

Contact: Joan Racki

**SALE AND AWARD OF \$11,970,000 (ESTIMATED) TELECOMMUNICATIONS FACILITIES
REVENUE BONDS, SERIES S.U.I. 2011**

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

A Resolution providing for the sale, award and authorizing the issuance of Telecommunications Facilities Revenue Bonds, Series S.U.I. 2011, in the amount of \$11,970,000 (estimated) to defray costs of constructing, equipping, installing, and extending certain improvements to the Telecommunications System of The State University of Iowa, funding a debt service 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 Telecommunications Facilities Revenue Bonds for the University of Iowa. The bond issuance was included on the calendar year 2011 schedule approved by the Board in October 2010.

At its October 2008 meeting, the Board approved the schematic design, and a project description and budget (\$33,628,000), for the Data Center project which would construct a new computer data center at the Oakdale Campus to house and protect the computing and networking systems critical to the daily operations of University Information Technology Services and UIHC Health Care Information Systems. The facility, currently under construction, would replace the University's outdated and undersized data centers (located in Jessup Hall and the General Hospital) and provide additional space for research-computing servers. This is the second and final series of bonds for the project; the previous sale occurred in December 2009.

It is anticipated that annual debt service payments on the Series S.U.I. 2011 bonds will range from approximately \$570,000 in FY 2012, to \$910,000 in FY 2013 and subsequent years. Debt service payments would be made by the user organizations of the facility.

Additional Information: Under the provisions of Iowa Code Chapter 262, the Board is authorized to construct, furnish, maintain, operate, manage and control self-liquidating and revenue producing buildings and facilities. Communication utilities are specifically referenced in §262.44. The Board is further authorized to borrow money to finance the construction or improvements. The sources of repayment for the borrowed funds are the income and revenues to be derived from the operation of the facility and any student fees or charges which may be imposed by the Board.

The Telecommunication Bonds would be payable from the net revenues of the Telecommunications System and any Telecommunications System Student Fees which the Board may impose. Since the Telecommunications Facilities Revenue Bonds were first issued in 1985, there has not been a need to charge the student fee to remedy any deficiencies in the net income of the enterprise.

The \$11,970,000 bond issue is anticipated to include:

- project costs (estimated at \$10,784,500);
- debt service reserve (estimated at \$909,500);
- underwriters discount (estimated at \$191,500); and
- issuance costs (estimated at \$84,500).

The amount of the sale may be adjusted to ensure that project proceeds coupled with the project proceeds available from the first bond issue do not exceed the Board approved project budget.

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, March 23, 2011, 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: 13.0 Years
- Bonds Dated: April 1, 2011
- Interest Due: January 1, 2012 and each 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, 2013 – 2032
- Optional Call: Bonds maturing on or after July 1, 2022 are callable commencing July 1, 2021 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof