

MEMORANDUM

To: Banking Committee

From: Board Office

Subject: Resolutions for the Sale of \$13,735,000 Dormitory Revenue Bonds, Series S.U.I. 2001

Date: October 8, 2001

Recommended Action:

Recommend that the Board adopt the following resolutions (see G.D. 3), subject to the receipt of acceptable bids:

1. A Resolution providing for the sale and award of \$13,735,000 Dormitory Revenue Bonds, Series S.U.I. 2001, 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 \$13,735,000 Dormitory Revenue Bonds, Series S.U.I. 2001, for the purpose of constructing necessary improvements to and equipping existing residence halls and related facilities, all located on the campus of The State University of Iowa, including funding the debt service reserve fund and paying costs of issuing the Bonds.

Executive Summary:

The Banking Committee is requested to recommend that the Board adopt two resolutions related to the sale and award and issuance of \$13,735,000 Dormitory Revenue Bonds, Series S.U.I. 2001. At its September 2001 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, the renovation of the former dining area in Currier Residence Hall and fire protection upgrades in Currier, Stanley, Burge and Daum residence halls.

At its May 2001 meeting, the Banking Committee and Board approved a reimbursement resolution which will permit the University to be reimbursed from future Dormitory (Residence) System Revenue Bond issues for four residence system projects, including the three projects to be financed by the proposed bond issue.

The bonds would be issued for a period of 20 years, with debt service of approximately \$1,068,000 annually to be paid from net rents, profits, and income from the operation of the residence system. The University's residence system is a self-supporting operation and receives no state appropriations.

Background:

The proposed sale would be used to finance, in part, the renovation of the former dining area (first floor west wing) in Currier Residence Hall into multi-purpose, computer, study, and vending areas. The sale would also fund fire protection upgrade projects in four residence halls.

The University has previously presented each of these projects to the Board, and the Board has approved a number of capital improvement procedural steps. Attachment A to this memorandum includes a summary of these steps, to date, for each project.

Under the provisions of Iowa Code §§262.55 to 262.66, the Board is authorized to construct, equip, improve, repair, remodel, operate, and maintain residence halls and dormitories, including dining and other incidental facilities, at the universities. The Board is further authorized to borrow money to finance the construction or improvements. The sources of repayment are the net rents, profits, and income from the operation of residence halls, dormitories, dining, and incidental facilities.

Analysis:

The \$13,735,000 bond issue would include:

- project costs (\$12,600,000);
- debt service reserve (estimated at \$1,068,000); and
- issuance costs (estimated at \$67,000).

The outstanding principal of the residence system existing bonds, as of July 1, 2001, is \$33,220,000.

In addition to the proposed sale, the University's Residence System Ten-Year Plan presented in March 2001 included future revenue bond issues for the Remodeling of Burge Food Service Area and Remodeling of Slater Hall. The Food Service project was included in the reimbursement resolution approved in May 2001, with an anticipated sale date for the bonds of 2004.

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, October 17, 2001, and the award is scheduled for 1:00 p.m. on the same date.

A representative of Springsted, Inc. will report on the bids received and make a recommendation to the Board for award of the bonds.

Bond Specifics:

Average Maturity:	11.6 years
Bonds Dated:	November 1, 2001
Interest Due:	July 1, 2002 and each January 1 and July 1 to maturity
Principal Due:	July 1, 2002 – 2021
Optional Call:	Bonds maturing on or after July 1, 2012 are callable commencing July 1, 2011 and any date thereafter at par
Denomination:	\$5,000 and integral multiples thereof

Copies of the resolutions, which were prepared by Ahlers law firm and reviewed by Springsted, Inc., are included in the Regent Exhibit Book.

**Attachment A
Project Summaries**

Currier Residence Hall Dining Area Renovation

	<u>Amount</u>	<u>Date</u>	<u>Exec. Dir. Action</u>	<u>Board Action</u>
Permission to Proceed		Oct. 1999		Approved
Architectural Selection (Rohrbach Carlson)		April 2000		Approved
Architectural Agreement (Rohrbach Carlson)	\$ 407,500	June 2000		Approved
Program Statement		Dec. 2000		Approved
Project Description and Total Budget	4,998,000	Dec. 2000		Approved
Construction Contract Awards				
Asbestos Abatement (Active Thermal Concepts)	38,385	Jan. 2001	Awarded	Ratified (Feb. 2001)
General Construction (McComas-Lacina Construction)	3,579,254	Mar. 2001	Awarded	Ratified (May 2001)

Residence Halls and Family Housing—Upgrade Fire Protection

(Includes Currier and Stanley project, and Burge and Daum project)

	<u>Amount</u>	<u>Date</u>	<u>Exec. Dir. Action</u>	<u>Board Action</u>
Permission to Proceed		July 1995		Approved
Agreement for Schematic Design and Cost Estimates (Alvine and Associates)	\$ 288,000	July 1997		Approved

Currier and Stanley Residence Halls - Upgrade Fire Protection

	<u>Amount</u>	<u>Date</u>	<u>Exec. Dir. Action</u>	<u>Board Action</u>
Engineering Agreement (Alvine and Associates)	\$ 252,450	Jan. 2000		Approved
Project Description and Total Budget	3,609,000	June 2000		Approved
Construction Contract Awards				
General (First Commercial Construction Corp.)	2,721,000	Dec. 2000		Request Withdrawn
(Unzeitig Construction)	3,049,000	Dec. 2000		Approved
Water Main Improvements				Ratification

(Maxwell Construction) 138,000 Aug. 2001 Awarded (Oct. 2001)

Burge and Daum Residence Halls - Upgrade Fire Protection

	<u>Amount</u>	<u>Date</u>	<u>Exec. Dir. Action</u>	<u>Board Action</u>
Standard Design Services (Alvine and Associates)	\$ 307,100	Nov. 2000		Approved
Asbestos Abatement Design/Air Monitoring Serv. (Shive-Hattery)	123,786	Nov. 2000		Approved
Project Description and Total Budget	5,377,000	Jan. 2001		Approved
Construction Contract Awards				
Bid Package No. 1—Asbestos Abatement, Burge (Enviro Safe Air)	197,000	March 2001	Awarded	Ratified (April 2001)
Bid Package No. 2—Asbestos Abatement, Burge (Iowa-Illinois Taylor Insulation)	170,358	April 2001	Awarded	Ratified (May 2001)
Bid Package No. 3— Asbestos Abatement, Daum (Great Plains Asbestos Control)	209,119	April 2001	Awarded	Ratified (May 2001)
Bid Package No. 4— Ceiling and Light Fixture Replacement, Burge & Daum (Merit Electric)	155,500	April 2001	Awarded	Ratified (May 2001)
Bid Package No. 5 – Fire Alarm Systems (McComas-Lacina Construction)	2,886,040	Sept. 2001	Awarded	Ratification (Nov. 2001)

Future Actions:

Additional Construction Contract
Awards (approximately 6)