

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Costs of Bond Issuance  
**Date:** January 19, 2005

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**Recommended Action:**

Receive the report on the issuance costs for the June – November 2004 bond sales.

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**Executive Summary:**

The Board has requested reports identifying the costs associated with each bond issuance; the report provided in August 2004 included issuance costs for the February – May 2004 bond sales.

This month's report includes the issuance costs for the four bond sales which occurred from June through November 2004. The estimated and actual issuance costs for the sales were:

<u>Bond Issue</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>	<u>Actual Costs as % of Bond Issue \$</u>
June 2004 - \$9,595,000 Center for University Advancement Revenue Refunding Bonds, Series SUI 2004	\$ 75,000	\$51,874	.54%
August 2004 - \$25,000,000 SUI Facilities Corporation Revenue Bonds, Series SUI 2004	87,000	85,074	.34%
September 2004 – \$25,000,000 Academic Building Revenue Bonds, Series SUI 2004	87,000	73,856	.30%
November 2004 - \$24,625,000 Memorial Union Revenue Bonds, Series ISU 2004	85,400	86,727	.35%

The costs of issuance for the bond issues are detailed on Tables 1 – 4, pages 4 and 5.

The next report on issuance costs with data from sales in calendar year 2005 to date will be provided to the Board in August 2005.

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## **Background and Analysis:**

A summary of the June through November bond issues is as follows:

June 2004 Sale	<p>University of Iowa Center for University Advancement Revenue Refunding Bonds which were sold to refund the 2005 – 2012 maturities of the 1995 Center for University Advancement Revenue Bonds; these bonds were issued to partially finance construction of the University of Iowa Levitt Center for University Advancement.</p> <ul style="list-style-type: none"><li>• The estimated and actual costs of issuance were \$75,000 and \$51,874, respectively.</li></ul>
August 2004 Sale	<p>University of Iowa Facilities Corporation Revenue Bonds which were the third series of bonds issued to finance construction of the Carver Biomedical Research Building, which will house research functions of the Roy J. and Lucille A. Carver College of Medicine.</p> <ul style="list-style-type: none"><li>• The estimated and actual costs of issuance were \$87,000 and \$85,047, respectively.</li></ul>
September 2004 Sale	<p>University of Iowa Academic Building Revenue Bonds which were sold to partially fund the Chemistry Building Renovation project and Phase II of the Art Building project, and to correct fire and environmental safety deficiencies.</p> <ul style="list-style-type: none"><li>• The estimated and actual costs of issuance were \$87,000 and \$73,856, respectively.</li></ul>
November 2004 Sale	<p>Iowa State University Memorial Union Revenue Bonds which were sold to finance in part the Memorial Union Renovation - Phase 1 and the Memorial Union Parking Facility - Structural Repairs projects.</p> <ul style="list-style-type: none"><li>• The estimated and actual costs of issuance were \$85,400 and \$86,727, respectively.</li></ul>
Estimated versus Actual Costs	<p>The actual costs <u>were lower</u> than the estimated costs for the bond issues in the current report with one exception, the Iowa State University Memorial Union Revenue Bonds.</p> <ul style="list-style-type: none"><li>• For the Iowa State University bond issue, costs were \$1,327 <u>higher</u> than had been estimated.</li></ul>
Costs as a Percentage of Issue Size	<p>The costs, as a percentage of issuance size, for the three large bond issues (each issue of approximately \$25 million) included in the current report ranged from .30% to .35%.</p> <p>The percentage costs for the June bond issue, which was less than \$10 million, were higher due primarily to fixed costs, including printing costs.</p>

Springsted reports that it continues to estimate all issuance costs in a conservative manner to minimize the need for the universities to fund issuance costs from non-bond proceeds funds.


Historical  
Information

Tables 5 – 9 include a breakout of actual costs of the bond issuances for calendar years 2000 – 2004. The costs include the fees paid to Springsted and Ahlers & Cooney and other costs for the issues, including rating agency services, official statement printing, and reimbursable expenses.

The weighted yearly averages (total costs as a percent of total bond issue dollars) have remained relatively constant over the five years (2000 - 2004) – from a low of .38% in calendar year 2004 to a high of .43% in calendar years 2002 and 2003.

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Joan Racki

Approved:   
Gregory S. Nichols

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**Table 1**  
**\$9,595,000 Center for University Advancement**  
**Revenue Refunding Bonds**  
**Series SUI 2004**

Springsted as Financial Advisor	\$ 17,745.00
Ahlers & Cooney as Bond Counsel	21,300.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	6,500.00
Official Statement Printing	2,000.00
Reimbursable Expenses (copies, Telecopies, toll calls, overnight shipping charges, travel)	1,578.65
Other	<u>2,750.00</u>
<b>Total</b>	<b>\$51,873.65</b>

**Table 2**  
**\$25,000,000 Facilities Corporation Revenue Bonds**  
**Series SUI 2004**

Springsted as Financial Advisor	\$ 25,500.00
Ahlers & Cooney as Bond Counsel	28,160.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	25,900.00
Official Statement Printing	2,121.82
Reimbursable Expenses (copies, Telecopies, toll calls, overnight shipping charges, travel)	1,892.18
Other	<u>1,500.00</u>
<b>Total</b>	<b>\$85,074.00</b>

**Table 3**  
**\$25,000,000 Academic Building Revenue Bonds**  
**Series SUI 2004**

Springsted as Financial Advisor	\$ 25,500.00
Ahlers & Cooney as Bond Counsel	16,500.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	25,900.00
Official Statement Printing	2,031.00
Reimbursable Expenses (copies, Telecopies, toll calls, overnight shipping charges, travel)	3,925.38
<b>Total</b>	<b>\$73,856.38</b>

**Table 4**  
**\$24,625,000 Memorial Union Revenue Bonds**  
**Series ISU 2004**

Springsted as Financial Advisor	\$ 25,312.50
Ahlers & Cooney as Bond Counsel	29,109.38
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	23,150.00
Official Statement Printing	3,000.00
Reimbursable Expenses (copies, Telecopies, toll calls, overnight shipping charges, travel)	<u>6,154.92</u>
<b>Total</b>	<b>\$86,726.80</b>

**TABLE 5  
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2000**

Month of Sale	Bond Issue	Estimated Costs	Actual Costs				Total Costs	as % of Bond Issue \$
			Springsted Fees	Ahlers Fees	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)	28,000,000	79,200.00	36,990.00	30,502.20	94,492.20	0.34%	
<b>Totals</b>	<b>\$ 93,440,000</b>	<b>\$ 389,200.00</b>	<b>\$ 107,440.00</b>	<b>\$ 125,710.00</b>	<b>\$ 135,737.95</b>	<b>\$ 368,887.95</b>	<b>0.39%</b>	

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

**TABLE 6  
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%	
<b>Totals</b>	<b>\$ 69,015,000</b>	<b>\$ 349,277.00</b>	<b>\$ 82,028.00</b>	<b>\$ 98,010.00</b>	<b>\$ 103,899.98</b>	<b>\$ 283,937.98</b>	<b>0.41%</b>	

\* 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				Total Costs	as % of Bond Issue \$
			Springsted Fees	Ahlens Fees	Other 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	25,000,000 Hospital Revenue Bonds, Series S.U.I. 2002	100,000.00	25,500.00	38,485.00	45,916.52	109,901.52	0.44%	
<b>Totals</b>	<b>\$ 142,660,000</b>	<b>\$650,800.00</b>	<b>\$165,594.00</b>	<b>\$222,200.00</b>	<b>\$231,983.01</b>	<b>\$619,777.01</b>	<b>0.43%</b>	

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



TABLE 8  
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2003

Month of Sale	Bond Issue	Estimated Costs	Springsted Fees	Ahlers Fees	Actual Costs		Total Costs	as % of Bond Issue \$
					Other Costs*	Total Costs		
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	6,080,000 Utility System Revenue Refunding Bonds, Series S.U.I. 2003	43,000.00	9,080.00	10,192.00	13,664.45	32,936.45	0.54%	
Mar-03	21,575,000 Dormitory Revenue Bonds, Series I.S.U. 2003	75,000.00	23,787.50	20,975.00	25,472.36	70,234.86	0.33%	
Apr-03	10,530,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2003	45,000.00	13,530.00	12,345.00	20,725.60	46,600.60	0.44%	
Apr-03	8,465,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 2003	35,000.00	11,465.00	11,312.00	19,575.24	42,352.24	0.50%	
May-03	9,360,000 Dormitory Revenue Bonds, Series I.S.U. 2003A	42,195.02	12,360.00	10,536.00	14,917.51	37,813.51	0.40%	
Jul-03	11,325,000 Facilities Corporation Revenue Bonds, Series S.U.I. 2003	56,600.00	14,325.00	18,016.50	24,261.40	56,602.90	0.50%	
Jul-03	4,225,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 2003	35,000.00	6,760.00	7,837.00	20,018.53	34,615.53	0.82%	
Sep-03	25,000,000 Dormitory Revenue Bonds, Series S.U.I. 2003	79,700.00	25,500.00	25,000.00	32,315.65	82,815.65	0.33%	
Oct-03	7,790,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2003	47,000.00	10,790.00	10,290.00	13,008.40	34,088.40	0.44%	
Oct-03	6,750,000 Regulated Materials Facility Revenue Bonds, Series I.S.U. 2003	59,600.00	9,750.00	15,300.00	13,604.59	38,654.59	0.57%	
Nov-03	14,060,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2003	75,300.00	17,060.00	16,770.00	23,837.15	57,667.15	0.41%	
Nov-03	13,280,000 Utility System Revenue Bonds, Series I.S.U. 2003	78,500.00	16,280.00	19,840.00	11,995.04	48,115.04	0.36%	
Totals	\$ 153,850,000	\$ 770,895.02	\$ 192,097.50	\$ 200,554.50	\$ 269,261.24	\$ 661,913.24	0.43%	

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

TABLE 9  
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2004

Month of Sale	Bond Issue	Estimated Costs	Actual Costs			Total Costs	as % of Bond Issue \$
			Springsted Fees	Ahlers Fees	Other Costs*		
Feb-04	\$ 3,875,000 Student Health System Revenue Bonds, Series UNI 2004	\$ 27,900	\$ 6,200	\$ 7,500	\$ 14,350	\$ 28,050	0.72%
Feb-04	10,000,000 Field House Revenue Bonds, Series UNI 2004	57,500	13,000	13,000	18,807	44,807	0.45%
Mar-04	25,000,000 Utility System Revenue Bonds, Series SUI 2004	79,900	25,500	28,250	20,540	74,290	0.30%
Apr-04	6,695,000 Academic Building Revenue Refunding Bonds, Series SUI 2004	49,000	9,695	9,365	20,291	39,351	0.59%
Apr-04	8,565,000 Academic Building Revenue Refunding Bonds, Series ISU 2004A and Series ISU 2004B	80,000	11,565	11,598	15,914	39,077	0.46%
Apr-04	6,210,000 Recreational Facility Revenue Refunding Bonds, Series ISU 2004	48,000	9,210	8,831	11,340	29,381	0.47%
May-04	18,250,000 Parking System Revenue Bonds, Series SUI 2004	85,400	21,250	18,975	26,243	66,468	0.36%
Jun-04	9,595,000 Center for Univ. Advancement Rev. Refunding Bonds, Series SUI 2004	75,000	17,745	21,300	12,829	51,874	0.54%
Aug-04	25,000,000 SUI Facilities Corporation Revenue Bonds, Series SUI 2004	87,000	25,500	28,160	31,414	85,074	0.34%
Sep-04	25,000,000 Academic Building Revenue Bonds, Series SUI 2004	87,000	25,500	16,500	31,856	73,856	0.30%
Nov-04	24,625,000 Memorial Union Revenue Bonds, Series ISU 2004	85,400	25,313	29,109	32,305	86,727	0.35%
<b>Totals</b>	<b>\$ 162,815,000</b>	<b>\$ 762,100</b>	<b>\$ 190,478</b>	<b>\$ 192,588</b>	<b>\$ 235,889</b>	<b>\$ 618,955</b>	<b>0.38%</b>

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

\*\* Includes work done post closing with respect to research, meetings and discussions held with regarding allocations of tax exempt and taxable bonds.