

Contact: Joan Racki

**RESOLUTION FOR THE SALE AND ISSUANCE OF
\$8,220,000 ATHLETIC FACILITIES REVENUE BONDS, SERIES I.S.U. 2007A**

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 \$8,220,000 Athletic Facilities Revenue Bonds, Series I.S.U. 2007A, funding the debt service reserve fund, and paying costs of issuance.

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of a resolution providing for the sale and issuance of Athletic Facilities Revenue Bonds for Iowa State University.

Proceeds from the sale of the bonds would be used to partially fund the Jack Trice Stadium, Phase 1 (Jack Trice) project. At its June 2007 meeting, the Board received the final report on the financing plan for the Jack Trice project and adopted a resolution authorizing the Executive Director to fix the dates for the sale of two series of bonds (taxable and tax-exempt) for the project. The Athletic Facilities System, which was established as part of the September sale of taxable bonds, will be a self-supporting operation.

Taxable bonds were issued for a portion of the project due to an allocation of private use (trade or business of a nongovernmental entity), including concessions areas and certain advertising as well as other private uses; under Internal Revenue Service requirements, taxable bonds need to be issued when the private use exceeds certain thresholds.

Principal on the tax-exempt bonds, to be sold at the October meeting, would be repaid over a period of 25 years, with debt service of approximately \$572,000 annually to be paid from net rents, profits and income of the Athletics Facilities System, which includes Jack Trice Stadium. There would be a backup student fee pledge.

Additional Information: Under the provision of Iowa Code Chapter 262, the Board is authorized to construct, equip, maintain and operate self-liquidating and revenue producing facilities at the universities; the Board is also authorized to borrow money to construct or improve these facilities.

The sources of repayment are the income and revenues to be derived from the operation or use of the facility and from any fees or charges implemented by the Board to students for whom the facilities are made available.

The Series 2007A bond issue of \$8,220,000 is anticipated to include:

- project costs (estimated at \$7,503,500);
- debt service reserve (estimated at \$571,800);
- underwriters discount (estimated at \$106,900); and
- issuance costs (estimated at \$37,800).

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, October 31, 2007, and the award is scheduled for later that day.

The official statement for the bond sale may be found on the website of Springsted, Inc., the Board's Financial Advisor, at <http://www.springsted.com/>.

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

Specifics of the bonds are:

- Average Maturity: 15.86 Years
- Bonds Dated: November 1, 2007
- Interest Due: July 1, 2008, 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, 2009 – 2033
- Optional Call: Bonds maturing on or after July 1, 2019 are callable commencing July 1, 2018 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof