

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 Utility System for certain original expenditures paid in connection with various capital improvement projects.

(ROLL CALL VOTE)

Executive Summary: The University of Iowa requests adoption of a resolution which would permit the University's Utility System to be reimbursed from future bond issues for expenditures associated with a number of capital projects including the following major, ongoing projects: Regulated Waste Management Facility, and Oakdale Renewable Energy Plant – Electrical Distribution, Electrical Generation, and Mechanical Distribution projects. Other projects for which reimbursement may be sought include, among others, the West Campus Back-up Power and Dense Coal Handling Facility for which the Board has previously granted permission to proceed with project planning.

The calendar year 2010 bond issuance schedule (see agenda item 14) includes the sale of \$25 million in Utility System bonds in June 2010.

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.