

Contact: Joan Racki

RESOLUTION FOR THE SALE AND AWARD OF \$27,750,000 (ESTIMATED)
ACADEMIC BUILDING REVENUE BONDS, SERIES S.U.I. 2012

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 \$27,750,000 (estimated) Academic Building Revenue Bonds, Series S.U.I. 2012, for the purpose of paying at maturity the \$27,025,000 Academic Building Revenue Flood Anticipation Project Notes, Series S.U.I. 2009, dated December 1, 2009, presently outstanding and originally issued by the Board to defray costs of building, repairing, replacing, reconstructing and equipping flood damaged buildings and facilities at The State University of Iowa, funding a reserve fund, and paying the 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 Academic Building Revenue Bonds for the University of Iowa. The bond issuance was included on the calendar year 2012 schedule approved by the Board in October 2011.

The 2009 General Assembly authorized the Board to issue \$100 million in project proceeds of Academic Building Revenue Bonds to finance the repair, restoration, replacement, and mitigation of flood damaged buildings and facilities at the University of Iowa. In December 2009, the Board issued notes to provide interim financing for flood recovery, as permitted under Iowa Code §76.13, which permits a public body which is authorized to issue bonds to issue project notes in anticipation of the receipt of any or a combination of the following:

- Proceeds from the issuance of previously authorized bonds;
- Proceeds to be received pursuant to law or agreement from any state or federal agency; and
- Income or revenues from sources to be received and expended for the project during the project construction or acquisition period.

The notes mature on January 1, 2013, and bonds need to be issued to redeem the notes.

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 S.U.I. 2012 bonds will range from approximately \$545,000 in FY 2013 to \$1,015,000 in FY 2014, gradually increasing to \$2.2 million in FY 2021 and subsequent years.

Additional Information: Chapter 262A of Iowa Code permits the sale by the Board of Regents of Academic Building Revenue Bonds upon authorization of the General Assembly and approval by the Governor. The Board is responsible for undertaking the authorized capital projects at the Regent universities.

The outstanding principal amount of the University of Iowa Academic Building Revenue Bonds is \$94.3 million.

The \$27,750,000 (estimated) and an anticipated reoffering premium are expected to include:

- redemption of project notes (\$27,025,000);
- debt service reserve (estimated at \$543,800);
- underwriters discount (estimated at \$333,500); and
- issuance costs (estimated at \$140,800).

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, October 25, 2012, and the award is scheduled for later that day. A representative of Springsted, Inc. 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 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: 13.6 Years
- Bonds Dated: November 1, 2012
- Interest Due: July 1, 2013 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, 2014 – 2033
- Optional Call: Bonds maturing on or after July 1, 2023 are callable commencing July 1, 2022 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof