

Contact: Brad Berg

**ABANDONMENT OF A PORTION OF HAWKEYE DRIVE AND HAWKEYE COURT APARTMENTS
AT THE UNIVERSITY OF IOWA**

Actions Requested: Consider approval of:

1. A Resolution directing the abandonment of portions of the Hawkeye Court and the Hawkeye Drive Apartment Complexes at the University of Iowa.
2. The project budget of \$1,080,000 for the demolition of the eight structures containing 76 apartments in the Hawkeye Court Apartment Complex.

[ROLL CALL VOTE]

Executive Summary: Bond resolutions for the University of Iowa's Residence System require specific approval of the Board of Regents prior to the abandonment of any units in the system. The resolution also includes a determination that the net rents, profits, and income of the Residence System, after abandonment of the facilities, are sufficient to meet the specific financial requirements of the bond covenants.

In June 2008, record floods damaged major portions of the University of Iowa Campus. Over 40 facilities were impacted by the flood. Since that time, significant efforts have been made to recover and protect the campus from future flooding. One of the facilities severely damaged was the Hawkeye Court Apartment Complex on the University's Hawkeye Campus. Eight buildings had flood waters reach approximately 15 inches in the first floor apartments. Due to the age and deterioration of the structures, the University, in coordination with FEMA, has determined it would be most reasonable to permanently remove these structures at this time and not rebuild in the flood hazard area.

The project will raze eight buildings (within 3 building clusters) comprised of 76 apartment units out of 504 total units in the Hawkeye Court Apartment Complex. Although these units have been uninhabitable since the 2008 flood, UI Housing has continued to maintain other space within the undamaged portions of the complex to accommodate graduate student housing needs.

FEMA has determined there are no historical or environmental impacts related to the removal of the buildings and have approved the razing of these structures.

The University also plans to abandon 16 units of Hawkeye Drive Apartments as residential units and use them for storage purposes.

The University has consulted with the Board's bond counsel, the Ahlers Law firm, to secure needed approvals for razing properties that are part of a bonded enterprise.

The scope of work includes: 1) asbestos abatement, 2) razing and disposal of three structures, 3) capping of all utilities, 4) backfilling and grading of site and 5) site restoration.

Project Budget:

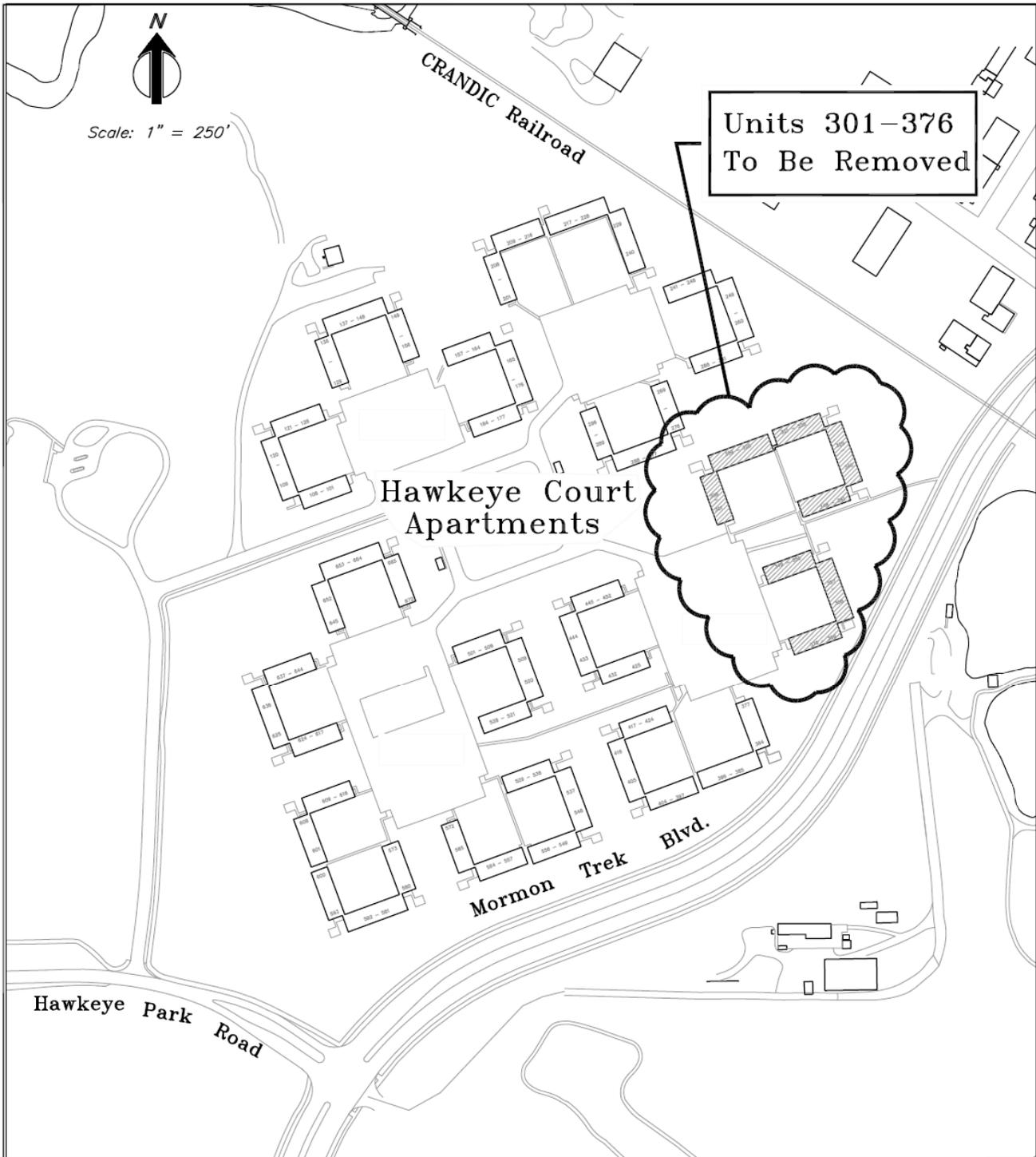
Planning and Design	\$ 200,000
Construction Costs	800,000
Project Contingencies	<u>80,000</u>
Total:	\$1,080,000

Source of Funds: Insurance proceeds and/or other state and Federal grants (FEMA) / insurance reimbursement / residence system earnings

The bond covenants require a certification that the 135% coverage test (net revenues of the System must equal or exceed 135% of the annual debt service on the outstanding bonds) will be met after the requested abandonment.

Doug True, as Chief Financial Officer of the University, has determined that the net income of the Residence System, after taking into account the abandonment of the apartments, with adjustments for increases in the rates and the additional facilities being incorporated into the System, will be equal to or greater than 1.35 times the maximum annual amount (as defined in the bond resolutions) to be due in any succeeding year for the payment of principal and interest on all Dormitory Revenue Bonds of the University which are outstanding.

The necessary certification is included as Attachment B to this memorandum. Copies of the resolution directing the abandonment, which was prepared by the Ahlers law firm, are available from the Board Office.



THE UNIVERSITY OF IOWA

PLOTTED Nov. 23, 2010
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LOCATION MAP

Hawkeye Court Apartments
Raze Structures

CERTIFICATE OF TREASURER

TO THE BOARD OF REGENTS, STATE OF IOWA:

As the Treasurer of The State University of Iowa, I have prepared the following certification of the net revenues of the Residence System, as defined in the resolutions adopted by the Board of Regents, State of Iowa (the "Board").

In order to comply with the requirements and limitations provided in said resolutions applicable to the abandonment of facilities within the Residence System, I make this certification specifically with respect to the abandonment of portions of the Hawkeye Court and Hawkeye Drive Apartment Complexes at The State University of Iowa.

I further investigated, and it is my opinion, that the net revenues of the Residence System available for payment into the "Dormitory Revenue Bond Sinking Fund" after giving effect to such abandonment as shown by the annual audit, for the fiscal year ending June 30, 2010 (with adjustments to reflect any increases in rates, fees, rentals or charges or additional facilities being incorporated into the System) will be equal to or greater than one and thirty-five one hundredths (1.35) times the maximum annual amount to become due in any succeeding fiscal year for the payment of principal of and interest on outstanding bonds.



Douglas K. True, Senior Vice President & Treasurer