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IOWA STATE UNIVERSITY REIMBURSEMENT RESOLUTION (RESIDENCE SYSTEM DINING SUPPORT CENTER PROJECT)

Committee Action Requested: Consider adoption of a resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse Iowa State University for certain original expenditures paid in connection with construction and equipment and related improvements, all on the campus of Iowa State University.

Executive Summary: Iowa State University (the "University") requests adoption of a resolution that would permit the University to be reimbursed from future borrowing for costs incurred by the Residence System Dining Support Center Project.

In November 2025, the Board approved permission to proceed with project planning for a project to build a new food production, storage and logistics facility for ISU dining, replacing the Knapp-Storms Building and relocating food and supply warehousing operations from Friley Hall. The building will modernize the bakery and commissary, which supports over 20 ISU dining service locations across campus.

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 financings. At this time, a February 2027 bond issue is being planned to finance the project.

Additional Information: United States Department of Treasury Regulation 1.150-2 provides the rules for the reimbursement from future tax-exempt bond proceeds of expenditures originally paid from sources other than bond proceeds. When the bonds are sold, a portion of the proceeds 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.