

Contact: Brad Berg

**SALE AND AWARD OF \$14,495,000 (ESTIMATED) ATHLETIC FACILITIES
REVENUE REFUNDING BONDS, SERIES S.U.I 2021**

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 \$14,495,000 (estimated) Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2021, for the purpose of currently refunding the \$19,775,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2010, 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 the University of Iowa. When the calendar year 2021 bond issuance schedule was approved by the Board in November 2020, 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 \$19,775,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2010 (the "Series 2010 Bonds"). The Series 2010 Bonds were sold to finance a portion of the Carver-Hawkeye Arena – Addition and Renovation project.

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 Athletic Facilities Revenue Bonds would be a current refunding as the Series 2010 bonds are callable on or after July 1, 2020. The refunding would not extend the maturity of the bonds beyond the last scheduled maturity of the Series 2010 Bonds.

Interest rates on the Series 2021 Bonds are anticipated to be lower than the interest rates on the Series 2010 Bonds for the same years. (Rates on the 2010 Series range from 3.0% in 2021 to 4.0% in 2036.) Baker Tilly has projected that the refunding would result in a present value savings of approximately \$2.1 million.

The refunding issuance amount is estimated at \$14,495,000. 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 \$91,000.

Debt service payments on the Series 2021 Bonds are paid from net revenues of the Athletics Facilities System and from any fees or charges implemented by the Board to students for whom the facilities are made available.

Additional Information: Under the provisions of Iowa Code §§262.44, the Board is authorized to construct, equip, improve, repair, remodel, operate and maintain self-liquidating 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 9:30 a.m. on Wednesday, April 14, 2021 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 2021 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 Series 2021 Bonds are:

- Average Maturity: 9.3 Years
- Bonds Dated: May 1, 2021
- Interest Due: July 1, 2021 and each January 1 and July 1 to maturity
- Interest Exemption: Exempt from federal and state income taxes for individual purchasers who are residents of Iowa
- Principal Due: July 1, 2023 – 2036
- Optional Call: Bonds maturing on or after July 1, 2031 are callable commencing July 1, 2030 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof