

Contact: Joan Racki

**PRELIMINARY RESOLUTION FOR THE SALE OF UP TO \$20,000,000 ACADEMIC  
BUILDING REVENUE BONDS, SERIES I.S.U. 2005**

**Action Requested:** Consider adopting A Resolution authorizing the Acting Executive Director to fix the date or dates for the sale of up to \$20,000,000 Academic Building Revenue Bonds, Series I.S.U. 2005.

**(ROLL CALL VOTE)**

**Executive Summary:** The Board is asked to consider adoption of a resolution authorizing the Acting Executive Director to fix the date or dates for the sale of up to \$20,000,000 Academic Building Revenue Bonds, Series I.S.U. 2005. The bond sale would be scheduled for the November 2005 Board meeting.

These bonds would be the third issuance of Academic Building Revenue Bonds authorized by 2004 legislation; bonds for University of Iowa projects were sold at the September 2004 Board meeting, bonds for University of Northern Iowa projects are scheduled to be sold at the September 2005 Board meeting.

Proceeds from the sale of the bonds would be used to partially fund the Veterinary Teaching Hospital and Diagnostic Lab project and the Coover Hall Addition and Renovation, Phase 1 project, and to correct fire and environmental safety deficiencies at Iowa State University. Additional bond issue(s), tentatively scheduled for calendar year 2007, will finance additional costs of these projects.

The Board previously approved project descriptions and budgets for the two projects and approved the schematic design for the Coover Hall Addition and Renovation project at its August 2005 meeting.

Tuition and fee revenues are used for debt service payments on Academic Building Revenue Bonds; a tuition replacement appropriation replaces that university revenue.

It is anticipated that annual debt service payments on the Series I.S.U. 2005 bonds will increase from approximately \$560,000 in FY 2006 to approximately \$1.6 million in FY 2011 and subsequent years. Interest on the bonds would be exempt from federal and state taxes (double tax-exempt) for Iowa residents who purchase the bonds.

**Additional Information:** Chapter 262A of Iowa Code permits the sale of Academic Building Revenue Bonds upon authorization of the General Assembly and approval by the Governor.

The Veterinary Teaching Hospital / Diagnostic Lab project would construct new space and renovate existing areas for the Veterinary Teaching Hospital and Veterinary Diagnostic Laboratory to provide modern academic facilities to ensure accreditation, respond to changing demands for the College's services, and provide facilities that are biosecure.

The Coover Hall Addition and Renovation, Phase 1 project would demolish the inefficient 1959 addition, construct a new addition to provide a state-of-the-art teaching and research laboratory facility, and renovate a portion of the existing space.

The size of the bond issue is estimated to total \$20,000,000 including:

- project costs (estimated at \$17,992,000);
- debt service reserve (estimated at \$1,636,000);
- underwriters discount (estimated at \$300,000) and
- issuance costs (estimated at \$72,000).

The outstanding principal amount of Iowa State University Academic Building Revenue Bonds is \$52.7 million.

A copy of the resolution authorizing the Acting Executive Director to fix the date or dates for the sale of the bonds, which was prepared by Ahlers Law Firm and reviewed by Springsted, Inc. is available from the Board Office.

The resolution includes a provision permitting the Board to receive bids by means of both sealed and electronic communication; the receipt by electronic communication is consistent with the resolution adopted by the Board in November 2001 approving the electronic bidding procedures.