

Contact: Brad Berg

UNIVERSITY OF IOWA FACILITIES CORPORATION
REVENUE REFUNDING BONDS SERIES 2021

Action Requested: Consider adopting the following resolution, subject to receipt of acceptable bids:

A Resolution authorizing and approving the issuance of the University of Iowa Facilities Corporation (Carver and Pappajohn) \$33,345,000 (estimated) Revenue Refunding Bonds, Series 2021, for the purpose of currently refunding the \$12,555,000 University of Iowa Facilities Corporation Revenue Refunding Bonds (Carver Biomedical Research Building) Series 2012, the \$22,795,000 University of Iowa Facilities Corporation Revenue Refunding Bonds (Carver Biomedical Research Building) Series 2012A and the \$27,000,000 University of Iowa Facilities Corporation Revenue Bonds (Pappajohn Biomedical Discovery Building) Series 2012 and paying for costs of issuance, providing for the payment thereof, and directing the issuer to accomplish said refunding.

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of a resolution authorizing and approving the issuance of University of Iowa Facilities Corporation Revenue Refunding Bonds. 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 2022 – 2028 maturities of the Series 2012 bonds (Carver), the 2022 – 2030 maturities of the Series 2012A bonds (Carver), and the 2022 – 2038 maturities of the Series 2012 (Pappajohn) bonds. These bonds were used to partially finance the costs of constructing and equipping the Carver Biomedical Research Building and the Pappajohn Biomedical Discovery Building.

The proposed refunding of the bonds would be a current refunding as the as the settlement date is less than 90 days prior to the anticipated call date of June 1, 2021. 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 bonds to be refunded.

Interest rates on the refunding bonds are anticipated to be lower than the interest rates on the refunded bonds for the same years. Rates on the Series 2012 bonds (Carver) are 3.00% in 2022 through 2028. Rates on the Series 2012A bonds (Carver) range from 3.00% in 2022 to 3.375% in 2030. Rates on the Series 2012 bonds (Pappajohn) range from 2.25% in 2022 to 3.30% in 2038.) Baker Tilly has projected that the refunding would result in a present value savings of approximately \$4.4 million.

The refunding issuance amount is estimated at \$33,345,000. Depending upon on 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 \$174,000.

Facilities Corporation: The University of Iowa Facilities Corporation was incorporated in 1967 as a not-for-profit supporting organization of the University of Iowa Foundation to assist in maintaining, developing, increasing, and extending the facilities and services of the University.

Although the bonds would be issued by the Facilities Corporation, they are deemed by Internal Revenue Service rulings to be issued “on behalf” of the Board of Regents and the State of Iowa. The Board of Regents must, therefore, approve the sale and terms of the bonds. The bonds would be single tax-exempt (exempt from federal, but not state taxes).

The bond structure for the University of Iowa Facilities Corporation bond issues differs from the structure used for Board of Regents bonds. The Corporation issues the debt and leases the facility to the Board for use by the University during the term of the bonds. Upon retirement of the bonds, the facility is conveyed to the University.

Additional Information: The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, April 14, 2021. The Executive Committee of the Board of Directors of the Facilities Corporation is expected to approve the sale and terms of the bonds based on the best bid at a meeting scheduled for that date. The Board of Regents, at its regularly scheduled meeting, will be asked to approve the previously referenced resolution, which was prepared by Ahlers & Cooney, P.C.

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 is available from the Board Office.

Specifics of the bonds are:

- Average Maturity: 7.1 Years
- Bonds Dated: May 1, 2021
- Interest Due: December 1, 2021 and each June 1 and December 1 to maturity
- Interest Exemption: Exempt from federal taxes for individual purchasers
- Principal Due: June 1, 2022 – 2038
- Optional Call: Bonds maturing on or after June 1, 2031 are callable commencing June 1, 2030 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof