

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Resolutions for the Sale of \$12,755,000 Student Union Revenue Bonds, Series U.N.I. 2002
Date: March 4, 2002

Recommended Actions:

Recommend that the Board adopt the following resolutions (see G.D.13), subject to receipt of acceptable bids:

1. A Resolution providing for the sale and award of \$12,755,000 Student Union Revenue Bonds, Series U.N.I. 2002, 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 \$12,755,000 Student Union Revenue Bonds, Series U.N.I. 2002 to pay the costs of constructing additions to, remodeling and refurbishing, equipping and furnishing the J. W. Maucker Student Union, paying costs of issuance and funding a reserve fund.
-

Executive Summary:

The Banking Committee is requested to recommend that the Board adopt two resolutions related to the sale and award and issuance of \$12,755,000 University of Northern Iowa Student Union Revenue Bonds, Series U.N.I. 2002.

At its January 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, 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 \$1,017,000 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.

Analysis:

| | |
|--------------------|---|
| Size of Bond Issue | <p>The \$12,755,000 bond issue would include:</p> <ul style="list-style-type: none">• Project costs (estimated at \$11,500,000);• Debt service reserve (estimated at \$1,017,100);• Underwriter's discount (estimated at \$178,500); and• Issuance costs (estimated at \$59,400) |
| Outstanding Bonds | <p>There are no outstanding Student Union bonds.</p> <p>Bonds were issued in 1967 to finance, in part, construction of the Union. The last debt service payment was made in 1997.</p> |
| Receipt of Bids | <p>The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, March 14, 2002, and the award is scheduled for 11:00 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> <p>Copies of the resolutions, which were prepared by Ahlers law firm and reviewed by Springsted, Inc., are available from the Board Office.</p> |
| Bond Specifics | <p>Average Maturity: 12.194 years</p> <p>Bonds Dated: April 1, 2002</p> <p>Interest Due: January 1, 2003 and each July 1 and January 1 to maturity</p> <p>Principal Due: July 1, 2003 – 2022</p> <p>Optional Call: Bonds maturing on or after July 1, 2012 are callable commencing July 1, 2011 and any date thereafter at par</p> <p>Denomination: \$5,000 and integral multiples thereof</p> |