

**MEMORANDUM**

**To:** Banking Committee  
**From:** Board Office  
**Subject:** Proposed Bond Issuance Schedule – Calendar Year 2002  
**Date:** November 5, 2001

**Recommended Action:**

Recommend that the Board establish a schedule for the issuance of bonds for calendar year 2002 as detailed in this memorandum.

**Executive Summary:**

Annually, the Board establishes a bond issuance schedule for the following calendar year. The Board adopted its current schedule, for calendar year 2001, at its November 2000 meeting.

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**Strategic Plan** Development of a schedule is consistent with Action Step 4.3.3.3 of the Board's Strategic Plan which provides for a review and recommended program for the use of self-liquidating revenue bonds to build enterprise facilities.

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**Proposed Schedule** The proposed schedule for calendar year 2002 is only a planning guide. It does not include any bonds which would require legislative authorization. Approval of the schedule does not indicate that the Board Office has reviewed or recommended approval of all projects to be financed from the proposed sales or that the Board will approve the projects and the bond sale amounts. The proposed 2002 schedule is shown in the following table:

<b><u>Month</u></b>	<b><u>Institution/Type of Issue</u></b>	<b><u>Estimated Amount of Bond Issue</u></b>
Jan. 02	ISU Residence System	\$15,100,000
Feb 02	SUI Utility System	15,000,000
Mar 02	UNI Maucker Union	12,900,000
Apr 02	SUI Academic Building Refunding	15,600,000
May 02	ISU Parking	11,000,000 *
May 02	UNI Academic Building Refunding	5,000,000
June 02	SUI Facilities Corporation (Health Science)	13,500,000
Sept. 02	SUI Facilities Corporation: MEBRF – B	25,800,000
Oct. 02	SUI Athletics	11,200,000
Oct 02	SUI Parking	11,200,000
Nov. 02	SUI Facilities Corporation: Careers Center	<u>11,200,000</u>
	<b>Total</b>	<b>\$147,500,000</b>

\* Estimated maximum amount.

The above schedule has been reviewed and agreed to by the universities; Ahlers Law Firm, the Board's bond counsel; and Springsted, Inc, the Board's financial advisor.

The proposed schedule includes \$50.5 million in bonds to be issued through the University of Iowa Facilities Corporation. The bonds for the Health Science Capital Plan and the Careers Building would be sold in anticipation of gifts for the projects that will be received over a number of years. Construction of MEBRF-B would also be financed by bonds to be issued by the University of Iowa Facilities Corporation.

**Background:**

**Process**

Annually, the Board establishes a schedule for the issuance of bonds. The Board Office and institutions continually review the schedule, which is determined in part by project schedules and opportunities for refundings, and make recommendations for changes, if warranted. The last schedule adopted in November 2000 was for calendar year 2001. As calendar year 2001 draws to a close, it is necessary to establish a schedule for calendar year 2002.

**Historical  
Bond Issues**

The following table summarizes Regent bond issues sold during the last four calendar years. (Bonds issued by the SUI Facilities Corporation are not included.) A detailed listing of these bond issues is included on Table 1 (pages 7-8).

Calendar <u>Year</u>	New Bonds <u>Issued</u>	Refunding <u>Bonds Issued</u>	Total <u>Bonds Issued</u>
1998	45,250,000	15,670,000	60,920,000
1999	62,230,000	60,120,000	122,350,000
2000	65,440,000	0	65,440,000
2001*	41,025,000	27,990,000	69,015,000

\*Includes bonds to be sold in November 2001.

Table 2 (page 9) provides a summary of the outstanding Regent university debt as of June 30, 2001. The principal outstanding totals \$551.2 million.

**Analysis:**

**Proposed  
Schedule**

An aggressive bond schedule is proposed for calendar year 2002, including three sales by the University of Iowa Facilities Corporation, which total an estimated \$50.5 million.

The proposed schedule also includes two series of Academic Building Revenue Refunding bonds; a recommendation to proceed with these current refundings would be made closer to the scheduled date, dependent upon interest rates and market conditions.

The projected issue amounts for all proposed sales represent the best current estimates, but these amounts may be adjusted depending upon further-refined project and issuance costs.

The proposed bond issues are summarized below:

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**ISU Residence  
System  
(January  
\$15.1 million)**

In October 2001, the Board approved a revised design for the Union Drive Community Center and authorized proceeding with the design development and construction drawings. The University plans to sell bonds for this project in January, 2002. The preliminary resolution for the bond sale is presented this month (B.C. 5) for approval, subject to approval of the calendar year 2002 schedule.

The Union Drive Neighborhood project will focus on the needs of new undergraduate students who are making a transition to the University.

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**SUI Utility  
System  
(February  
\$15.0 million)**

The University proposes to sell bonds for utility system projects including improvements to steam and electrical distribution systems, chilled water systems, storm sewers and utilities relocation. Included this month in SUI B – 1 are two utility projects which must be undertaken prior to construction of the new Art Building: Iowa Center for the Arts Campus—Central Chilled Water Distribution Piping and Art Building—Phases 1 and 2—Site Utilities.

In October 2001, the Board approved a reimbursement resolution permitting the University to be reimbursed from a future Utility System Revenue Bond issue for major repair work to Boiler #10 in the main campus power plant. This bond sale will include approximately \$5.0 million for the Boiler #10 project.

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**UNI Maucker  
Union (March  
\$12.9 million)**

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.

In October 2000, the Board approved a new student mandatory fee that included a dedicated funding stream for the renovation of Maucker Student Union of \$55.05 per academic year, beginning fall 2001. The total Maucker Union fee currently is \$70.05.

In July 2001, the Board approved the schematic design and project description and budget (\$13,000,000) for the project.

In October 2001, the University requested an increase of \$19.95 to its Maucker Union fee bringing the total fee to \$90.00. A significant portion of this fee would support the debt service payments. The Board will take final action on this mandatory fee at the November Board meeting.

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**SUI Academic  
Building  
Refunding  
(April  
\$15.6 million)**

As interest rates continue to fall, the universities, the Board Office, Springsted, Inc., the Board's financial advisor, and Ahlers Law Firm, the Board's bond counsel, continue to review the feasibility and cost effectiveness of refunding additional bond issues.

Two SUI Series Academic Building Revenue Bonds have been identified for current refunding should interest rates remain low. The call date for both series is July 1, 2002.

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**ISU Parking  
(May  
\$5.6 million -  
\$11.0 million)**

Iowa State University is developing a plan to replace aging parking facilities and to expand parking capacity to accommodate student demands arising from the growth in enrollment. The highest priority needs are to repair and expand the parking lots south of campus and to provide convenient, short-term parking on central campus.

A portion of the proposed financing would repave and expand the parking lots at Jack Trice Stadium. These lots are multi-purpose lots that provide parking for stadium events, Reiman Gardens and storage parking for residential students. Permission to proceed with this project is requested this month as part of ISU's capital register (ISU B-1).

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**UNI Academic  
Building  
Refunding  
(May  
\$5.0 million)**

As interest rates continue to fall, the universities, the Board Office, Springsted, Inc., the Board's financial advisor, and Ahlers Law Firm, the Board's bond counsel, continue to review the feasibility and cost effectiveness of refunding additional bond issues.

The UNI Series 1991 has been identified as having significant savings should interest rates remain low. The call date for the bonds is July 1, 2002.

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**SUI Facilities  
Corporation –  
Health  
Science (June  
\$13.5 million)**

The University proposes to sell bonds in June 2002 to provide bridge financing for College of Medicine capital improvements funded from a major gift. Gift payments would be received over an extended period.

In May 1996 the university received permission to proceed with project planning for the Capital Plan for the Health Sciences Campus, Related Medical Education and Biomedical Research Facilities. In addition to the need for contemporary medical education facilities, the plan addresses the need for additional capacity for the further development of biomedical research.

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**SUI Facilities  
Corporation –  
MEBRF - B  
(September  
\$25.8 million)**

In November 1999, the Board granted the University permission to proceed with planning for the Extension of the Medical Education and Biomedical Research Facility (MEBRF - B).

In March 2001, the Board approved the schematic design for the project that would construct a 131,500 gross square foot facility to house research facilities and administrative functions of the College of Medicine at an estimated cost of \$40 million.

The University proposes that bonds be issued in September 2002 for partial funding of this project.

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**SUI Athletics  
(October  
\$11.2 million)**

In June 1997, the Board granted the University permission to proceed with planning for the Hawkeye Athletic / Recreation Facilities Complex. This project will provide athletic and recreation facilities on the far west campus to serve men's and women's intercollegiate teams, recreational activities (when available), and physical education needs that cannot be accommodated on the main west campus.

In February 2000, the University presented to the Board the master plan for the Complex, project program, schematic design, and financing.

In September 2000, the Board issued bonds in the amount of \$10.0 million to finance a portion of the Hawkeye Athletic/Recreation Facilities Complex which consists, in part, of the Roy G. Karro Athletics Hall of Fame, soccer facilities, site work and parking.

In December 2000, the schematic design and project budget (\$26,847,000) was approved for the Hawkeye Athletic/Recreation Facilities Complex—Phase 2 project that includes construction of the Athletic/Recreation Building and a portion of the site improvements for the complex.

The University proposes to sell bonds in October 2002 to provide partial funding for the second phase of this project.

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**SUI Parking  
(October  
\$11.2 million)**

In July 2001, the Board gave permission to proceed with project planning and the architectural selection process for the Melrose Avenue Parking Facility Expansion project, which would expand the parking facility located along the north side of Melrose Avenue between the Field House and the Pomerantz Pavilion.

This month's capital register (SUI B-1) includes the University's request to select the firm of Herbert Lewis Kruse Blunck, Des Moines, Iowa, for the project.

The University proposes to sell bonds in October 2002 to provide funding for this project.

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**SUI Facilities  
Corporation –  
Careers  
Center  
(October  
\$11.2 million)**

The University of Iowa Facilities Corporation proposes to issue bonds for partial funding of the Careers Building in anticipation of gifts. The exact amount will require further study.

The site plans for the Honors Center and Careers Center were presented to the Board in June 2001. The proposed Careers Center would house expanded career counseling and placement services and other academic/student service functions, and would be located south of the Honors Center.

**Table 1**  
**Board of Regents, State of Iowa**  
**Revenue Bond Issues, Calendar Years 1998 - 2001**

<u>Inst.</u>	<u>Sale Date</u>	<u>Issue</u>	<u>Amount</u> <u>Calendar Year 1998</u>	<u>Project</u>
ISU	Jan.	Academic Building Revenue Refunding Bonds	\$ 15,670,000	Refunding of 1987 and 1989 Bonds
ISU	April	Dormitory Revenue Bonds	15,750,000	Maple Hall Renovation and Flood Mitigation Project
ISU	Sept.	Dormitory Revenue Bonds	14,000,000	Hawthorn Court Development, Phase 1a
SUI	Nov.	Utility System Revenue Bonds	<u>15,500,000</u>	Portion of Utility Projects for Health Sciences Campus and North Campus Chiller Expansion
		<b>1998 TOTAL</b>	<b>\$ 60,920,000</b>	
			<u>Calendar Year 1999</u>	
SUI	Jan.	Parking System Revenue Bonds	\$ 10,930,000	Newton Road Parking Ramp & Other Parking Facilities
	Jan.	Parking System Revenue Refunding Bonds	3,560,000	Refunding of 1988 Bonds
SUI	Feb.	Utility System Revenue Refunding Bonds	12,700,000	Refunding of 1985 Bonds
ISU	March	Utility System Revenue Refunding Bonds	13,460,000	Refunding of 1985 Bonds
SUI	April	Dormitory Revenue Bonds	10,000,000	Fire Safety Upgrades & Hillcrest Dining Wing Remodeling
UNI	April	Dormitory Revenue Bonds	7,000,000	Deferred Maintenance/Fire Safety & Other Improvements
ISU	May	Dormitory Revenue Bonds	16,900,000	Hawthorn Court Development, Phase 1b
ISU	July	Utility System Revenue Refunding Bonds	13,220,000	Refunding of 1985 Bonds
SUI	Sept.	Utility System Revenue Refunding Bonds	17,180,000	Refunding of 1985 Bonds
ISU	Nov.	Dormitory Revenue Bonds	<u>17,400,000</u>	Hawthorn Court Development, Phase 2a
		<b>1999 TOTAL</b>	<b>\$ 122,350,000</b>	

**Table 1**  
**Board of Regents, State of Iowa**  
**Revenue Bond Issues, Calendar Years 1998 - 2001**

<u>Inst.</u>	<u>Sale Date</u>	<u>Issue</u>	<u>Amount</u> <u>Calendar Year 2000</u>	<u>Project</u>
ISU	Jan.	Dormitory Revenue Bonds	\$ 9,525,000	Hawthorn Court, Phase 2b
SUI	Feb.	Telecommunications Facilities Revenue Bonds	15,875,000	Telecommunications Facilities Upgrades at SUJ and UIHC
SUI	April	Dormitory Revenue Bonds	16,000,000	Food Service Consolidation & Telecommunication Improvements
UNI	May	Dormitory Revenue Bonds	14,040,000	Redeker Dining Renovation and Other Deferred Maintenance
SUI	Sept.	Athletic Facility Revenue Bonds	<u>10,000,000</u>	Hawkeye Athletic/Recreation Facilities Complex, Phase 1
		<b>2000 TOTAL</b>	<b>\$ 65,440,000</b>	
<u>Calendar Year 2001</u>				
ISU	Jan.	Dormitory Revenue Bonds	\$ 21,665,000	Suite Building 1, Union Drive Neighborhood
ISU	April	Academic Building Revenue Refunding Bonds	23,155,000	Refunding of 1992 Bonds
SUI	Oct.	Dormitory Revenue Bonds	13,735,000	Currier Residence Hall Renovation and Fire Protection Upgrades
UNI	Nov.	Fieldhouse Revenue Bonds	5,625,000	UNI-Dome Field House Improvements
SUI	Nov.	Memorial Union Revenue Refunding Bonds	<u>4,835,000</u>	Refunding of 1986 Bonds
		<b>2001 TOTAL</b>	<b>\$ 69,015,000</b>	

**TABLE 2**  
**BOND PRINCIPAL OUTSTANDING**  
**BOARD OF REGENTS, STATE OF IOWA**

	As of 30-Jun 1992	As of 30-Jun 1993	As of 30-Jun 1994	As of 30-Jun 1995	As of 30-Jun 1996	As of 30-Jun 1997	As of 30-Jun 1998	As of 30-Jun 1999	As of 30-Jun 2000	As of 30-Jun 2001
<b>University of Iowa</b>										
Academic Building Revenue Bonds	\$109,479,640	\$107,514,640	\$116,468,262	\$116,768,867	\$110,876,428	\$104,120,575	\$97,006,254	\$89,664,075	\$82,112,467	\$74,302,653
Project Notes - Academic Buildings	1,345,000	1,345,000								
Dormitory System	20,450,000	19,975,000	18,775,000	16,320,000	15,005,000	13,645,000	12,220,000	20,730,000	35,155,000	33,220,000
Self-Supporting Facilities	84,390,000	90,845,000	85,495,000	90,615,000	99,470,000	98,110,000	91,955,000	112,165,000	120,990,000	122,930,000
University Hospitals	35,900,000	33,075,000	30,175,000	27,200,000	24,150,000	21,025,000	17,825,000	14,550,000	11,200,000	7,775,000
Subtotal	\$251,564,640	\$252,754,640	\$250,913,262	\$250,903,867	\$249,501,428	\$236,900,575	\$219,006,254	\$237,109,075	\$249,457,467	\$238,227,653
<b>Iowa State University</b>										
Academic Building Revenue Bonds	\$113,755,000	\$111,040,000	\$108,180,000	\$111,185,000	\$105,195,000	\$98,710,000	\$93,090,000	\$86,465,000	\$79,550,000	\$72,405,000
Project Notes - Academic Buildings	7,100,000	7,100,000	7,100,000							
Dormitory System	17,235,000	16,420,000	15,585,000	13,795,000	12,845,000	11,870,000	26,610,000	56,455,000	81,820,000	113,710,000
Self-Supporting Facilities	65,420,000	62,785,000	61,400,000	60,655,000	58,610,000	49,185,000	54,240,000	51,740,000	49,195,000	45,915,000
Subtotal	\$203,510,000	\$197,345,000	\$192,265,000	\$185,635,000	\$176,650,000	\$159,765,000	\$173,940,000	\$194,660,000	\$210,565,000	\$232,030,000
<b>University of Northern Iowa</b>										
Academic Building Revenue Bonds	\$37,455,000	\$43,595,000	\$44,740,000	\$56,186,461	\$54,351,461	\$52,121,461	\$49,633,468	\$46,963,661	\$44,307,941	\$41,436,354
Project Notes - Academic Buildings	2,180,000	2,180,000								
Dormitory System	17,220,000	16,755,000	16,255,000	14,945,000	13,845,000	13,115,000	12,750,000	18,965,000	32,195,000	31,135,000
Self-Supporting Facilities	1,970,000	1,855,000	1,730,000	1,460,000	1,315,000	9,150,000	8,995,000	8,795,000	8,585,000	8,365,000
Subtotal	\$58,825,000	\$64,385,000	\$62,725,000	\$72,591,461	\$69,511,461	\$74,386,461	\$71,378,468	\$74,723,661	\$85,087,941	\$80,936,354
<b>GRAND TOTAL</b>	<b>\$513,899,640</b>	<b>\$514,484,640</b>	<b>\$505,903,262</b>	<b>\$509,130,328</b>	<b>\$495,662,889</b>	<b>\$471,052,036</b>	<b>\$464,324,722</b>	<b>\$506,492,736</b>	<b>\$545,110,408</b>	<b>\$551,194,007</b>