

Contact: Joan Racki

SALE AND AWARD OF \$3,685,000 (ESTIMATED)
FIELD HOUSE REVENUE REFUNDING BONDS, SERIES U.N.I. 2011

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 \$3,685,000 (estimated) Field House Revenue Refunding Bonds, Series U.N.I. 2011, for the purpose of paying costs of currently refunding the \$5,625,000 Field House Revenue Bonds, Series U.N.I. 2001 and paying costs of issuance.

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of a resolution providing for the sale, award, authorization, and issuance of Field House Revenue Refunding Bonds for the University of Northern Iowa. When the calendar year 2011 bond issuance schedule was approved by the Board in October 2010, it authorized such refunding bonds as the Executive Director determines advisable.

A review of possible refundings by Springsted, Inc., the Board's Financial Advisor, has determined that interest rate savings could occur by refunding the outstanding maturities of the \$5,625,000 Field House Revenue Bonds, Series U.N.I. 2001. The Series 2001 bonds were sold to finance, in part, the costs of repairing the structure and roof and making other improvements to the UNI-Dome Field House. The University's Field House system is a self-supporting operation.

Interest on the refunding bonds would be exempt from federal and state 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 Field House Revenue bonds would be a current refunding as the refunding would occur less than 90 days prior to the anticipated call date of August 1, 2011. The 2012-2022 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 maturities of the 2001 Series bonds.

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 2001 Series bonds range from 3.90% in 2012 to 4.75% in 2019 and subsequent years.) Springsted, Inc., the Board's financial advisor, has projected that the refunding would result in a present value savings of approximately \$185,000. Annual cash flow savings are estimated at approximately \$25,000.

The refunding issuance amount is estimated at \$3,685,000. This amount will be adjusted up or down, depending upon the bid received, but not to exceed \$4,000,000. This flexibility will provide sufficient funds to call and redeem the 2012-2022 maturities and to pay costs of issuance, which are estimated at \$60,000.

Additional Information: Under the provisions of Iowa Code Chapter 262, the Board is authorized to construct, equip, maintain and operate self-liquidating and revenue producing facilities at the universities. The Board is further authorized to borrow money to construct or improve these facilities and to refund such indebtedness.

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, June 8, 2011, and the award is scheduled for later that day. A representative of Springsted, Inc. will report on the bids received and make a recommendation to the Board for award of the bonds.

The official statement for the bond sale may be found on the website of Springsted, Inc., the Board's Financial Advisor, at <http://www.springsted.com/>.

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

Specifics of the bonds are:

- Average Maturity: 6.35 Years
- Bonds Dated: June 1, 2011
- Interest Due: January 1, 2012 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, 2012 – 2022
- Optional Call: Bonds maturing on or after July 1, 2020 are callable commencing July 1, 2019 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof