

Contact: Joan Racki

FINANCING OF FLOOD RECOVERY

Action Requested: Consider adoption of a Resolution authorizing and directing the Executive Director or his designee to negotiate the final terms and conditions of the Resolution providing for the sale and authorizing and providing for the issuance and securing the payment of \$30,000,000 Flood Recovery and Mitigation Revenue Bond and Revenue Anticipation Project Note(s), Series S.U.I. 2009, which is on file.

(ROLL CALL VOTE)

Executive Summary: At its September 2008 meeting, the Board approved the Board Office and staff of the University of Iowa pursuing a number of items to assist the University in its efforts to pay expenses incurred in connection with flood-related damage, provided that no such action was to jeopardize, impede or supplant insurance proceeds or other state, federal, or grant receipts. At a special Board meeting held on January 9, 2009, the Board authorized the Executive Director and Board President to fix the terms and date for the issuance of up to \$30,000,000 Flood Recovery and Mitigation Bond and Revenue Anticipation Project Notes.

The project notes would be issued under the provisions of Chapter 76 of the Iowa Code, as detailed to the Board in January. The notes would be used to provide the necessary cash flow for expenses related to the flood recovery in anticipation of receipt of certain funds as provided in section 76.13 of the Iowa Code. That section provides, in part, authorization to issue notes in anticipation of proceeds to be received from authorized bonds or from any state or federal agency. The status of University revenues and expenditures for flood recovery through January 15, 2009 is shown on the attached spreadsheet.

Springsted, the Board's financial advisor, issued a term sheet (request for proposals) to three banks; responses were received on January 23, 2009. The University, Board Office staff, Springsted and Ahlers, the Board's bond counsel, will be prepared to report at the February meeting on the proposals received.

While it is anticipated that the material terms of the amount, interest rate, availability charge and term(s) of the note(s) will be identified by the time of the February Board meeting, detailed specific language may not be known. Therefore, since the Board may delegate ministerial duties and non material changes, it is requested that the Board delegate to the Executive Director or his designee the authority to negotiate the final terms of the Resolution for the sale of the notes.

Payment of principal and interest on the notes would be secured by proceeds from the notes; insurance; state and federal reimbursements for expenditures related to flood recovery and mitigation; other University funding sources including revenue on a subordinated basis to outstanding bond payment obligations from University self-liquidating enterprises such as the Utility System, Dormitory System, Memorial Union, Athletics, Parking, Auditorium, University of Iowa Hospitals and Clinics (UIHC), or student fees and institutional income; and the proceeds of bonds to be issued in the future for self-liquidating enterprises, UIHC, the Dormitory System, or Academic Building Revenue Bonds which might be authorized in the future by the General Assembly.

FINANCING OF FLOOD RECOVERY

	<u>Actuals</u>	<u>Encumbrances</u>	<u>TOTAL</u>		
<u>Flood Expenses</u> (as of 01-15-09)	\$93,063,704	\$20,383,023	\$113,446,727		
<hr/>					
<u>Flood Funding</u> (as of 01-15-09)					
	<u>FM Global</u>	<u>Federal Flood</u>	<u>FEMA</u>	<u>Gifts</u>	<u>TOTAL</u>
Building/Content/Extra Expense	\$45,946,212	\$4,428,181	\$21,393,177	\$1,000,000	\$72,767,570
	<u>FM Global Business Interruption</u>			<u>Gifts-Flood Relief</u>	<u>TOTAL</u>
Other	\$4,053,788			\$1,138,722	\$5,192,510
<hr/>					