,910.00	24,727.12	58,512.12	0.37%	
Apr 00	16,000,000 Dormitory Revenue Bonds, Series S.U.I. 2000	65,000.00	19,000.00	21,970.00	19,687.36	60,657.36	0.38%	
May 00	14,040,000 Dormitory Revenue Bonds, Series U.N.I. 2000	63,000.00	17,040.00	19,485.00	23,259.52	59,784.52	0.43%	
Sept 00	10,000,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2000	50,000.00	13,000.00	21,830.00	18,685.08	53,515.08	0.54%	
Sept 00	Series 2000 and Series 2000A University of Iowa Facilities Corporation Revenue Bonds (Medical Education & Biomedical Research Facility)	28,000,000	79,200.00	27,000.00	36,990.00	30,502.20	94,492.20	0.34%
Totals	\$ 93,440,000	\$ 389,200.00	\$ 107,440.00	\$ 125,710.00	\$ 135,737.95	\$ 368,887.95	0.39%	

* Includes rating agency services, Official Statement printing, and reimbursable expenses.

TABLE 7
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2001

Month of <u>Sale</u>		<u>Bond Issue</u>	Estimated <u>Costs</u>	Actual Costs			Total <u>Costs</u>	as % of <u>Bond Issue \$</u>
				<u>Springsted Fees</u>	<u>Ahlers Fees</u>	<u>Other Costs*</u>		
Jan-01	\$ 21,665,000	Dormitory Revenue Bonds, Series I.S.U. 2001A	\$ 84,000.00	\$ 24,332.50	\$ 28,885.00	\$ 31,420.26	\$ 84,637.76	0.39%
Apr-01	23,155,000	Academic Building Revenue Ref. Bonds, Series I.S.U. 2001A and I.S.U. 2001B	107,677.00	24,575.50	27,665.00	22,729.14	74,969.64	0.32%
Oct-01	13,735,000	Dormitory Revenue Bonds, Series S.U.I. 2001	67,000.00	16,735.00	21,835.00	23,983.25	62,553.25	0.46%
Nov-01	4,835,000	Iowa Memorial Union Revenue Ref. Bonds, Series S.U.I. 2001	38,600.00	7,760.00	12,075.00	12,520.68	32,355.68	0.67%
Nov-01	<u>5,625,000</u>	Field House Revenue Bonds, Series U.N.I. 2001	<u>52,000.00</u>	<u>8,625.00</u>	<u>7,550.00</u>	<u>13,246.65</u>	<u>29,421.65</u>	0.52%
Totals	\$ 69,015,000		\$ 349,277.00	\$ 82,028.00	\$ 98,010.00	\$ 103,899.98	\$ 283,937.98	0.41%

* Includes rating agency services, Official Statement printing, and reimbursable expenses.

**TABLE 8
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2002**

Month of Sale	Bond Issue	Estimated Costs	Actual Costs				as % of Bond Issue \$
			Springsted Fees	Ahlers Fees	Other Costs*	Total Costs	
Jan-02	\$ 14,980,000 Dormitory Revenue Bonds, Series I.S.U. 2002	\$ 59,500.00	\$ 17,980.00	\$ 21,840.00	\$ 18,149.78	\$ 57,969.78	0.39%
Feb-02	15,000,000 Utility System Revenue Bonds, Series S.U.I. 2002	66,000.00	13,000.00	19,710.00	12,931.50	45,641.50	0.30%
Mar-02	12,755,000 Student Union Revenue Bonds, Series U.N.I. 2002	59,400.00	15,755.00	16,290.00	20,778.45	52,823.45	0.41%
Apr-02	14,580,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2002	85,200.00	17,580.00	19,770.00	22,345.32	59,695.32	0.41%
Apr-02	4,890,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 2002	35,200.00	7,824.00	12,285.00	10,390.94	30,499.94	0.62%
May-02	6,110,000 Parking System Revenue Bonds, Series I.S.U. 2002	42,500.00	9,110.00	16,290.00	17,284.78	42,684.78	0.70%
Jun-02	7,810,000 Univ. of Iowa Facilities Corporation, Series 2002 (Medical Education & Biomedical Research Facility - Building A)	48,000.00	10,810.00	14,545.00	19,370.49	44,725.49	0.57%
Jul-02	7,000,000 Academic Building Revenue Project Notes, Series I.S.U. 2002	N/A	10,000.00	14,140.00	8,939.72	33,079.72	0.47%
Sept. 02	25,000,000 Univ. of Iowa Facilities Corporation, Series 2002A and 2002B (Carver Biomedical Research Facility)	105,000.00	25,500.00	30,725.00	36,027.66	92,252.66	0.37%
Oct. 02	9,535,000 Dormitory Revenue Refunding Bonds, Series U.N.I. 2002	50,000.00	12,535.00	18,120.00	19,847.85	50,502.85	0.53%
Nov. 02	<u>25,000,000</u> Hospital Revenue Bonds, Series S.U.I. 2002	<u>100,000.00</u>	<u>25,500.00</u>	<u>38,485.00</u>	<u>45,916.52</u>	<u>109,901.52</u>	0.44%
Totals	\$ 142,660,000	\$650,800.00	\$165,594.00	\$222,200.00	\$231,983.01	\$619,777.01	0.43%

* Includes rating agency services, Official Statement printing, and reimbursable expenses.

**TABLE 9
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2003**

Month of Sale	Bond Issue	Estimated Costs	Actual Costs				Total Costs	as % of Bond Issue \$
			Springsted Fees	Ahlers Fees	Other Costs*			
Jan-03	\$ 6,200,000 Indoor Multipurpose Use and Training Facility Revenue Bonds, Series I.S.U. 2003	\$ 46,000.00	\$ 9,200.00	\$ 12,316.00	\$ 18,915.40	\$ 40,431.40	0.65%	
Jan-03	9,210,000 Dormitory Revenue Bonds, Series U.N.I. 2003	53,000.00	12,210.00	9,825.00	16,949.92	38,984.92	0.42%	
Feb-03	6,080,000 Utility System Revenue Refunding Bonds, Series S.U.I. 2003	43,000.00	9,080.00	10,192.00	13,664.45	32,936.45	0.54%	
Mar-03	21,575,000 Dormitory Revenue Bonds, Series I.S.U. 2003	75,000.00	23,787.50	20,975.00	25,472.36	70,234.86	0.33%	
Apr-03	10,530,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2003	45,000.00	13,530.00	12,345.00	20,725.60	46,600.60	0.44%	
Apr-03	8,465,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 2003	35,000.00	11,465.00	11,312.00	19,575.24	42,352.24	0.50%	
May-03	9,360,000 Dormitory Revenue Bonds, Series I.S.U. 2003A	42,195.02	12,360.00	10,536.00	14,917.51	37,813.51	0.40%	
Totals	\$ 71,420,000	\$ 339,195.02	\$ 91,632.50	\$ 87,501.00	\$ 130,220.48	\$ 309,353.98	0.43%	

* Includes rating agency services, Official Statement printing, and reimbursable expenses.