

Contact: Brad Berg

**RESOLUTION FOR THE SALE AND ISSUANCE OF \$19,950,000 (ESTIMATED) PARKING
SYSTEM REVENUE BONDS, SERIES S.U.I. 2014**

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 \$19,950,000 (estimated) Parking System Revenue Bonds, Series S.U.I. 2014, for the purpose of financing a portion of the costs of constructing, extending, equipping and improving University parking facilities on the campus of The State University of Iowa, funding a debt service reserve, and paying 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 Parking System Revenue Bonds for the University of Iowa. This bond issue is the second of two series of bonds to be sold for the Hospital Ramp II Replacement project. The Board approved the schematic design, and project description and budget (\$66,153,000) at its June 2012 meeting. (The first bond series was sold in February 2013.)

UIHC will contribute \$24.553 million in cash to the University to directly fund capital project costs that are necessary for the Hospital Ramp 2 Replacement project to move forward (e.g. existing Ramp 2 demolition, relocation of utility service lines, landscaping of the ground level roof that will form the front entrance to UIHC.)

The amount of the bond issue will be sized to provide project proceeds, in addition to the proceeds from the first sale, so that the total from the two sales does not exceed the Board approved budget, which includes the amount contributed by UIHC (total net bond proceeds of \$41.6 million). Principal on the bonds would be repaid over a period of 25 years (beginning in 2016), with debt service of approximately \$1.33 million annually to be paid from the net revenues of the Parking System. UIHC will provide funding to the University by contributing toward annual debt service payments on the new bonds to assure that the Parking System maintains reasonable debt service coverage ratios throughout the bond term to maintain its stable credit rating.

The University's parking system is a self-supporting operation.

Interest on the bonds would be exempt from federal and state taxes (double tax-exempt) for Iowa residents who purchase the bonds.

Additional Information: Under the provision of Iowa Code Chapter 262, the Board is authorized to construct, equip, maintain and operate self-liquidating and revenue producing facilities at the universities; the Board is also authorized to borrow money to construct or improve these facilities. The sources of repayment are the income and revenues to be derived from the operation or use of the facility and from any fees or charges implemented by the Board to students for whom the facilities are made available.

The outstanding principal of the Parking System existing bonds, as of January 1, 2014, is \$41.07 million; the last maturity is 2040.

The \$19,950,000 sale amount and an anticipated reoffering premium are expected to include:

- project proceeds (\$18,505,500);
- debt service reserve (estimated at \$1,332,000);
- underwriters discount (estimated at \$299,000); and
- issuance costs (estimated at \$105,000).

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, March 12, 2014, 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. 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: 16.25 Years
- Bonds Dated: April 1, 2014
- Interest Due: July 1, 2015 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, 2016 – 2040
- Optional Call: Bonds maturing on or after July 1, 2025 are callable commencing July 1, 2024 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof