

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Costs of Bond Issuance
Date: July 21, 2004

Recommended Action:

Receive the report on the issuance costs for the February - May 2004 bond sales.

Executive Summary:

The Board has requested reports identifying the costs associated with each bond issuance; the report provided in February 2004 included issuance costs for the September – November 2003 bond sales.

This month's report includes the issuance costs for the eight bond sales from January through May 2004. The estimated and actual issuance costs for the sales were:

<u>Bond Issue</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>	<u>Actual Costs as % of Bond Issue \$</u>
February 2004 - \$3,875,000 Student Health System Revenue Bonds, Series UNI 2004	\$ 27,900	\$28,049.85	.72%
February 2004 - \$10,000,000 Field House Revenue Bonds, Series UNI 2004	57,500	44,807.42	.45%
March 2004 - \$25,000,000 Utility System Revenue Bonds, Series SUI 2004	79,900	74,290.13	.30%
April 2004 - \$6,695,000 Academic Building Revenue Refunding Bonds, Series SUI 2004	49,000	39,350.53	.59%
April 2004 - \$8,565,000 Academic Building Revenue Refunding Bonds, Series ISU 2004A and 2004B	80,000	39,076.96	.46%

<u>Bond Issue</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>	<u>Actual Costs as % of Bond Issue \$</u>
April 2004 - \$6,210,000 Recreational Facility Revenue Refunding Bonds, Series ISU 2004	48,000	29,381.16	.47%
May 2004 - \$6,695,000 Parking System Revenue Bonds, Series SUI 2004	85,400	66,468.24	.36%

The costs of issuance for the bond issues are detailed on Tables 1 – 7, pages 5 - 7.

The next report on issuance costs with data from the remainder of the sales in calendar year 2004 will be provided to the Board in February 2005.

Background and Analysis:

A summary of the January through May bond issues is as follows:

- February 2004 Sale University of Northern Iowa Student Health System Revenue Bonds which were sold in February 2004 to finance construction of an addition to the Student Health Center; renovate the existing office and clinic space; and provide infrastructure, fire safety, accessibility and other code upgrades.
 - The estimated and actual costs of issuance were \$27,900 and \$28,049.85 respectively.

- February 2004 Sale University of Northern Iowa Field House Revenue Bonds which were sold in February 2004 to provide partial funding for construction of the Arena, which would provide a 6,100 seat multipurpose venue to host athletic events, including men’s and women’s basketball games, volleyball matches, wrestling meets, and other special events.
 - The estimated and actual costs of issuance were \$57,500 and \$44,807.42 respectively.

- March 2004 Sale University of Iowa Utility System Revenue Bonds which were sold in March 2004 to fund the Upgrade of the Health Sciences Campus – Purified Water System project, a portion of the cost of the West Campus Chilled Water Plant Development / Expansion project, and other improvements to the utility system.
 - The estimated and actual costs of issuance were \$79,900 and \$74,290.13 respectively.

April 2004 Sale University of Iowa Academic Building Revenue Refunding Bonds which were sold in April 2004 to refund the 2006 – 2015 maturities of the Academic Building Revenue Bonds, Series SUI 1993.

- The estimated and actual costs of issuance were \$49,000 and \$39,350.53 respectively.

April 2004 Sale Iowa State University Academic Building Revenue Refunding Bonds Series 2004A and 2004B which were sold in April 2004 to refund the 2006 – 2020 maturities of the Academic Building Revenue Bonds Series I.S.U. 1994 and the 2005 – 2012 maturities of the Academic Building Revenue Refunding Bonds, Series ISU 1994.

- The estimated and actual costs of issuance were \$80,000 and \$39,076.96 respectively.

April 2004 Sale Iowa State University Recreational Facility Revenue Refunding Bonds which were sold in April 2004 to refund the 2005 – 2010 maturities of the Recreational Facility Revenue Refunding Bonds, Series I.S.U. 1994.

- The estimated and actual costs of issuance were \$48,000 and \$29,381.16 respectively.

May 2004 Sale University of Iowa Parking System Revenue Bonds which were sold in May 2004 to finance construction of a new parking ramp adjacent to the existing Melrose Avenue Parking Facility on the west campus.

- The estimated and actual costs of issuance were \$85,400 and \$66,468.24 respectively.

Estimated versus Actual Costs The actual costs were lower than the estimated costs for all calendar year 2004 bond issues sold to date with one exception, the UNI Student Health System.

- For that UNI bond issue, costs were \$149.85 higher than had been estimated.

Rating agency costs were lower than had been anticipated for some sales since these costs were split among multiple bond sales for a single university in a given month.

- In February, two bond issues were sold for the University of Northern Iowa and in April, academic building revenue refunding bonds and recreational facility refunding bonds were sold for Iowa State University.

Springsted reports that it continues to estimate issuance costs in a conservative manner to minimize the need for the universities to fund issuance costs from non-bond proceeds funds.

Historical
Information

Tables 8 – 12 include a breakout of actual costs of the bond issuances for calendar years 2000 – 2004. The costs include the fees paid to Springsted and Ahlers & Cooney and other costs for the issues, including rating agency services, official statement printing, and reimbursable expenses.

The weighted yearly averages (total costs as a percent of total bond issue dollars) have remained relatively constant over the four years (2000 - 2003) – from a low of .39% in calendar year 2000 to a high of .43% in calendar years 2002 and 2003.

For calendar year 2004 to date, five of the seven bond issues have been \$10 million or less in size; due to fixed costs, the costs as a percentage of the bond issue dollars for these bond issues have been higher.

The costs, as a percentage of issuance size, for the \$25.0 million Utility System bonds and the \$18.25 million Parking System bonds were .30% and .36% percent respectively.

On average, year to date for calendar year 2004, the weighted average cost is .41% of the issuance size.


Joan Racki

Approved: 
Gregory S. Nichols

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Table 1
\$3,875,000 Student Health System Revenue Bonds
Series UNI 2004

Springsted as Financial Advisor	\$ 6,200.00
Ahlers & Cooney as Bond Counsel	7,500.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	8,900.00
Official Statement Printing	3,289.02
Reimbursable Expenses (copies, Telecopies, toll calls, overnight shipping charges, travel)	<u>2,160.83</u>
Total	\$28,049.85

Table 2
\$10,000,000 Field House Revenue Bonds
Series UNI 2004

Springsted as Financial Advisor	\$ 13,000.00
Ahlers & Cooney as Bond Counsel	13,000.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	14,000.00
Official Statement Printing	3,381.83
Reimbursable Expenses (copies, Telecopies, toll calls, overnight shipping charges, travel)	<u>1,425.59</u>
Total	\$44,807.42

Table 3
\$25,000,000 Utility System Revenue Bonds
Series SUI 2004

Springsted as Financial Advisor	\$ 25,500.00
Ahlers & Cooney as Bond Counsel	28,250.00
Moody's Investor Services as Rating Agent	10,500.00
Official Statement Printing	2,720.08
Trustee	6,000.00
Reimbursable Expenses (copies, Telecopies, toll calls, overnight shipping charges, travel)	<u>1,320.05</u>
Total	\$74,290.13

Table 4
\$6,695,000 Academic Building Revenue Refunding Bonds
Series SUI 2004

Springsted as Financial Advisor	\$ 9,695.00
Ahlers & Cooney as Bond Counsel	9,365.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	16,900.00
Official Statement Printing	2,079.64
Reimbursable Expenses (copies, Telecopies, toll calls, overnight shipping charges, travel)	<u>1,310.89</u>
Total	\$39,350.53

Table 5
\$8,565,000 Academic Building Revenue Refunding Bonds
Series ISU 2004A and Series ISU 2004B

Springsted as Financial Advisor	\$ 11,565.00
Ahlers & Cooney as Bond Counsel	11,598.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agents	11,770.00
Official Statement Printing	2,884.20
Reimbursable Expenses (copies, Telecopies, toll calls, overnight shipping charges, travel)	<u>1,259.76</u>
Total	\$39,076.96

Table 6
\$6,210,000 Recreational Facility Revenue Refunding Bonds
Series ISU 2004

Springsted as Financial Advisor	\$ 9,210.00
Ahlers & Cooney as Bond Counsel	8,831.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agent	8,530.00
Official Statement Printing	1,966.48
Reimbursable Expenses (copies, Telecopies, toll calls, overnight shipping charges, travel)	<u>843.68</u>
Total	\$29,381.16

Table 7
\$18,250,000 Parking System Revenue Bonds
Series SUI 2004

Springsted as Financial Advisor	\$ 21,250.00
Ahlers & Cooney as Bond Counsel	18,975.00
Moody's Investor Services and Standard & Poor's Rating Services as Rating Agent	21,900.00
Official Statement Printing	2,425.10
Reimbursable Expenses (copies, Telecopies, toll calls, overnight shipping charges, travel)	<u>1,918.14</u>
Total	\$66,468.24

**TABLE 8
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2000**

Month of <u>Sale</u>	<u>Bond Issue</u>	Estimated <u>Costs</u>	Actual Costs				Total <u>Costs</u>	as % of <u>Bond Issue \$</u>
			<u>Springsted Fees</u>	<u>Ahlers Fees</u>	<u>Other Costs*</u>			
Jan 00	\$ 9,525,000 Dormitory Revenue Bonds, Series I.S.U. 2000A	51,000.00	\$ 12,525.00	\$ 10,525.00	\$ 18,876.67	\$ 41,926.67	0.44%	
Feb 00	15,875,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2000	81,000.00	18,875.00	14,910.00	24,727.12	58,512.12	0.37%	
Apr 00	16,000,000 Dormitory Revenue Bonds, Series S.U.I. 2000	65,000.00	19,000.00	21,970.00	19,687.36	60,657.36	0.38%	
May 00	14,040,000 Dormitory Revenue Bonds, Series U.N.I. 2000	63,000.00	17,040.00	19,485.00	23,259.52	59,784.52	0.43%	
Sept 00	10,000,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2000	50,000.00	13,000.00	21,830.00	18,685.08	53,515.08	0.54%	
Sept 00	Series 2000 and Series 2000A University of Iowa Facilities Corporation Revenue Bonds (Medical Education & Biomedical Research Facility) 28,000,000	<u>79,200.00</u>	<u>27,000.00</u>	<u>36,990.00</u>	<u>30,502.20</u>	<u>94,492.20</u>	0.34%	
Totals	\$ 93,440,000	\$ 389,200.00	\$ 107,440.00	\$ 125,710.00	\$ 135,737.95	\$ 368,887.95	0.39%	

* Includes rating agency services, Official Statement printing, and reimbursable expenses.

**TABLE 9
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2001**

Month of <u>Sale</u>		<u>Bond Issue</u>	Estimated <u>Costs</u>	Actual Costs			Total <u>Costs</u>	as % of <u>Bond Issue \$</u>
				<u>Springsted Fees</u>	<u>Ahlers Fees</u>	<u>Other Costs*</u>		
Jan-01	\$ 21,665,000	Dormitory Revenue Bonds, Series I.S.U. 2001A	\$ 84,000.00	\$ 24,332.50	\$ 28,885.00	\$ 31,420.26	\$ 84,637.76	0.39%
Apr-01	23,155,000	Academic Building Revenue Ref. Bonds, Series I.S.U. 2001A and I.S.U. 2001B	107,677.00	24,575.50	27,665.00	22,729.14	74,969.64	0.32%
Oct-01	13,735,000	Dormitory Revenue Bonds, Series S.U.I. 2001	67,000.00	16,735.00	21,835.00	23,983.25	62,553.25	0.46%
Nov-01	4,835,000	Iowa Memorial Union Revenue Ref. Bonds, Series S.U.I. 2001	38,600.00	7,760.00	12,075.00	12,520.68	32,355.68	0.67%
Nov-01	<u>5,625,000</u>	Field House Revenue Bonds, Series U.N.I. 2001	<u>52,000.00</u>	<u>8,625.00</u>	<u>7,550.00</u>	<u>13,246.65</u>	<u>29,421.65</u>	0.52%
Totals	\$ 69,015,000		\$ 349,277.00	\$ 82,028.00	\$ 98,010.00	\$ 103,899.98	\$ 283,937.98	0.41%

* Includes rating agency services, Official Statement printing, and reimbursable expenses.

**TABLE 10
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2002**

Month of <u>Sale</u>		<u>Bond Issue</u>	Estimated <u>Costs</u>	Actual Costs			Total <u>Costs</u>	as % of <u>Bond Issue \$</u>
				<u>Springsted Fees</u>	<u>Ahlers Fees</u>	<u>Other Costs*</u>		
Jan-02	\$ 14,980,000	Dormitory Revenue Bonds, Series I.S.U. 2002	\$ 59,500.00	\$ 17,980.00	\$ 21,840.00	\$ 18,149.78	\$ 57,969.78	0.39%
Feb-02	15,000,000	Utility System Revenue Bonds, Series S.U.I. 2002	66,000.00	13,000.00	19,710.00	12,931.50	45,641.50	0.30%
Mar-02	12,755,000	Student Union Revenue Bonds, Series U.N.I. 2002	59,400.00	15,755.00	16,290.00	20,778.45	52,823.45	0.41%
Apr-02	14,580,000	Academic Building Revenue Refunding Bonds, Series S.U.I. 2002	85,200.00	17,580.00	19,770.00	22,345.32	59,695.32	0.41%
Apr-02	4,890,000	Academic Building Revenue Refunding Bonds, Series U.N.I. 2002	35,200.00	7,824.00	12,285.00	10,390.94	30,499.94	0.62%
May-02	6,110,000	Parking System Revenue Bonds, Series I.S.U. 2002	42,500.00	9,110.00	16,290.00	17,284.78	42,684.78	0.70%
Jun-02	7,810,000	Univ. of Iowa Facilities Corporation, Series 2002 (Medical Education & Biomedical Research Facility - Building A)	48,000.00	10,810.00	14,545.00	19,370.49	44,725.49	0.57%
Jul-02	7,000,000	Academic Building Revenue Project Notes, Series I.S.U. 2002	N/A	10,000.00	14,140.00	8,939.72	33,079.72	0.47%
Sept. 02	25,000,000	Univ. of Iowa Facilities Corporation, Series 2002A and 2002B (Carver Biomedical Research Facility)	105,000.00	25,500.00	30,725.00	36,027.66	92,252.66	0.37%
Oct. 02	9,535,000	Dormitory Revenue Refunding Bonds, Series U.N.I. 2002	50,000.00	12,535.00	18,120.00	19,847.85	50,502.85	0.53%
Nov. 02	<u>25,000,000</u>	Hospital Revenue Bonds, Series S.U.I. 2002	<u>100,000.00</u>	<u>25,500.00</u>	<u>38,485.00</u>	<u>45,916.52</u>	<u>109,901.52</u>	0.44%
Totals	\$ 142,660,000		\$650,800.00	\$165,594.00	\$222,200.00	\$231,983.01	\$619,777.01	0.43%

* Includes rating agency services, Official Statement printing, and reimbursable expenses.

**TABLE 11
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2003**

Month of Sale	Bond Issue	Estimated Costs	Actual Costs				as % of Bond Issue \$
			Springsted Fees	Ahlers Fees	Other Costs*	Total Costs	
Jan-03	\$ 6,200,000 Indoor Multipurpose Use and Training Facility Revenue Bonds, Series I.S.U. 2003	\$ 46,000.00	\$ 9,200.00	\$ 12,316.00	\$ 18,915.40	\$ 40,431.40	0.65%
Jan-03	9,210,000 Dormitory Revenue Bonds, Series U.N.I. 2003	53,000.00	12,210.00	9,825.00	16,949.92	38,984.92	0.42%
Feb-03	6,080,000 Utility System Revenue Refunding Bonds, Series S.U.I. 2003	43,000.00	9,080.00	10,192.00	13,664.45	32,936.45	0.54%
Mar-03	21,575,000 Dormitory Revenue Bonds, Series I.S.U. 2003	75,000.00	23,787.50	20,975.00	25,472.36	70,234.86	0.33%
Apr-03	10,530,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2003	45,000.00	13,530.00	12,345.00	20,725.60	46,600.60	0.44%
Apr-03	8,465,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 2003	35,000.00	11,465.00	11,312.00	19,575.24	42,352.24	0.50%
May-03	9,360,000 Dormitory Revenue Bonds, Series I.S.U. 2003A	42,195.02	12,360.00	10,536.00	14,917.51	37,813.51	0.40%
Jul-03	11,325,000 Facilities Corporation Revenue Bonds, Series S.U.I. 2003	56,600.00	14,325.00	18,016.50	24,261.40	56,602.90	0.50%
Jul-03	4,225,000 Academic Building Revenue Refunding Bonds, Series U.N.I. 2003	35,000.00	6,760.00	7,837.00	20,018.53	34,615.53	0.82%
Sep-03	25,000,000 Dormitory Revenue Bonds, Series S.U.I. 2003	79,700.00	25,500.00	25,000.00	32,315.65	82,815.65	0.33%
Oct-03	7,790,000 Academic Building Revenue Refunding Bonds, Series I.S.U. 2003	47,000.00	10,790.00	10,290.00	13,008.40	34,088.40	0.44%
Oct-03	6,750,000 Regulated Materials Facility Revenue Bonds, Series I.S.U. 2003	59,600.00	9,750.00	15,300.00	13,604.59	38,654.59	0.57%
Nov-03	14,060,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2003	75,300.00	17,060.00	16,770.00	23,837.15	57,667.15	0.41%
Nov-03	<u>13,280,000</u> Utility System Revenue Bonds, Series I.S.U. 2003	<u>78,500.00</u>	<u>16,280.00</u>	<u>19,840.00</u>	<u>11,995.04</u>	<u>48,115.04</u>	0.36%
Totals	\$ 153,850,000	\$ 770,895.02	\$ 192,097.50	\$ 200,554.50	\$ 269,261.24	\$ 661,913.24	0.43%

* Includes rating agency services, Official Statement printing, and reimbursable expenses.

TABLE 12
BOND ISSUANCE COST DETAIL - CALENDAR YEAR 2004

Month of <u>Sale</u>		<u>Bond Issue</u>	Estimated <u>Costs</u>	Actual Costs			Total <u>Costs</u>	as % of <u>Bond Issue \$</u>
				<u>Springsted Fees</u>	<u>Ahlers Fees</u>	<u>Other Costs*</u>		
Feb-04	\$ 3,875,000	Student Health System Revenue Bonds, Series UNI 2004	\$ 27,900	\$ 6,200	\$ 7,500	\$ 14,350	\$ 28,050	0.72%
Feb-04	10,000,000	Field House Revenue Bonds, Series UNI 2004	57,500	13,000	13,000	18,807	44,807	0.45%
Mar-04	25,000,000	Utility System Revenue Bonds, Series SUI 2004	79,900	25,500	28,250	20,540	74,290	0.30%
Apr-04	6,695,000	Academic Building Revenue Refunding Bonds, Series SUI 2004	49,000	9,695	9,365	20,291	39,351	0.59%
Apr-04	8,565,000	Academic Building Revenue Refunding Bonds, Series ISU 2004A and Series ISU 2004B	80,000	11,565	11,598	15,914	39,077	0.46%
Apr-04	6,210,000	Recreational Facility Revenue Refunding Bonds, Series ISU 2004	48,000	9,210	8,831	11,340	29,381	0.47%
May-04	<u>18,250,000</u>	Parking System Revenue Bonds, Series SUI 2004	<u>85,400</u>	<u>21,250</u>	<u>18,975</u>	<u>26,243</u>	<u>66,468</u>	0.36%
Totals	\$ 78,595,000		\$ 427,700	\$ 96,420	\$ 97,519	\$ 127,485	\$ 321,424	0.41%

* Includes rating agency services, Official Statement printing, and reimbursable expenses.