

**MEMORANDUM**

**To:** Banking Committee  
**From:** Board Office  
**Subject:** Costs of Bond Issuances  
**Date:** March 4, 2002

---

**Recommended Action:**

Receive the report on the issuance costs related to Memorial Union Revenue Refunding Bonds, Series S.U.I. 2001, and Field House Revenue Bonds, Series U.N.I. 2001.

---

**Executive Summary:**

The Banking Committee has requested reports identifying the costs associated with each bond issuance. The report provided to the Banking Committee in January 2002 included issuance costs for the University of Iowa Dormitory Revenue Bonds sold in October 2001.

This month's report includes the issuance costs for the November 2001 sale of University of Iowa \$4,835,000 Memorial Union Revenue Refunding Bonds, and University of Northern Iowa \$5,625,000 Field House Revenue Bonds.

- The Memorial Union Revenue Refunding Bonds were sold to refund the sum of \$5,025,000 in outstanding Memorial Union Revenue Bonds, Series 1986. The costs of issuance, which total \$32,355.68, are detailed on Table 1, page 3.
- The Field House Revenue Bonds were sold to finance repairs to the structure and roof and to make other improvements to the UNI-Dome. The costs of issuance, which total \$29,385.65, are detailed on Table 2, 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 is included on Table 3 – Table 5 (pages 4 - 6).

---

**Background and Analysis:**

Estimated versus Actual Costs      Estimated and actual issuance costs for the November 2001 sales were:

<u>Bond Issue</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>	<u>Actual Costs as % of Bond Issue \$</u>
SUI Memorial Union Refunding	\$38,600.00	\$32,355.68	.67%
UNI Field House Bonds	52,000.00	29,385.65	.52%

The detail of the issuance costs is shown on Tables 1-2.

Actual costs for the SUI Memorial Union Refunding were approximately \$6,200 less than the amount estimated, but a higher percentage than most other bond issues. This percentage is due, in part, to the following:

- Small issue size;
- Refunding; and
- Major revisions to legal documents.

Actual costs for the UNI Field House Bonds were approximately \$22,600 less than the amount estimated; the costs had been estimated high due to the uniqueness of the bond issue. Actual costs were a slightly higher percentage of the amount of bonds sold than most other bond issues due, in part, to the small size of the issue.

Historical Information

Table 3 – Table 5 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 1**  
**\$4,835,000 Memorial Union Revenue Refunding Bonds,**  
**Series S.U.I. 2001**

Springsted as Financial Advisor	\$ 7,760.00
Ahlers Law Firm as Bond Counsel	12,075.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	10,000.00
Official Statement Printing	1,805.82
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>714.86</u>
<b>Total</b>	<b>\$ 32,355.68</b>

**Table 2**  
**\$5,625,000 Field House Revenue Bonds, Series U.N.I. 2001**

Springsted as Financial Advisor	\$ 8,625.00
Ahlers Law Firm as Bond Counsel	7,550.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	10,000.00
Official Statement Printing	1,929.16
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>1,281.49</u>
<b>Total</b>	<b>\$ 29,385.65</b>