

Contact: Brad Berg

**SALE AND AWARD OF \$11,810,000 (ESTIMATED) ATHLETIC FACILITIES  
REVENUE REFUNDING BONDS, SERIES I.S.U 2015 (TAXABLE)**

**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 \$11,810,000 (estimated) Athletic Facilities Revenue Refunding Bonds, Series I.S.U 2015A (taxable), for the purpose of advance refunding the \$12,175,000 Athletic Facilities Revenue Bonds, Series I.S.U. 2007 (taxable), and paying costs of issuance.

**(ROLL CALL VOTE)**

**Executive Summary:** The Board is asked to consider adoption of a resolution related to the sale, award, and issuance of Athletic Facilities Revenue Refunding Bonds for Iowa State University. When the calendar year 2015 bond issuance schedule was approved by the Board in October 2014, it authorized such refunding bonds as the Executive Director determines advisable.

A review of possible refundings by Springsted, Inc., the Board's Municipal Advisor, has determined that interest rate savings could occur by refunding the 2016 – 2033 maturities of the \$12,175,000 Athletic Facilities Revenue Bonds, Series I.S.U. 2007. (The 2015 maturity would be defeased from available funds budgeted for debt service.) These taxable bonds were issued to fund a portion of the Jack Trice Stadium, Phase 1 project, including concessions areas and certain advertising as well as other private uses; under Internal Revenue Service requirements, taxable bonds need to be issued when the private use exceeds certain thresholds.

The proposed refunding of the Athletic Facilities Revenue Bonds would be an advance refunding as the refunding would occur prior to the initial call date of July 1, 2018. It is intended that the proceeds from the sale of the refunding bonds, net of issuance expenses, would be invested in U.S. Treasury Obligations or other permitted investments to fund an escrow account which would be used to redeem the 2016 – 2033 maturities. The refunding would not extend the maturity of the bonds beyond the last scheduled maturity of the 2007 Series bonds.

Interest rates on the refunding bonds are anticipated to be lower than the interest rates on the refunded bonds for the same years. Taxable rates on the 2007 Series range from 5.5% in 2016 to 6.1% in 2033. Springsted, Inc., the Board's municipal advisor, has projected that the refunding would result in a present value savings of approximately \$0.87 million. Annual cash flow savings are estimated at approximately \$67,000.

The refunding issuance amount is estimated at \$11,810,000. This amount will be adjusted up or down, depending upon the bid received, but will not exceed \$12,100,000. This flexibility will provide sufficient funds to fund the escrow account and to pay the costs of issuance, which are estimated at \$93,000.

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 receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, March 11, 2015 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 Municipal 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: 10.5 Years
- Bonds Dated: April 1, 2015
- Interest Due: January 1, 2016 and each July 1 and January 1 to maturity
- Interest Exemption: These are taxable bonds and interest is not exempt from federal taxes but is exempt from state taxes
- Principal Due: July 1, 2016 – 2033
- Optional Call: Bonds maturing on or after July 1, 2026 are callable commencing July 1, 2025 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof