

Contact: Andrea Anania

**BOARD OF REGENTS, STATE OF IOWA
TELEPHONIC MEETING
HOST SITE: BOARD OF REGENTS OFFICE
11260 AURORA AVENUE, URBANDALE IOWA, 50322-7905**

MINUTES OF JANUARY 9, 2009

Board Members

Bonnie Campbell	Connected
Robert Downer	Absent
Jack Evans	Connected
Michael Gartner	Connected
Ruth Harkin	Connected
Greta Johnson	Absent
Craig Lang	Absent
David Miles	Connected
Rose Vasquez	Connected

Staff Members

Present at Host Site: Andrea Anania, Brad Berg, Bob Donley, Tom Evans, Diana Gonzalez, Joe Murphy, Patrice Sayre

Connected: Todd Stewart

Regents Institutions Connected

University of Iowa

Iowa State University

University of Northern Iowa

Iowa Braille and Sight Saving School

Others Connected

Barry Fick, Springsted Incorporated

John Bunz, Ahlers & Cooney, P.C.

The corresponding docket memorandum, an integral component of the minutes, is available on the Board of Regents' web site: www.state.ia.us/educate/regents. Copies can also be obtained from the Board Office by calling 515-281-3934.

President Miles called the meeting to order at 11:00 a.m. on January 9, 2009.

Roll Call:

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Present	x		x	x	x			x	x
Absent		x				x	x		

Financing of Flood Recovery

Vice President Doug True provided an overview of the University of Iowa's request to issue notes for the purpose of assisting the University with its efforts to pay for flood recovery expenses.

Regent Gartner said that he did not receive the docket materials; data was resent and Regent Gartner acknowledged receipt.

In response to President Miles question on timing, Vice President True said it would take approximately three weeks to solicit quotes, work with different providers, and negotiate agreements. Barry Fick from Springsted, Inc., the Board's financial advisor, elaborated on the process and hoped that negotiations would be completed by the February Board meeting.

President Miles asked if the full \$30 million is anticipated to be requested at one time. Vice President True clarified that the University is requesting authority to issue up to \$30 million in notes and elaborated on the University's current cash position. He said that the University has spent almost \$90 million and the difference between what the University's insurer, FM Global, and the Federal Emergency Management Agency (FEMA) have provided is \$21 million.

President Miles asked if this \$21 million is what the University is requesting to have back for normal operations. Vice President True said that is correct.

President Miles said he preferred not to act on this unless necessary and suggested that the bond sale occur at the February Board meeting, if at all possible.

In response to questions from President Pro Tem Evans, Mr. Fick said rates for taxable and tax exempt transactions will be considered and a three- to five-year term is anticipated. He reported that this short-term financing would allow SUI the ability to: (1) prepay without penalty to minimize interest costs; and (2) borrow again during the term based on the availability of funds.

Regent Gartner asked if the \$30 million would ultimately be reimbursed by a government or insurance entity. Vice President True said the University anticipates that it will be reimbursed.

Regent Gartner asked why it will take three to five years to get reimbursed. Vice President True said it is possible it will take that long. He thought three years was reasonable and said the University would not exercise the right to use it any longer than needed.

Regent Gartner asked for clarification that it may take three to five years to get reimbursed for flood damage costs that the University is currently spending. Vice President True responded that three to five years is the period under which the University would be able to draw down money, pay interest, and put it back. He said the University does not anticipate that the reimbursement process would go beyond a few months from payment to reimbursement.

John Bunz from Ahlers & Cooney, P.C., the Board's bond counsel, said a three- to five-year term provides the University flexibility.

Regent Gartner asked if it is understood in the motion that proceeds from these notes will be used exclusively for flood damage. President Miles said that was his understanding and requested that the minutes expressly reflect that understanding. Vice President True clarified that is exactly what the University intends.

In response to a question from President Pro Tem Evans, Mr. Bunz said there is a cap to Academic Revenue Building Bonds, but no cap with respect to the other Regents enterprises.

President Miles stated that it is the intent of the Board that the motion clearly express that these notes be used for what is anticipated to be reimbursable expenses related to the flood and not for other purposes. Mr. Bunz said the documents will reflect this request.

- **MOVED** by EVANS, **SECONDED** by CAMPBELL, to adopt A Resolution authorizing the Executive Director and the Board President to fix the terms and the date or dates(s) for the issuance of up to \$30,000,000 Flood Recovery and Mitigation Bond and Revenue Anticipation Project Notes and declaring an official intent under Treasury Regulation 1.150-2 to issue debt to fund incurred or anticipated flood-related expenditures.

<u>Regent</u>	<u>Campbell</u>	<u>Downer</u>	<u>Evans</u>	<u>Gartner</u>	<u>Harkin</u>	<u>Johnson</u>	<u>Lang</u>	<u>Miles</u>	<u>Vasquez</u>
Aye	x		x	x	x			x	x
Nay									
Absent		x				x	x		

MOTION APPROVED by ROLL CALL.

President Miles thanked everyone for participating and adjourned the meeting at 11:20 a.m.