

Contact: Joan Racki

RESOLUTION FOR THE SALE AND ISSUANCE OF \$16,115,000 (ESTIMATED)
ACADEMIC BUILDING REVENUE REFUNDING BONDS, SERIES I.S.U. 2009

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 \$16,115,000 (estimated) Academic Building Revenue Refunding Bonds, Series I.S.U. 2009, for the purpose of currently refunding the Series 1998 Bonds, the Series 2001A Bonds and the Series 2001B Bonds, and paying costs of issuance.

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of a resolution related to the sale and issuance of Academic Building Revenue Refunding Bonds for Iowa State University. When the calendar year 2009 bond issuance schedule was approved by the Board in October 2008, it authorized such refunding bonds as the Executive Director determines advisable.

The Academic Building Revenue Refunding Bonds would be used to currently refund the outstanding maturities of the Series 1998 Bond, the Series 2001A Bonds and the Series 2001B Bonds.

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 refunding of the Academic Building Revenue bonds would be a current refunding as the refunding would occur less than 90 days prior to the anticipated call date for payment of October 1, 2009. The outstanding maturities of the bonds to be refunded would be called and principal payments made on the call date.

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 1998, 2001A, and 2001B Series bonds range from 4.35% in 2010 to 4.875% in 2015.)

Springsted, Inc., the Board's financial advisor, has projected that the refunding would provide a present value savings in interest costs, while also providing an opportunity for a modest amount of principal restructuring to reduce future maximum annual debt service payments.

The refunding estimated issuance amount of \$16,115,000 includes issuance costs estimated at \$95,000. This amount will be adjusted up or down, depending upon the bid received, but will not exceed \$17,000,000.

Debt service payments on Academic Building Revenue Bonds are paid with gross student fees and charges, including tuition. The General Assembly and the Governor have a historic record of supporting the Board's request for tuition replacement appropriations to reimburse the institutions for the funds pledged for debt service payments.

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, August 5, 2009, and the award is scheduled for later that day.

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

Bond specifics are as follows:

Average Maturity:	7.42 Years
Bonds Dated:	September 1, 2009
Interest Due:	July 1, 2010 and each January 1 and July 1 to maturity
Interest Exemption:	Exempt from federal and state taxes for individual purchasers who are residents of Iowa
Principal Due:	July 1, 2010 – 2019
Optional Call:	The bonds will not be callable
Denomination:	\$5,000 and integral multiples thereof