

Contact: Joan Racki

**RESOLUTION FOR THE SALE AND AWARD OF \$13,925,000 ACADEMIC BUILDING
REVENUE BONDS, SERIES U.N.I. 2009**

Action Requested: Consider adopting the following resolution, subject to receipt of acceptable bids:

A Resolution providing for the sale and authorizing and providing for the issuance and securing the payment of \$13,925,000 (estimated) Academic Building Revenue Bonds, Series U.N.I. 2009, for the purpose of paying a portion of the costs of improving, remodeling, repairing, and equipping the Electrical Distribution System, Sabin Hall, fire and environmental safety, deferred maintenance, and campus security improvements on the campus of the University of Northern Iowa, funding interest during construction and a reserve fund, and paying the costs of issuance.

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of a resolution providing for the sale, award, authorization, and issuance of Academic Building Revenue Bonds for the University of Northern Iowa. These bonds would be the second and final issuance of the Academic Building Revenue Bonds authorized by 2007 legislation for the University. The amount of the sale may be adjusted, based upon the bids received, to ensure that the total proceeds available for construction do not exceed the amount authorized by the 2007 legislation.

This bond issuance, which was included on the calendar year 2009 schedule approved by the Board in October 2008, would be used to partially finance the costs of the Electrical Distribution System, Phase 2 and the Sabin Hall Renovation projects, and the University's allocation of deferred maintenance, fire safety and campus security improvement funds (see Agenda Item 15 from August 2007 meeting).

Tuition and fee revenues are used for debt service payments on Academic Building Revenue Bonds; a tuition replacement appropriation replaces that university revenue.

It is anticipated that annual debt service payments on the Series U.N.I. 2009 bonds will range from approximately \$850,000 in FY 2010 to \$1,100,000 in FY 2016 and subsequent years.

Additional Information: Chapter 262A of Iowa Code permits the sale by the Board of Regents of Academic Building Revenue Bonds upon authorization of the General Assembly and approval by the Governor. The Board is responsible for undertaking the authorized capital projects at the Regent universities.

The Electrical Distribution Loop System Load-Break Switches - Phase 2 project will continue the upgrade of the campus electrical distribution system to improve its safety and reliability. The Board approved the project description and budget (\$5,800,000) for the project at its December 2007 meeting.

The Sabin Hall Renovation project would update the instructional and office areas of Sabin Hall, which is a major classroom facility that houses the College of Social and Behavioral Sciences. The facility was constructed in 1912-1913 and most recently renovated in 1969. The Board approved the schematic design and project description (\$11,800,000) and budget at its June 2008 meeting.

The outstanding principal amount of University of Northern Iowa Academic Building Revenue Bonds is \$53.8 million.

Bond proceeds are expected to be applied as follows:

- project costs (estimated at \$10,800,000);
- capitalized interest (estimated at \$2,040,000);
- debt service reserve (estimated at \$851,300);
- underwriters discount (estimated at \$174,100); and
- issuance costs (estimated at \$59,600).

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, March 19, 2009, and the award is scheduled for later that day. A representative of Springsted, Inc. will report on the bids received and make a recommendation to the Board for award of the bonds.

The official statement for the bond sale may be found on the website of Springsted, Inc., the Board's Financial Advisor, at <http://www.springsted.com/>.

A copy of the resolution, which was prepared by Ahlers & Cooney, P.C. and reviewed by Springsted, Inc. is available from the Board Office.

Specifics of the bonds are:

- Average Maturity: 18.3 Years
- Bonds Dated: April 1, 2009
- Interest Due: January 1, 2010 and July 1 and January 1 to maturity
- Interest Exemption: Exempt from federal and state taxes for individual purchasers who are residents of Iowa
- Principal Due: July 1, 2014 – 2035
- Optional Call: Bonds maturing on or after July 1, 2020 are callable commencing July 1, 2019 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof