

MEMORANDUM

To: Banking Committee
From: Board Office *ASN*
Subject: Costs of Bond Issuances
Date: September 9, 2002

Recommended Action:

Receive the report on the issuance costs related to Academic Building Revenue Refunding Bonds, Series S.U.I 2002 and U.N.I. 2002; Parking System Revenue Bonds, Series I.S.U. 2002; and University of Iowa Facilities Corporation Bonds, Series 2002 (Medical Education and Biomedical Research Facility – Building A).

Executive Summary:

The Banking Committee has requested reports identifying the costs associated with each bond issuance. The report provided to the Banking Committee in June 2002 included issuance costs for the March 2002 sale of the University of Northern Iowa \$12,755,000 Student Union Revenue Bonds.

This month's report includes the issuance costs for the April 2002 sale of Academic Building Revenue Refunding Bonds for the University of Iowa and the University of Northern Iowa, the May 2002 sale of Parking System Revenue Bonds for Iowa State University, and the June 2002 sale of University of Iowa Facilities Corporation bonds for the Medical Education and Biomedical Research Facility – Building A.

The costs of issuance for each of the bond issues are summarized below and are detailed on Tables 1 - 4, pages 4 - 5.

<u>Bond Issue</u>	<u>Costs of Issuance</u>
Academic Building Revenue Refunding Bonds, Series S.U.I. 2002	\$52,145.32
Academic Building Revenue Refunding Bonds, Series U.N.I. 2002	30,499.94
Parking System Revenue Bonds, Series I.S.U. 2002	42,684.78
Univ. of Iowa Facilities Corporation, Series 2002 (Medical Education & Biomedical Research – Building A)	43,225.49

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 and 2002, to date, is included on Tables 5 – 8 (pages 6 - 9).

Background and Analysis:

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

<u>Bond Issue</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>	<u>Actual Costs as % of Bond Issue \$</u>
SUI Academic Bldg. Refunding	\$85,200	\$52,145.32	.36%
UNI Academic Bldg. Refunding	35,200	30,499.94	.62%
ISU Parking System	42,500	42,684.78	.70%
UIFC Med Ed. & Biomedical	48,000	43,225.49	.55%

The detail of the issuance costs is shown on Tables 1 - 4.

With the exception of the SUI Academic Building Refunding, actual costs were very close to the estimated amounts. Reasons for the \$33,000 difference between the estimated and actual issuance costs for the SUI Academic Building Refunding bonds are:

- The estimated amounts are only projections or allowances. These projections are sometimes adjusted to ensure a sufficient bond issue size to allow for variations in reserve fund requirements and the amount of actual underwriter fees compared to projections; and
- The funds not used for issuance costs remain with the bond issue and may be used for project costs or debt service.

The actual costs for the other three bonds are very close to the amounts which had been estimated. However, the costs as a percentage of the bond issue size are larger for these three bond issues than for the SUI Academic Building Refunding.

- Costs for smaller issues (each of these issues was less than \$8 million) tend to be higher on a percentage basis due to the higher percentage of "fixed costs" (for example, rating agency fees and printing costs vary very little by bond issue size) compared to larger issues; and
- The costs for the ISU Parking System bond issue included costs associated with development of bond resolutions for a new enterprise system.

- Costs for University of Iowa Facilities Corporation bonds are usually higher than for Regent bonds due to preparation of additional documents. However, since the June sale was the fourth series of bonds for MEBRF – Building A and documents only needed to be modified, costs were lower than if this had been the initial bond issue.

Historical
Information

Tables 5 – 7 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 8 provides a summary of the costs for bond issuances in calendar year 2002. It will be updated as further issues are sold this calendar year.

Table 1
\$14,580,000 Academic Building Revenue Refunding Bonds,
Series S.U.I. 2002

Springsted as Financial Advisor	\$17,580.00
Ahlers Law Firm as Bond Counsel	19,770.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	11,000.00
Official Statement Printing	1,996.88
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>1,798.44</u>
Total	\$52,145.32

Table 2
\$4,890,000 Academic Building Revenue Refunding Bonds,
Series U.N.I. 2002

Springsted as Financial Advisor	\$ 7,824.00
Ahlers Law Firm as Bond Counsel	12,285.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	8,000.00
Official Statement Printing	1,496.82
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>894.12</u>
Total	\$30,499.94

Table 3
\$6,110,000 Parking System Revenue Bonds,
Series I.S.U. 2002

Springsted as Financial Advisor	\$ 9,110.00
Ahlers Law Firm as Bond Counsel	16,290.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	14,200.00
Official Statement Printing	1,915.32
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>1,169.46</u>
Total	\$42,684.78

Table 4
\$7,810,000 University of Iowa Facilities Corporation
Medical Education and Biomedical Research Facility – Building A*

Springsted as Financial Advisor	\$10,810.00
Ahlers Law Firm as Bond Counsel	14,545.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	13,500.00
Official Statement Printing	2,122.96
Reimbursable Expenses (copies, telecopies, toll calls, overnight shipping charges, travel)	<u>2,247.53</u>
Total	\$43,225.49

* Does not include insurance premium or trustee expenses.

**TABLE 5
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 1999**

Month of Sale	Bond Issue	Estimated Costs	Actual Costs			Total Costs	as % of Bond Issue \$
			Springsted Fees	Ahlers Fees	Other Costs*		
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 6
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2000**

Month of Sale	Bond Issue	Estimated Costs	Springsted Fees	Ahlers Fees	Actual Costs		Total Costs	as % of Bond Issue \$
					Other 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)	79,200.00	27,000.00	36,990.00	30,502.20	94,492.20	0.34%	
Totals	\$65,440,000	\$310,000.00	\$80,440.00	\$88,720.00	\$105,235.75	\$274,395.75	0.42%	

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

TABLE 7
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2001

Month of Sale	Bond Issue	Estimated Costs	Actual Costs			Total Costs	as % of Bond Issue \$
			Springsted Fees	Ahlers Fees	Other Costs*		
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	5,625,000 Field House Revenue Bonds, Series U.N.I. 2001	52,000.00	8,625.00	7,550.00	13,246.65	29,421.65	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 8
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2002**

Month of Sale	Bond Issue	Estimated Costs	Springsted Fees	Ahlers Fees	Actual Costs		as % of Bond Issue \$
					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	14,795.32	52,145.32	0.36%
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	17,870.49	43,225.49	0.55%
Totals	\$ 76,125,000	\$ 395,800.00	\$ 92,059.00	\$ 120,730.00	\$ 112,201.26	\$ 324,990.26	0.43%

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