

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Costs of Bond Issuance
Date: May 12, 2003

Recommended Action:

Receive the report on the issuance costs for the January and February 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 March 2003 included issuance costs for the November 2002 sale of Hospital Revenue Bonds.

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

- January 2003 sale for Iowa State University of Indoor Multipurpose Use and Training Facility Revenue Bonds which were sold to finance construction of an indoor multipurpose use, training and practice facility for use by varsity football and other field-sports programs;
- January 2003 sale for the University of Northern Iowa of Dormitory Revenue Bonds which were sold to finance the renovation of the Towers Center; and
- February 2003 sale for the University of Iowa of Utility System Revenue Refunding Bonds which were sold to refund outstanding maturities of the 1993 Utility System bond issue.

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

<u>Bond Issue</u>	<u>Costs of Issuance</u>
Indoor Multipurpose Use and Training Facility Revenue Bonds, Series I.S.U. 2003	\$ 40,431.40
Dormitory Revenue Bonds, Series U.N.I. 2003	38,984.92
Utility System Revenue Refunding Bonds, Series S.U.I. 2003	32,936.45

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 4 – 8 (pages 4 - 8).

Future reports on issuance costs will be provided on a quarterly basis.

Background and Analysis:

Estimated versus Actual Costs The estimated and actual issuance costs for the January and February sales were:

<u>Bond Issue</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>	<u>Actual Costs as % of Bond Issue \$</u>
\$6,200,000 Indoor Multipurpose Use and Training Facility Revenue Bonds, Series I.S.U. 2003	\$ 46,000.00	\$ 40,431.40	0.65%
\$9,210,000 Dormitory Revenue Bonds, Series U.N.I. 2003	\$ 53,000.00	\$ 38,984.92	0.42%
\$6,080,000 Utility System Revenue Refunding Bonds, Series S.U.I. 2003	\$ 43,000.00	\$ 32,936.45	0.54%

As shown above, the actual costs for each of the bonds issues were lower than the amounts which had been estimated. 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.

However, on a percentage basis, the costs were higher than yearly averages as noted on Tables 4 – 7 (calendar years 1999 – 2002). 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.

The costs for the Multipurpose Use and Training Facility included the costs associated with establishment of a new self-liquidating enterprise and were thus higher on a percentage basis than the other two issues.

Historical Information Tables 4 – 8 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 1

**\$6,200,000 Indoor Multipurpose Use and Training Facility
Revenue Bonds, Series I.S.U. 2003**

Springsted as Financial Advisor	\$ 9,200.00
Ahlers Law Firm as Bond Counsel	12,316.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	15,700.00
Official Statement Printing	2,450.96
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>764.44</u>
Total	\$ 40,431.40

Table 2

\$9,210,000 Dormitory Revenue Bonds, Series U.N.I. 2003

Springsted as Financial Advisor	\$ 12,210.00
Ahlers Law Firm as Bond Counsel	9,825.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	14,200.00
Official Statement Printing	1,919.80
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>830.12</u>
Total	\$ 38,984.92

Table 3

**\$6,080,000 Utility System Revenue Refunding Bonds,
Series S.U.I. 2003**

Springsted as Financial Advisor	\$ 9,080.00
Ahlers Law Firm as Bond Counsel	10,192.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	7,200.00
Wells Fargo as Trustee	3,324.00
Official Statement Printing	2,094.24
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>1,046.21</u>
Total	\$ 32,936.45

TABLE 4
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 5
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 6
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 7
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 8
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2003**

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-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	<u>6,080,000</u> Utility System Revenue Refunding Bonds, Series S.U.I. 2003	<u>43,000.00</u>	<u>9,080.00</u>	<u>10,192.00</u>	<u>13,664.45</u>	<u>32,936.45</u>	0.54%	
Totals	\$ 21,490,000	\$ 142,000.00	\$ 30,490.00	\$ 32,333.00	\$ 49,529.77	\$ 112,352.77	0.52%	

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