

Contact: Joan Racki

UNIVERSITY OF IOWA REIMBURSEMENT RESOLUTION

Action Requested: Consider Adoption of a Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse the State University of Iowa for certain original expenditures paid in connection with the Football Operations Facility – Indoor Athletics Practice and Recreation Facility.

(ROLL CALL VOTE)

Executive Summary: The University of Iowa requests adoption of a resolution which would permit the University to be reimbursed from future borrowing for costs incurred for the Indoor Athletics Practice and Recreation Facility, the initial phase of the Football Operations Facility.

At its December 2010 meeting, the Board approved the schematic design, project description and budget (\$19.5 million). The project budget is being funded by Athletics Department Gifts and Earnings, UIHC Renewal and Improvement Funds, and Recreational Services Renewal and Improvement Funds. The project was competitively bid and a construction contract was awarded for the project to A&P/Samuels Group – A Joint Venture of Wausau, Wisconsin on September 26, 2011 in the amount of \$12,430,867.

The University envisions that borrowing will be needed since receipt of Athletics Department Gifts and Earnings may not match the construction schedule. The reimbursement resolution is being submitted at this time to ensure maximum reimbursement capability under regulations of the federal Internal Revenue Code. Pursuant to these regulations, project payments made not more than 60 days prior to adoption of the resolution are eligible for reimbursement from future financings.

Additional Information: United States Department of Treasury Regulation 1.150-2 provides the rules for the reimbursement from the proceeds of future bonds, notes or other indebtedness (financing) of expenditures originally paid from sources other than the financing. When the financing is complete, a portion of it is allocated to reimburse the original expenditure that was paid before the date of the financing.

Treasury regulations require that project costs must be reimbursed not later than 18 months after the capital expenditures are paid or 18 months after the property is placed in service, whichever is later.