

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Reimbursement Resolution, University of Iowa Kinnick Stadium Renovation Project
Date: May 10, 2004

Recommended Action:

Adopt A Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse the University of Iowa Athletic Facilities System for certain original expenditures paid in connection with the Kinnick Stadium project.

(ROLL CALL VOTE)

Executive Summary:

The University of Iowa requests adoption of a resolution which would permit the University's Athletic Facilities System to be reimbursed from a future Athletic Facilities bond issue for expenditures associated with the Kinnick Stadium Renovation project.

The Board approved the project description and total budget (\$86,825,000) for the Kinnick Stadium Renovation project at its March 2004 meeting.

The University anticipates the initial issuance of revenue bonds for the project in early 2005; this sale would be included in the calendar year 2005 bond issuance schedule to be presented for Board approval later this year.

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 bond issues.

Background:

Treasury Regulations	United States Department of Treasury Regulation 1.150-2 provides the rules for the reimbursement from future bond proceeds of expenditures originally paid from sources other than bond proceeds. When the bonds are sold, a portion of the bond issue (reimbursement bond) is allocated to reimburse the original expenditure that was paid before the bond issue date.
Project Background	Kinnick Stadium, constructed in 1929, suffers from a number of deficiencies related to the south end zone seating area, plumbing systems, number of toilet facilities and concession stands, accessibility and egress routes, and the press box.
Project Scope	The project, as approved by the Board in March 2004, would address the most critical deficiencies with the stadium, including replacement of the south end zone bleacher area and west side press box; renovation of the concourse, concession and restroom areas; and replacement of mechanical, plumbing, and electrical systems.
Construction Timeline	During the summer of 2004, the site will be prepared for construction. The majority of the work will be undertaken in two major phases with the first phase scheduled to begin at the completion of the 2004 football season, and the second phase is scheduled to begin at completion of the 2005 football season. Substantial completion of the project is expected prior to the 2006 football season.

Analysis:

Bond Issuance	The University anticipates the issuance of not more than \$100 million in debt for the project to be issued on a parity with the outstanding Athletic Facilities Revenue Bonds.
Financing until Bonds Issued	As discussed with the Board at its March 2004 meeting, the University anticipates the initial issuance of revenue bonds in early 2005 which is after the first phase construction is scheduled to begin. Until the bonds are issued, financing for the project would be provided by Income from Treasurer's Temporary Investments.
Treasury Regulations	Treasury regulations require that project costs must be reimbursed from the bond proceeds not later than 18 months after the capital expenditures are paid or 18 months after the property is placed in service, whichever is later.
Resolution	A copy of the reimbursement resolution prepared by Ahlers & Cooney, P.C. and reviewed by Springsted, Inc. is available from the Board Office.


Joan Racki

Approved: 
Gregory S. Nichols