

Contact: Brad Berg

**SALE AND AWARD OF \$17,910,000 (ESTIMATED) TELECOMMUNICATIONS FACILITIES
REVENUE REFUNDING BONDS, SERIES S.U.I. 2020**

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 \$17,910,000 (estimated) Telecommunications Facilities Revenue Refunding Bonds, Series S.U.I. 2020, for the purpose of currently refunding the \$25,000,000 Telecommunications Facilities Revenue Bonds, Series 2009, and paying the 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 Telecommunications Facilities Revenue Refunding Bonds for the University of Iowa. When the calendar year 2020 bond issuance schedule was approved by the Board in November 2019, it authorized such refunding bonds as the Executive Director determines advisable.

A review of possible refundings by Baker Tilly Municipal Advisors LLC, the Board's Municipal Advisor, has determined that interest rate savings could occur by refunding the 2021 – 2036 maturities of the \$25,000,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2009. (The July 1, 2020 debt service payment will be made as scheduled with University funds.) The Series 2009 bonds were issued to construct a new computer data center at the Oakdale Campus to house and protect the computing and networking systems critical to the daily operations of University Information Technology Services and UIHC Health Care Information Systems. The University's telecommunications facilities system is a self-supporting operation.

Interest on the refunding bonds would be exempt from federal and state income taxes (double tax-exempt) for Iowa residents who purchase the bonds. Interest on the bonds to be refunded has also been double tax-exempt.

The proposed refunding of the Telecommunications Facilities Revenue bonds would be a current refunding as the settlement date is less than 90 days prior to the anticipated call date of July 1, 2020. The outstanding maturities of the bonds would be called and principal payments made on the call date. The refunding would not extend the maturity of the bonds beyond the last scheduled maturity of the 2009 Series Bonds.

Interest rates on the Series 2020 Bonds are anticipated to be lower than the interest rates on the 2009 Series Bonds for the same years. (Rates on the 2009 Series range from 3.4% in 2020 to 4.25% in 2036.) Baker Tilly has projected that the refunding would result in a present value savings of approximately \$2.3 million.

The refunding issuance amount is estimated at \$17,910,000. Depending upon the bid received, this amount will be adjusted up or down. This flexibility will provide sufficient funds to fund the escrow account and to pay the costs of issuance, which are estimated at \$108,000.

The bonds are payable from the net revenues of the Telecommunications System and the proceeds of any Telecommunications System Student Fees which the Board may impose. Since the Telecommunications Facilities Revenue Bonds were first issued in 1985, there has not been a need to charge the student fee to remedy any deficiencies in the net revenues of the enterprise.

Additional Information: Under the provisions of Iowa Code §262.44, the Board is authorized to construct, equip, improve, repair, remodel, operate and maintain residence halls and dormitories, including dining and other incidental facilities, at the universities. The Board is further authorized to borrow money to finance the construction or improvements and to refund such indebtedness.

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, April 30, 2020, and the award is scheduled for later that day. A representative of Baker Tilly LLC will report on the bids received and make a recommendation to the Board for award of the Series 2020 Bonds.

The official statement for the bond sale may be found on the website of Baker Tilly LLC, the Board's Municipal Advisor, at <https://go.bakertilly.com/bond-sales-calendar>.

A copy of the resolution, which was prepared by Ahlers & Cooney, P.C. and reviewed by Baker Tilly LLC, is available from the Board Office.

Specifics of the bonds are:

- Average Maturity: 9.6 Years
- Bonds Dated: May 1, 2020
- Interest Due: January 1, 2021 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, 2023 – 2036
- Optional Call: Bonds maturing on or after July 1, 2030 are callable commencing July 1, 2029 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof