

Contact: Joan Racki

IOWA STATE UNIVERSITY REIMBURSEMENT RESOLUTION

Action Requested: Consider Adoption of a Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse the Iowa State University of Science and Technology for certain original expenditures paid in connection with the Cyclone Sports Complex.

(ROLL CALL VOTE)

Executive Summary: Iowa State University requests adoption of a resolution which would permit the University to be reimbursed from future borrowing for costs incurred for the Cyclone Sports Complex.

At its March 2011 meeting, the Board authorized the University to enter into a financing agreement for the Cyclone Sports Complex project, subject to necessary approvals by the Board Office. The University envisions borrowing these funds this summer. The reimbursement resolution is being submitted at this time to ensure maximum reimbursement capability under regulations of the federal Internal Revenue Code. Pursuant to these regulations, project payments made not more than 60 days prior to adoption of the resolution are eligible for reimbursement from future financings.

Additional Information: United States Department of Treasury Regulation 1.150-2 provides the rules for the reimbursement from the proceeds of future bonds, notes or other indebtedness (financing) of expenditures originally paid from sources other than the financing. When the financing is complete, a portion of it is allocated to reimburse the original expenditure that was paid before the date of the financing.

Treasury regulations require that project costs must be reimbursed not later than 18 months after the capital expenditures are paid or 18 months after the property is placed in service, whichever is later.