

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 Athletic Facilities Enterprise for certain original expenditures paid in connection with capital improvement projects.

(ROLL CALL VOTE)

Executive Summary: The University of Iowa requests adoption of a resolution which would permit the University's Athletic Facilities enterprise to be reimbursed from future bond issues for expenditures associated with the Carver-Hawkeye Arena – Addition and Renovation.

At its June 2008 meeting, the Board approved the schematic design, a project description and budget (\$47,000,000), and financing plan for the Carver-Hawkeye Arena - Addition and Renovation project, which would construct a practice facility addition, with two practice gymnasiums, immediately north of the Arena for use by the University's basketball and volleyball programs. The project also includes refurbishment and expansion of the wrestling practice room, and fitness and weight training facilities; and improved and expanded locker room facilities. Also included are expanded and improved spaces for concessions and restroom facilities; replacement of the existing "collapse-able" seating to permit courtside and other premium seating opportunities; and the expansion of hospitality and meeting spaces combined with club facilities for premium seating occupants. Finally, the project would upgrade the building's fire alarms, elevators and mechanical systems. The bond issuance schedule for calendar year 2009, approved by the Board in October 2008, includes the sale of the first series of bonds for the project in October 2009.

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.