

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Costs of Bond Issuances
Date: June 10, 2002

Recommended Action:

Receive the report on the issuance costs related to the Student Union Revenue Bonds, Series U.N.I. 2002.

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 2002 included issuance costs for the January 2002 sale of Iowa State University Dormitory Revenue Bonds and the February 2002 sale of University of Iowa Utility System Revenue Bonds.

This month's report includes the issuance costs for the March 2002 sale of the University of Northern Iowa \$12,755,000 Student Union Revenue Bonds.

- The bonds were sold to finance, in part, the Maucker Union – Center for Multicultural Education Renovation / Expansion project.
- The costs of issuance, which total, \$52,823.45, are detailed on Table 1, page 3.

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 – 2001 and 2002, to date, is included on Tables 2 – 5 (pages 4 – 7).

Background and Analysis:

Estimated versus Actual Costs The estimated and actual issuance costs for the sale of the Student Union Bonds were:

<u>Bond Issue</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>	<u>Actual Costs as % of Bond Issue \$</u>
UNI Student Union Bonds	\$59,400	\$52,823.45	.41%

The detail of the issuance costs is shown on Table 1.

Actual costs were approximately \$6,600 less than the amount estimated.

- The estimated amounts are only projections or allowances; these projections are sometimes adjusted to ensure a sufficient bond issue size to allow for variations in reserve fund requirements.
- The funds not used for issuance costs remain with the bond issue and may be used for project costs or debt service.
- The costs as a percentage of this bond issue size are equal to the averages for calendar years 1999 and 2001 (see Tables 2 and 4) and only slightly higher than the average (.39%) for calendar year 2000.

Historical Information

Tables 2 – 4 include a breakout of actual costs of the bond issuances for calendar years 1999 – 2001. 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 6 provides a summary of the costs for bond issuances in calendar year 2002. It will be updated as further issues are sold this calendar year.

Table 1
\$12,755,000 Student Union Revenue Bonds,
Series U.N.I. 2002

Springsted as Financial Advisor	\$ 15,755.00
Ahlers Law Firm as Bond Counsel	16,290.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	17,000.00
Official Statement Printing	2,447.64
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>1,330.81</u>
Total	\$52,823.45

**TABLE 2
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 1999**

Month of Sale	Bond Issue	Estimated Costs	Actual Costs			Total Costs	as % of Bond Issue \$
			Springsted Fees	Ahlers Fees	Other Costs*		
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 3
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2000**

Month of Sale	Bond Issue	Estimated Costs	Actual Costs				Total Costs	as % of Bond Issue \$
			Springsted Fees	Ahlers Fees	Other 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	28,000,000 Series 2000 and Series 2000A University of Iowa Facilities Corporation Revenue Bonds (Medical Education & Biomedical Research Facility)	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 4
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2001**

Month of Sale	Bond Issue	Estimated Costs	Actual Costs				Total Costs	as % of Bond Issue \$
			Springsted Fees	Ahlers Fees	Other Costs*			
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	5,625,000 Field House Revenue Bonds, Series U.N.I. 2001	52,000.00	8,625.00	7,550.00	13,246.65	29,421.65	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 5
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2002**

Month of Sale	Bond Issue	Estimated Costs	Actual Costs			Total Costs	as % of Bond Issue \$
			Springsted Fees	Others Fees	Other 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%
Totals	\$ 42,735,000	\$ 184,900.00	\$ 46,735.00	\$ 57,840.00	\$ 51,859.73	\$ 156,434.73	0.37%

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