

Contact: Brad Berg

**SALE AND AWARD OF \$15,100,000 (ESTIMATED) DORMITORY  
REVENUE REFUNDING BONDS, SERIES U.N.I. 2020 (TAXABLE)**

**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 \$15,100,000 (estimated) Dormitory Revenue Refunding Bonds, Series U.N.I. 2020 (taxable), for the purpose of advance refunding the \$24,870,000 Dormitory Revenue Bonds, Series U.N.I. 2011, and paying costs of issuance.

**(ROLL CALL VOTE)**

**Executive Summary:** The Board is asked to consider adoption of a resolution providing for the sale, award, authorization, and issuance of Dormitory Revenue Refunding Bonds for the University of Northern Iowa. When the calendar year 2020 bond issuance schedule was approved by the Board in November 2019, it authorized such refunding bonds as the Executive Director determines advisable.

A review of possible refundings by Baker Tilly Municipal Advisors LLC, the Board's municipal advisor, has determined that interest rate savings could occur by refunding the 2021 – 2033 maturities of the \$24,870,000 Dormitory Revenue Bonds, Series U.N.I. 2011. The Series 2011 Bonds were originally sold to partially fund the Apartment Housing – Phase 2a project (Panther Village), which provided housing for 246 residents to meet the needs of junior and senior students, while enhancing the housing inventory. The University's residence system is a self-supporting operation and receives no state appropriations.

The proposed taxable refunding bonds are being issued in order to advance refund the Series 2011 Bonds prior to the initial call date of July 1, 2021. Beginning in 2018, federal legislation eliminated the Regents' ability to utilize tax-exempt bond proceeds to refinance outstanding bond issues at lower rates prior to the call date.

The proceeds from the sale of the Series 2020 bonds, net of debt service reserve fund contribution and issuance expenses, would be invested in U.S. Treasury Obligations or other permitted investments to fund an escrow account which would be used to redeem the 2021 – 2033 maturities. The refunding would not extend the maturity of the bonds beyond the last scheduled maturity of the Series 2011 bonds.

Interest rates on the Series 2020 Bonds are anticipated to be lower than the interest rates on the Series 2011 bonds for the same years. (Rates on the Series 2011 Bonds range from 3.0% in 2021 to 4.0% in 2033.) Baker Tilly has projected that the refunding would result in a present value savings of approximately \$0.6 million.

The refunding issuance amount is estimated at \$15,100,000. Depending upon the bid received, this amount will be adjusted up or down. This flexibility will provide sufficient funds to fund the escrow account and to pay the costs of issuance, which are estimated at \$95,000.

**Additional Information:** Under the provisions of Iowa Code §§262.55 to 262.66, the Board is authorized to construct, equip, improve, repair, remodel, operate and maintain residence halls and dormitories, including dining and other incidental facilities, at the universities. The Board is further authorized to borrow money to finance the construction or improvements and to refund such indebtedness.

The receipt and opening of bids is scheduled for 10:30 a.m. on Wednesday, September 23, 2020 and the award is scheduled for later that day. A representative of Baker Tilly will report on the bids received and make a recommendation to the Board for award of the bonds.

The official statement for the bond sale may be found on the website of Baker Tilly LLC, the Board's Municipal Advisor, at <https://go.bakertilly.com/bond-sales-calendar>.

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

Specifics of the bonds are:

- Average Maturity: 6.4 Years
- Bonds Dated: October 1, 2020
- Interest Due: July 1, 2021 and each January 1 and July 1 to maturity
- Interest Exemption: These are taxable bonds and interest is not exempt from federal taxes but is exempt from state taxes
- Principal Due: July 1, 2021 – 2033
- Optional Call: Bonds maturing on or after July 1, 2030 are callable commencing July 1, 2029 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof