

Contact: Joan Racki

**UNIVERSITY OF IOWA REIMBURSEMENT RESOLUTION**

**Action Requested:** Consider adopting A Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse The State University of Iowa Dormitory System for certain original expenditures paid in connection with various capital improvement projects.

**(ROLL CALL VOTE)**

**Executive Summary:** The University of Iowa requests adoption of a resolution which would permit the University's Dormitory System to be reimbursed from future bond issues for costs associated with the West Campus Residence Hall. At its March 2012 meeting, the Board approved the schematic design and project description and budget (\$53,444,501) for the project. The first series of bonds for the project is scheduled to be sold at the Board's August 2012 meeting.

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.

**Additional Information:** 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.

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.