

Contact: Joan Racki

UNIVERSITY OF IOWA FLOOD FINANCING

Action Requested: Consider approval of an extension of the maturity date of the \$30,000,000 Flood Recovery and Mitigation Revenue Bond and Revenue Anticipation Project Note, Series S.U.I. 2009 to April 1, 2015.

Executive Summary: In February 2009, the Board authorized the issuance of up to \$30,000,000 in Flood Recovery and Mitigation Bond and Revenue Anticipation Project Notes for the benefit of the University of Iowa.

As a result of a competitive selection process, Wells Fargo, National Association was selected as the successful bidder for the project notes, which had an initial maturity date of 2012. The note is currently outstanding in the amount of \$5,000,000. With significant flood recovery construction activity anticipated in the next couple of years, the University would like to extend the note, with its revolving line of credit, until 2015, and Wells Fargo has agreed to this extension.

The project notes were issued under the provisions of Chapter 76 of the Iowa Code. The notes have been used to provide the necessary cash flow for expenses related to the flood recovery in anticipation of receipt of certain funds as provided in section 76.13 of the Iowa Code. That section provides, in part, authorization to issue notes in anticipation of proceeds to be received from authorized bonds or from any state or federal agency.

Payment of principal and interest on the notes is secured by proceeds from the notes; insurance; state and federal reimbursements for expenditures related to flood recovery and mitigation; other University funding sources including revenue on a subordinated basis to outstanding bond payment obligations from University self-liquidating enterprises such as the Utility System, Dormitory System, Memorial Union, Athletics, Parking, Auditorium, University of Iowa Hospitals and Clinics (UIHC), or student fees and institutional income; and the proceeds of bonds to be issued in the future for self-liquidating enterprises, UIHC, the Dormitory System, or Academic Building Revenue Bonds authorized by the General Assembly.