

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Proposed Bond Issuance Schedule – Calendar Year 2004
Date: November 3, 2003

Recommended Action:

Recommend that the Board establish a schedule for the issuance of bonds for calendar year 2004 as detailed in this memorandum.

Executive Summary:

Annually, the Board establishes a bond issuance schedule for the following calendar year. The Board approved the calendar year 2003 schedule at its November 2002 meeting.

Proposed Schedule The proposed schedule for calendar year 2004 is only a planning guide. It does not include any bonds that would require legislative authorization nor does it specifically include refundings which may be possible should low interest rates continue.

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 calendar year 2004 schedule is shown in the following table:

<u>Month</u>	<u>Institution/Type of Issue</u>	<u>Estimated Amount of Bond Issue</u>
Feb. 04	UNI Student Health Center Expansion	\$ 4,000,000
Feb. 04	UNI Arena (Event Complex)	10,000,000 *
Mar. 04	SUI Utility System	25,000,000
May 04	SUI Melrose Avenue Parking Facility Expansion	19,000,000
Aug. 04	SUI Facilities Corporation (Carver Biomedical Research)	25,000,000
Sep. 04	ISU Memorial Union Renovation	20,000,000
Nov. 04	SUI Iowa Memorial Union Improvements, Phase 1	11,000,000
Nov. 04	SUI Hawkeye Recreation / Athletic	8,000,000
	Total	\$122,000,000

* Based upon the University's preferred option as outlined in B.C. 4.

Background:

Process Annually, the Board establishes a schedule for the issuance of bonds. The Board Office and institutions continually review the schedule and make recommendations for changes, if warranted. Changes to the schedule may be needed due to project schedules or opportunities for refundings. As calendar year 2003 draws to a close, it is necessary to establish a schedule for calendar year 2004.

Historical
Bond Issues

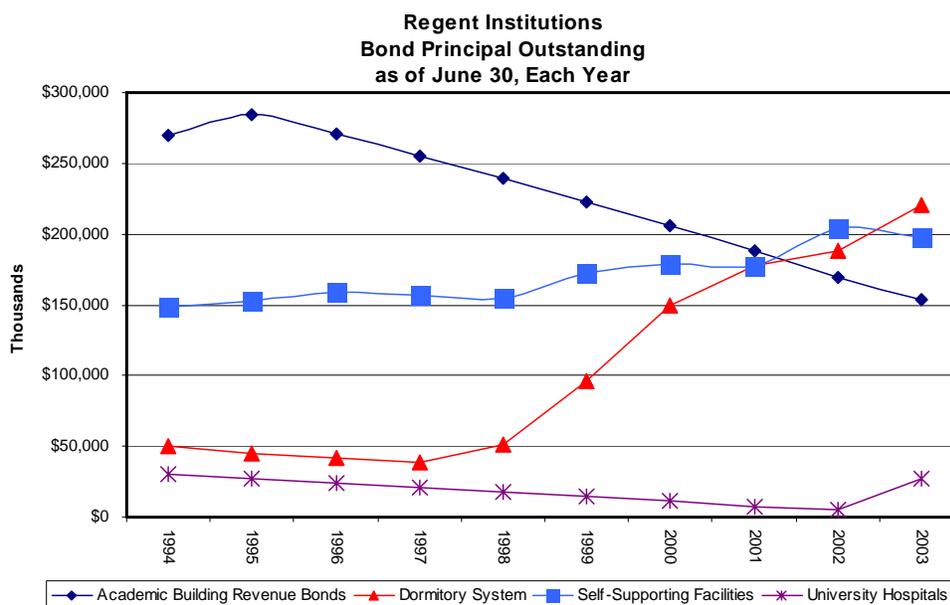
The following table summarizes Regent bond issues sold during the last four calendar years. (Bonds issued by the SUI Facilities Corporation are not included.) Table 1 (pages 7-9) includes a detailed listing of these bond issues.

Calendar Year	New Bonds Issued	Refunding Bonds Issued	Total Bonds Issued
2000	\$65,440,000	\$ 0	\$ 65,440,000
2001	41,025,000	27,990,000	69,015,000
2002	73,845,000	29,005,000	102,850,000
2003*	95,575,000	46,950,000	142,525,000

*Includes bonds to be sold in November 2003.

Table 2 (page 10) provides a summary of the outstanding Regent university debt. As of June 30, 2003, the principal outstanding was \$606.7 million.

Regent universities' debt has increased over the past ten years by approximately \$100 million and there has been a shift in the proportion of the debt between academic building revenue bonds and other bonds. The debt service on academic building revenue bonds is indirectly paid with tuition replacement appropriations; the principal outstanding on these bonds has decreased \$115.7 million (42.9%) while the principal outstanding on all other bonds has increased by \$216.4 million (91.5%). The dormitory systems have the largest increase in debt.



Analysis:

Proposed
Schedule

An aggressive bond schedule totaling \$122 million is proposed for calendar year 2004, including one sale by the University of Iowa Facilities Corporation, which is a not-for-profit organization of the University of Iowa Foundation established to assist in maintaining, developing, increasing, and extending the facilities and services of the University of Iowa.

The proposed schedule provides some flexibility to undertake refundings in April if interest rate conditions are favorable. A number of bond issues become callable on July 1, 2004, making current refundings (within 90 days of the call date) possible in April.

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:

UNI Student
Health Center
Expansion
(February
\$4 million)

In November 2002, the Board approved a new \$26 per academic year per student Health Facility mandatory fee (effective with the 2003-2004 academic year) to support the debt service payments for expansion and renovation of the UNI Student Health Center.

This project would construct a two-story addition to the Student Health Center of approximately 8,300 net square feet, and renovate approximately 6,400 net square feet of existing space to accommodate the consolidation and expansion of the University's Health Services programs.

The University is requesting approval of the schematic design and project description and budget (\$3.5 million) for the Health Center Expansion this month. (See UNI Capital Register - G.D. 9b.)

The schedule includes a February 2004 sale of bonds for this project.

UNI Arena
(Event Complex)
(February
\$10.0 million)

The Banking Committee will discuss at its November 2003 meeting the proposed business and financing plans for the UNI Arena, which with the UNI-Dome, would be referred to as the UNI Event Complex.

The Arena would be a 6,100 seat multipurpose facility and would be used to host athletic and special events.

The University's proposed financing plan would require the issuance of approximately \$10 million in bonds.

The schedule includes a February 2004 sale of bonds for this project.

SUI Utility
System (March
\$25 million)

The proposed bond sale would fund a number of utility system projects including the Upgrade of the Purified Water System for the Health Sciences Campus and a portion of the cost of the West Campus Chilled Water Plant Development / Expansion project. Bond proceeds may also be used for other utility projects which have not yet been approved by the Board.

In April 2003, the Board approved the project description and budget (\$2.3 million) for the Upgrade of the Purified Water System for the Health Sciences Campus; the project will upgrade the deionized feed water system in the Medical Research Center and the water purification system that serves a portion of the Pharmacy Building. In May 2003, the Board adopted a reimbursement resolution, indicating its future intent to issue bonds for the project.

In October 2003, the Board approved the project description and budget (\$39.4 million) for the West Campus Chilled Water Plant Development / Expansion project which would construct an addition to the existing plant to increase its chilled water capacity to serve the expanding needs of the West Campus and Arts Campus.

The schedule includes a March 2004 sale of bonds for these projects.

SUI Melrose
Avenue Parking
Facility
Expansion (May
\$19 million)

In September 2003, the Board approved the project description and budget (\$16.5 million), program statement, and schematic design for the Melrose Avenue Parking Facility Expansion.

This project would expand the facility, located along the north side of Melrose Avenue between the Field House and the Pomerantz Pavilion, on the west campus; an additional 571 parking spaces would be provided.

The schedule includes a May 2004 sale of bonds for this project.

SUI Facilities
Corporation –
Carver
Biomedical
Research
(August
\$25 million)

In March 2002, the Board approved a project description and budget (\$40.7 million) for the 131,500 gross square foot Carver Biomedical Research Building (CBRB), which will house research facilities and administrative functions of the Roy J. and Lucille A. Carver College of Medicine.

In September 2002, the Board adopted a resolution authorizing and approving various lease documents, indenture, a bond purchase agreement, and certificates related to the sale of two series of University of Iowa Facilities Corporation bonds totaling \$25 million for the CBRB.

The facility is currently under construction and additional financing is needed to complete construction.

The schedule includes an August 2004 sale of bonds by the SUI Facilities Corporation for this project.

ISU Memorial
Union
Renovation
(September
\$20 million)

In November 2002, the Board approved a Memorandum of Agreement between the Iowa State Memorial Union Corporation, the Government of the Student Body at Iowa State University, and the Board of Regents, State of Iowa, for the transfer of the Iowa State Memorial Union to Iowa State University and established a self-liquidating Memorial Union Facility.

In November 2002, as part of the approval of tuition and mandatory fees, the Board also approved a new \$15 per student per semester mandatory building fee (\$30 per academic year), for the 2003-2004 academic year, to fund improvements to the Union (building renovations or debt service).

This amount supplemented the existing student fee revenue, which at that time provided \$5.26 for future improvements and \$3.90 for debt service, per student per semester, for improvements to the Union.

In July 2003, the Board approved the program statement for Phase I of the Memorial Union Renovation.

The Phase 1 project would include the circulation, accessibility and life safety improvements; the Book Store addition and renovation; the upgrade of selected meeting room areas; and mechanical upgrades and roof repairs.

The schedule includes a September 2004 sale of bonds for this project.

SUI Iowa
Memorial Union
Improvements,
Phase 1
(November
\$11 million)

In November 2002, the Board approved a new \$29 mandatory building fee per student per academic year for the Phase 1 renovation of the Union.

The University plans to undertake a major renovation of the Iowa Memorial Union, over a number of years in various phases, to upgrade the facility consistent with student expectations.

The Board granted SUI permission to proceed with project planning in January 2003 and approved an architectural agreement with the firm of OPN Architects, Cedar Rapids, Iowa, in July 2003, for the project.

At that time, it was envisioned that Phase 1 would include:

- Master planning for the entire renovation project;
- Improvements totaling \$3.7 million to address deferred maintenance (flooring replacements, ballroom lighting system replacement, elevator modernization, fire alarm upgrade, and electrical and plumbing improvements);
- Construction of a River Terrace, which would provide a student gathering place and a venue for small concerts and plays, behind the IMU along the Iowa River; and
- A possible two-floor expansion of the IMU to the west to provide additional study/dining space.

The schedule includes a November 2004 sale of bonds for this project.

SUI Hawkeye
Recreation /
Athletic
(November
\$8 million)

In May 2003, the Board granted SUI permission to proceed with project planning for the construction of a new tennis facility for recreational, instructional and competitive use. As described at that time, the facility and exterior improvements would replace the indoor tennis courts formerly located in the Recreation Building, and the outdoor Klotz tennis courts.

The facility would include eight indoor doubles courts and associated support space (locker rooms, restrooms, office and storage areas), and 12 outdoor doubles courts and parking areas adjacent to the facility. The building would be constructed on the University's far west campus and would be integrated with the other recreational facilities in this area.

The schedule includes a November 2004 sale of bonds for this project.

Table 1
Board of Regents, State of Iowa
Revenue Bond Issues, Calendar Years 2000 - 2003

Calendar Year 2000

<u>Inst.</u>	<u>Sale Date</u>	<u>Issue</u>	<u>Amount</u>	<u>Project</u>
ISU	Jan.	Dormitory Revenue Bonds	\$ 9,525,000	Hawthorn (now named Frederiksen) Court, Phase 2b
SUI	Feb.	Telecommunications Facilities Revenue Bonds	15,875,000	Telecommunications Facilities Upgrades at SUI 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 Bond:	<u>10,000,000</u>	Hawkeye Athletic/Recreation Facilities Complex, Phase
2000 TOTAL			\$ 65,440,000	

Calendar Year 2001

<u>Inst.</u>	<u>Sale Date</u>	<u>Issue</u>	<u>Amount</u>	<u>Project</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 Bond:	<u>4,835,000</u>	Refunding of 1986 Bonds
2001 TOTAL			\$ 69,015,000	

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<u>Calendar Year 2002</u>				
<u>Inst.</u>	<u>Sale Date</u>	<u>Issue</u>	<u>Amount</u>	<u>Project</u>
ISU	Jan.	Dormitory Revenue Bonds	\$ 14,980,000	Union Drive Neighborhood Community Center
SUI	Feb.	Utility System Revenue Bonds	15,000,000	Utility System Projects
UNI	Mar.	Student Union Revenue Bonds	12,755,000	Maucker Union Expansion / Renovation
SUI	Apr.	Academic Building Revenue Refunding Bonds	14,580,000	Refunding of 1992 Bonds
UNI	Apr.	Academic Building Revenue Refunding Bonds	4,890,000	Refunding of 1991 Bonds
ISU	May	Parking System Revenue Bonds	6,110,000	Parking Improvements at Jack Trice Stadium and Construction of New Single-Level Parking Deck in Central Campus
UNI	Oct.	Dormitory Revenue Refunding Bonds	9,535,000	Refunding of Outstanding Maturities - 1964, 1967-C and 1992 Bonds
SUI	Nov.	Hospital Revenue Bonds	<u>25,000,000</u>	Center for Excellence in Image-Guided Radiatio
2002 TOTAL			\$102,850,000	

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<u>Calendar Year 2003</u>				
<u>Inst.</u>	<u>Sale Date</u>	<u>Issue</u>	<u>Amount</u>	<u>Project</u>
ISU	Jan.	Indoor Multipurpose Use and Training Facility Revenue Bonds	\$ 6,200,000	Indoor Multipurpose Use, Training and Practice Facility for Use by Varsity Football and Other Field Sports Programs
UNI	Jan.	Dormitory Revenue Bonds	9,210,000	Towers Center Improvements (including Dining Area)
SUI	Feb.	Utility System Revenue Refunding Bonds	6,080,000	Refunding of 1993 Bonds
ISU	Mar.	Dormitory Revenue Bonds	21,575,000	Union Drive Suite Building 2
SUI	Apr.	Academic Building Revenue Refunding Bonds	10,530,000	Refunding of 1993 Bonds
UNI	Apr.	Academic Building Revenue Refunding Bonds	8,465,000	Refunding of 1992 and 1993 Bonds
ISU	May	Dormitory Revenue Bonds	9,360,000	Buchanan Hall Renovation
UNI	Jul.	Academic Building Revenue Refunding Bonds	4,225,000	Refunding of 1993 Bonds
SUI	Sep.	Dormitory Revenue Bonds	25,000,000	Burge Residence Hall Remodel Food Service Area, Fire Protection Upgrades for 3 Residence Halls, and Improvements to Mayflower Residence Hall
ISU	Oct.	Regulated Materials Facility Revenue Bonds	6,750,000	New Facility for Regulated Materials Operations and Environmental Health and Safety Functions
ISU	Oct.	Academic Building Revenue Refunding Bonds	7,790,000	Refunding of 2002 Academic Building Revenue Project Notes
SUI	Nov.	Telecommunications Facilities Revenue Bonds	14,060,000	Refunding of 1995 Bonds, Purchase of Telephone Switching Equipment
ISU	Nov.	Utility System Revenue Bonds	<u>13,280,000</u>	Power Plant Turbine Generator #6 (15 megawatt)
2003 TOTAL			\$142,525,000	

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

	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	As of 30-Jun 2002	As of 30-Jun 2003
University of Iowa										
Academic Building Revenue Bonds	\$116,468,262	\$116,768,867	\$110,876,428	\$104,120,575	\$97,006,254	\$89,664,075	\$82,112,467	\$74,302,653	\$66,158,990	\$59,823,897
Project Notes - Academic Buildings	18,775,000	16,320,000	15,005,000	13,645,000	12,220,000	20,730,000	35,155,000	33,220,000	44,030,000	40,980,000
Dormitory System	85,495,000	90,615,000	99,470,000	98,110,000	91,955,000	112,165,000	120,990,000	122,930,000	129,135,000	120,745,000
Self-Supporting Facilities	30,175,000	27,200,000	24,150,000	21,025,000	17,825,000	14,550,000	11,200,000	7,775,000	5,275,000	27,675,000
University Hospitals										
Subtotal	\$250,913,262	\$250,903,867	\$249,501,428	\$236,900,575	\$219,006,254	\$237,109,075	\$249,457,467	\$238,227,653	\$244,598,990	\$249,223,897
Iowa State University										
Academic Building Revenue Bonds	\$108,180,000	\$111,185,000	\$105,195,000	\$98,710,000	\$93,090,000	\$86,465,000	\$79,550,000	\$72,405,000	\$65,105,000	\$58,205,000
Project Notes - Academic Buildings	7,100,000									7,000,000
Dormitory System	15,585,000	13,795,000	12,845,000	11,870,000	26,610,000	56,455,000	81,820,000	113,710,000	114,205,000	142,170,000
Self-Supporting Facilities	61,400,000	60,655,000	58,610,000	49,185,000	54,240,000	51,740,000	49,195,000	45,915,000	48,470,000	50,765,000
Subtotal	\$192,265,000	\$185,635,000	\$176,650,000	\$159,765,000	\$173,940,000	\$194,660,000	\$210,565,000	\$232,030,000	\$227,780,000	\$258,140,000
University of Northern Iowa										
Academic Building Revenue Bonds	\$44,740,000	\$56,186,461	\$54,351,461	\$52,121,461	\$49,633,468	\$46,963,661	\$44,307,941	\$41,436,354	\$38,497,718	\$35,707,182
Project Notes - Academic Buildings										
Dormitory System	16,255,000	14,945,000	13,845,000	13,115,000	12,750,000	18,965,000	32,195,000	31,135,000	29,990,000	37,930,000
Self-Supporting Facilities	1,730,000	1,460,000	1,315,000	9,150,000	8,995,000	8,795,000	8,585,000	8,365,000	26,515,000	25,650,000
Subtotal	\$62,725,000	\$72,591,461	\$69,511,461	\$74,386,461	\$71,378,468	\$74,723,661	\$85,087,941	\$80,936,354	\$95,002,718	\$99,287,182
GRAND TOTAL	\$505,903,262	\$509,130,328	\$495,662,889	\$471,052,036	\$464,324,722	\$506,492,736	\$545,110,408	\$551,194,007	\$567,381,708	\$606,651,079