

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Preliminary Resolution for the Sale of up to \$16,000,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2005  
**Date:** January 19, 2005

---

**Recommended Action:**

Adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$16,000,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2005.

**(ROLL CALL VOTE)**

---

**Executive Summary:**

The Board is asked to adopt a resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$16,000,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2005.

The 2006 – 2020 maturities of the Academic Building Revenue Bonds, Series S.U.I. 1995 (originally issued in the amount of \$9,140,000, with a call date of July 1, 2005) and the 2006 – 2013 maturities of the Academic Building Revenue Refunding Bonds, Series S.U.I. 1996 (originally issued in the amount of \$10,800,000, with a call date of July 1, 2005) would be called and principal payments made on the call date.

The estimated net present value savings from the refunding in future tuition replacement appropriations totals approximately \$1.8 million.

The maturity schedule for the refunding bonds will not change from the schedules of the bonds being refunded.

---

**Analysis:**

Bonds to be Refunded

The proceeds from the sale of the proposed refunding bonds would be used to refund the Board's Academic Building Revenue Bonds, Series S.U.I. 1995 (2006 – 2020 maturities) and Series S.U.I. 1996 (2006 -2013 maturities).

The principal to be refunded for the two issues totals \$15,125,000.

The 1995 bonds were issued to finance renovation of Schaeffer Hall and to correct fire safety and deferred maintenance issues at the University of Iowa.

- Coupon rates on the 2006 – 2020 maturities of the 1995 bonds range from 5.75% in 2006 to 6.2% in 2020.

The 1996 bonds were issued to refund the outstanding principal of the S.U.I. Series 1990 Academic Building Revenue Bonds. The Series 1990 Bonds were issued to defray the costs of constructing, equipping and improving University laboratories and remodeling and renovating the International Center.

- Coupon rates on the 2006 – 2013 maturities of the 1996 bonds range from 4.75% in 2006 to 5.3% in 2013.

Current interest rates for bonds maturing in 2006 – 2020 are lower than the rates being paid on the outstanding bonds.


Refunding Bond  
Issue

The size of the refunding bond issue would not exceed \$16,000,000, with an anticipated issuance size of \$15,395,000 including issuance costs estimated at approximately \$65,500.

A copy of the resolution authorizing the Executive Director to fix the date or dates for the sale of the bonds, which was prepared by Ahlers Law Firm and reviewed by Springsted, Inc. is available from the Board Office.

The resolution includes a provision permitting the Board to receive bids by means of both sealed and electronic communication; the receipt by electronic communication is consistent with the resolution adopted by the Board in November 2001 approving the electronic bidding procedures.

  
Deb A. Hendrickson  
Deb A. Hendrickson

Approved:   
Gregory S. Nichols  
Gregory S. Nichols

H:\BF\2005\05febdoc\0205\_ITEM12a.doc