

Des Moines, Iowa  
July 26, 1962

An adjourned meeting of the State Board of Regents was held in the Board's Office in the State Office Building in Des Moines, Iowa, on July 26, 1962.

Present:

Members of the State Board of Regents

Mr. Crabbe, Mrs. Evans, Mr. Molison, Mr. Oberhausen, Mr. Redeker,  
Mrs. Rosenfield, and Mr. Hagemann.

Members of the Finance Committee

Mr. Dancer, Mr. Gernetzky, and Mr. Cottrell.

Office of the State Board of Regents

Secretary to Secretary Lenihan.

State University of Iowa

President Hancher, Vice President Jolliffe, and Treasurer Hamborg.

Iowa State University

Vice President Platt.

Absent:

Members of the State Board of Regents

Mr. Noehren and Mrs. Valentine.

The Board met at 10:30 a.m., with President Hagemann in the chair and Mr. Dancer secretary of the meeting.

STATE UNIVERSITY OF IOWA

The following business relating to the State University of Iowa was transacted on July 26, 1962:

IOWA MEMORIAL UNION - SERVICE ELEVATOR - GENERAL CONSTRUCTION ELEVATOR SHAFT - ACCEPTANCE. Secretary Dancer reported that on July 9, 1962, representatives of the State University of Iowa and the Frantz Construction Company, Inc.,

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inspected the work under the contract for the general construction of the elevator shaft, Iowa Memorial Union Service Elevator, and found that the work had been completed in accordance with the plans and specifications and contract documents.

On motion, which was seconded and passed, the work under the contract for the general construction of the elevator shaft, Iowa Memorial Union Service Elevator, was accepted as of this date, July 26, 1962, from the Frantz Construction Company and payment of the final estimate in accordance with the provisions of Chapter 573, 1962 Code of Iowa, was authorized.

UTILITIES, 58TH G.A. - PROJECT C1, ADDITIONAL WATER SUPPLY, CONTRACT 9 FOR WATER DISTRIBUTION SYSTEM IMPROVEMENTS. Secretary Dancer reported that on July 20, 1962, final inspection of the work under Contract 9 for Water Distribution System Improvements, Project C1, Additional Water Supply, Utilities, 58th G.A., was made by G. F. Fisher of the Stanley Engineering Company, E. T. LaRue of Red Ball Engineering & Development, Inc., and Phil Englert of the State University of Iowa, and it was found that the work had been completed in accordance with the plans and specifications and contract documents.

On motion, which was seconded and passed, the work under Contract 9 for Water Distribution System Improvements, Project C1, Additional Water Supply, Utilities, 58th G.A., was accepted as of this date, July 26, 1962, from Red Ball Engineering & Development, Inc., and payment of the final estimate in accordance with the provisions of Chapter 573, 1962 Code of Iowa, was authorized.

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FLOOD DAMAGE - ART BUILDING AND THEATRE. Vice President for Business and

Finance Jolliffe submitted the following report and recommendation:

Between the hours of approximately 10 a.m., Friday, July 13, 1962, and 7 a.m., Saturday, July 14, 1962, Iowa City experienced the heaviest rainfall in its history. A total of 8.02 inches fell during that period, 6.90 inches between the hours of 5 p.m., Friday and 7 a.m., Saturday.

The storm sewers in Riverside Drive in front of the Art Building and Theatre were not able to disperse the unprecedented volume of water. This resulted in the buildup of a pool of water in the low area of Riverside Drive which, by virtue of the magnitude of the storm, was considerably more extensive than ever experienced in any previous storm. The water found its way into an opening in our steam tunnel and through this route to the Art Building and Theatre. The water reached the transformer room in the Art Building causing an electric power failure in that building. This is also the source of power for electric pumps which, of course, failed at the same time. It was impossible to cope with the volume of water; and, as a result, the ground floor of the Art Building was flooded to a depth of approximately five feet and the Theatre to a depth of approximately one and one-half feet.

Summary of estimated expense

Emergency work at Art Building and Theatre during and after flood	\$ 6,785.01
Sub-total	( 6,785.01)

Art Building

Building Repairs	14,850.00
Mechanical Equipment:	
Replacement	180.00
Repairs	735.00
Optical Equipment:	
Replacement	542.00
Repairs	240.00
Furniture:	
Replacement	4,685.00
Repairs	10,706.60
Miscellaneous:	
Replacement	1,877.00
Repairs	50.00
Building Partitions, Display Units & Storage Units:	
Replacement	1,800.00
Repairs	1,000.00
Sub-total Art Building	( 36,665.60)

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Theatre

Building Repairs	\$ 2,750.00
Equipment Replacement	4,505.70
Equipment Repair	6,531.48
Sub-total Theatre	( 13,787.18)
Repair and Replace Pipe Covering in Tunnel	<u>1,000.00</u>
<u>Total Estimated Loss State University of Iowa</u>	<u>\$58,237.79</u>
Personal Property of Staff Members	<u>\$ 459.35</u>

Recommended procedure

Work orders will be issued for work performed by the Physical Plant Department of the State University of Iowa, the amount to be billed by certified voucher to the Executive Council of Iowa through the office of the State Board of Regents for payment to the State University of Iowa.

Orders will be placed by the State University of Iowa through its regular purchasing procedure for other items. Certified vouchers will be forwarded to the Executive Council through the office of the State Board of Regents for payment by warrants issued by the State Comptroller to vendors.

Mrs. Rosenfield moved that a request be filed with the Executive Council for the allocation of \$58,237.79 from the contingent fund for payment of repairs and replacements necessitated by flood damage to the Art Building and the Theatre and the contents on July 13 and 14, 1962, in accordance with the provisions of Section 19.7, 1962 Code of Iowa. The motion was seconded by Mr. Crabbe and passed.

ADJOURNED SESSION - FINANCING OF IOWA MEMORIAL UNION ADDITIONS, UNITS IV, V, AND VI - BIDS FOR BONDS. President Hagemann stated that the State Board of Regents was meeting in adjourned session at 11 a.m., July 26, 1962. The meeting was called to order by the President and the roll being called there were present: Mr. Harry Hagemann, President, in the chair, and the following named Members: Mr. Maurice B. Crabbe, Mr. John C. Oberhausen, Mrs. Kenneth Evans, Mrs. Joseph Rosenfield, Mr. Stanley F. Redeker, Mr. Wilbur C. Molison.

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Absent: Mrs. Robert Valentine and Mr. A. W. Noehren.

This being the time and place fixed by published notice, the Board took up for consideration the matter of bids for the purchase of \$3,500,000 Iowa Memorial Union Revenue Bonds of said Board.

President Hagemann stated that any objections to the sale of bonds must be on file at 11 a.m., July 26, 1962, and he asked if any were on file.

Secretary Dancer stated that no objections were on file.

President Hagemann asked if anyone wished to file objections to the sale of the bonds, and there was no response.

President Hagemann stated that the time for accepting sealed bids was closed, and he asked if anyone wished to make an open bid. President Hagemann made a second call for open bids, and then a third and last call. No oral bids were made, and President Hagemann asked Secretary Dancer to open the sealed bids.

Sealed bids for the Iowa Memorial Union Revenue Bonds were opened by David A. Dancer, Secretary of the State Board of Regents, and read by Paul D. Speer, Municipal Finance Consultant.

Mr. Speer stated that two bids appeared to be very close; that the bids should be calculated before an award is made; and that with the permission of the Board he would proceed to calculate them. Mr. Speer was authorized to proceed with the calculation.

Paul D. Speer, Municipal Finance Consultant, then submitted the following report and recommendation:

"Pursuant to notice of sale 5 bids were received for the \$3,500,000 Iowa Memorial Union Revenue Bonds on this date (July 26, 1962). Upon examination we recommend the bid of Bear, Stearns and Co., and Associates, at a net interest cost of 3.55258% per annum, as being the best bid received, and that it be accepted by the Board of Regents.

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"The other bids and net interest cost are as follows:

Wm. Blair and Co & Assocs.	3.55634
White Weld and Co & Assocs.	3.57998
John Nuveen & Co & Assocs.	3.6508
F. S. Smithers & Co & Assocs.	3.8504"

A more complete tabulation of the bids received is, as follows:

Due Serially July 1, 1964-1987, Inclusive

Bidder	Price	Coupon Rates	Net Interest Rate
Bear, Stearns & Co., New York - Manager	100.016	1964-68 3.70%	3.55258%
J. C. Bradford & Co., Nashville		1969-83 3.50%	
Francis I. duPont & Co., New York		1984-85 3.60%	
Hayden, Stone & Co., Incorporated, New York		1986-87 3.70%	
Dempsey-Tegeler & Co., St. Louis			
Fahnestock & Co., New York			
E. F. Hutton & Company, New York			
First of Iowa Corporation, Des Moines			
William Blair & Company, Chicago - Manager	100.001	1964-66 5.00%	3.55634%
Bacon, Whipple & Co., Chicago		1967-81 3.50%	
A. G. Becker & Co., Incorporated, Chicago		1982-87 3.60%	
L. F. Rothschild & Company, New York			
The Illinois Company, Chicago			
William E. Pollack & Co., Inc., New York			
Hutchinson, Shockey & Co., Chicago			
McDougal & Condon, Incorporated, Chicago			
Rodman & Renshaw, Chicago			
Robert K. Wallace & Company, Chicago			
Cherokee Securities Corporation, New York			
Shaw, McDermott & Co., Des Moines			
White, Weld & Co., Chicago - Manager	100.0016	1964-72 3.75%	3.57998%
Merrill Lynch, Pierce, Fenner & Smith, Inc., N.Y.		1973-80 3.50%	
R. W. Pressprich & Co., New York		1981-87 3.60%	
B. J. Van Ingen & Co., New York			
Dean Witter & Co., San Francisco			
Shearson, Hammill & Co., New York			
Quail & Co., Davenport			
Kirkpatric-Pettis Company, Omaha			
The Ohio Company, Columbus			
Julien Collins & Co., Chicago			
Mullaney, Wells & Co., Chicago			

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Bidder	Price	Coupon Rates	Net Interest Rate
John Nuveen & Co., Chicago - Manager	100.00	1964-67 3.75%	3.6508%
Goldman, Sachs & Co., New York		1968-78 3.50%	
Hornblower & Weeks, Boston		1979-82 3.70%	
Paine, Webber, Jackson & Curtis, New York		1983-87 3.75%	
Baxter & Company, Cleveland			
Braun, Bosworth & Co., Incorporated, Toledo			
Stern Brothers & Co., Kansas City, Mo.			
White-Phillips & Co., Inc., Davenport			
Becker & Cownie, Inc., Des Moines			
Morrissey & Co., Davenport			
F. S. Smithers & Co., New York - Manager	100.00	1964-68 5.00%	3.8504%
Goodbody & Co., New York		1969-81 3.75%	
Ira Haupt & Co., New York		1982-87 3.90%	
Hirsch & Co., New York			
Rand & Co., New York			
R. D. White & Company, New York			
Kenower, MacArthur & Co., Detroit			
H. J. Sims & Co., Inc., New York			
Wm. J. Mericka & Company, Cleveland			
Harkness & Hill, Inc., Boston			
J. M. Dain & Co., Inc., Minneapolis			
Walter, Woody & Heimerdinger, Cincinnati			
Alan Blair & Co., Chicago			
Luce, Thompson & Crowe, Inc., Kansas City, Mo.			

IOWA MEMORIAL UNION ADDITIONS, UNITS IV, V AND VI - RESOLUTION PROVIDING FOR SALE OF BONDS. The following resolution providing for the sale and award of \$3,500,000 (being part of a total authorized issue of \$4,000,000) Iowa Memorial Union Revenue Bonds and approving and authorizing the agreement of such sale and award was submitted by Mrs. Evans and read by President Hagemann:

WHEREAS notice of sale of \$3,500,000 (being part of a total authorized issue of \$4,000,000) Iowa Memorial Union Revenue Bonds of the State Board of Regents of the State of Iowa, has heretofore been given in strict compliance with the provisions of Chapter 75 of the Code of Iowa, by publication of notice for two or more successive weeks in a newspaper published in the City of Des Moines, Iowa, and having a general circulation throughout the State of Iowa, and by publication in like manner in a newspaper published and of general circulation in Johnson County, Iowa; and

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WHEREAS all sealed bids have been received and placed on file, after which open bids were called for and received, the highest of which open bids was as follows: the bid submitted by None submitted, consisting of par and accrued interest plus a premium of \$ \_\_\_\_\_, with the bonds maturing in the years \_\_\_\_\_ to \_\_\_\_\_, inclusive, bearing interest at the rate of \_\_\_\_\_ per cent ( \_\_\_\_\_ %) per annum, the bonds maturing in the years \_\_\_\_\_ to \_\_\_\_\_, inclusive, bearing interest at the rate of \_\_\_\_\_ per cent ( \_\_\_\_\_ %) per annum, and the bonds maturing in the years \_\_\_\_\_ to \_\_\_\_\_, inclusive, bearing interest at the rate of \_\_\_\_\_ per cent ( \_\_\_\_\_ %) per annum; and thereafter such sealed bids were opened, the substance of the best sealed bid being as follows: the bid submitted by Bear, Stearns and Co and Associates, consisting of par and accrued interest plus a premium of \$ 560.00, with the bonds maturing in the years 1964 to 1968, inclusive, bearing interest at the rate of three and seven-tenths per cent ( 3.7 %) per annum, the bonds maturing in the years 1969 to 1983, inclusive, bearing interest at the rate of three and one-half per cent ( 3 1/2%) per annum, and the bonds maturing in the years 1984 to 1985, inclusive, bearing interest at the rate of three and six-tenths per cent ( 3.6 %) per annum;

NOW, THEREFORE, Be It Resolved by the State Board of Regents of the State of Iowa, as follows:

Section 1. That upon being advised in the premises it is hereby determined that the bid of Bear, Stearn and Co and Associates for the purchase of \$3,500,000 (being part of a total authorized issue of \$4,000,000) Iowa Memorial Union Revenue Bonds, as advertised, bearing interest at the rates specified in the preamble hereof, is the highest and best bid received, and that said bonds be and the same are hereby awarded to said Bear, Stearn and Co. and Associates.

Section 2. That the form of agreement of sale of said bonds to Bear, Stearn and Co. and Associates be and the same is hereby approved and the President and Secretary are hereby authorized to execute said agreement for and on behalf of the State Board of Regents.

Section 3. That all resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed.

Mrs. Evans moved that the foregoing resolution be adopted. The motion was seconded by Mr. Oberhausen and on roll call the vote was as follows:

Aye: Mr. Crabbe, Mrs. Evans, Mr. Molison, Mr. Oberhausen, Mr. Redeker, Mrs. Rosenfield, and Mr. Hagemann.

Nay: None.

Absent: Mr. Noehren and Mrs. Valentine.

The chairman declared the resolution adopted.

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IOWA MEMORIAL UNION ADDITIONS, UNITS IV, V AND VI - BIDS FOR BONDS - DISPOSITION OF CHECKS. Mr. Crabbe moved that the checks submitted by the unsuccessful bidders for the Iowa Memorial Union Revenue Bonds be returned, and that the Secretary be directed to deliver the check of Bear, Stearns & Company to the Treasurer of the State University of Iowa to be held until payment for the bonds has been made, when it is to be returned to Bear, Stearns & Company. The motion was seconded by Mr. Redeker and passed.

IOWA MEMORIAL UNION ADDITIONS, UNITS IV, V AND VI - RESOLUTION PROVIDING FOR THE ISSUANCE OF BONDS. The following resolution providing for the issuance of \$4,000,000 Iowa Memorial Union Revenue Bonds to pay the cost of necessary additions to the Iowa Memorial Union located at the State University of Iowa was submitted by Mr. Crabbe and read by President Hagemann:

WHEREAS an Iowa Memorial Union building has heretofore been established on the campus of the State University of Iowa in Iowa City, Iowa, composed of Units I, II and III constructed in 1926, 1927 and 1955, respectively, and the title to said building and to the site thereof is held in the State of Iowa for the use and benefit of the State University of Iowa; and

WHEREAS it is necessary for the comfort, convenience and welfare of the students of the State University of Iowa that additions be constructed to said Iowa Memorial Union building which will make said building more suitable for the purposes for which the University was established, said additions to consist of Unit IV, which will be a ground floor and first floor addition of approximately 50,000 square feet to be used primarily for new kitchen and dining facilities, Unit V which will be constructed above and on top of Unit IV and will consist of three additional floors having approximately 66,000 square feet and will contain 111 guest rooms, a banquet kitchen, dining room and several conference rooms, and Unit VI which will be constructed above and on top of the present Unit III and will consist of approximately 28,000 square feet and contain a ballroom and a number of conference rooms, all as contemplated by plans, specifications and detailed drawings therefor as prepared by Tinsley, Higgins, Lighter & Lyons of Des Moines, Iowa, Architects retained by the Board, as the same are now on file in the office of the Secretary; and

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WHEREAS pursuant to proper notices duly published this Board has advertised for and received bids for the construction of said additions to the Iowa Memorial Union building and the estimated cost of constructing said additions is \$4,200,000, of which \$200,000 is to be paid from available cash on hand, and it is necessary and advisable that action be taken at this time to borrow the remaining amount of money needed to construct said additions; and

WHEREAS a student union fee has heretofore been established and is currently being collected from students at the State University of Iowa for the use and availability of the Iowa Memorial Union facilities amounting to \$8.50 for each of the two regular school semesters and \$4.00 for the summer term, and under the provisions of Sections 262.44 et seq. of the Code of Iowa, 1962, the State Board of Regents is authorized to borrow money and issue bonds in anticipation of the collection of such fees and of the net rents, profits and income to be derived from the operation of said Iowa Memorial Union; and

WHEREAS the construction of said additions has been approved by the Budget and Financial Control Committee and it is necessary that revenue bonds be issued by this Board in the amount of \$4,000,000 to defray the cost of said project to that amount, as authorized and permitted under the provisions of Sections 262.44 et seq. of the Code of Iowa, 1962, and notice and hearing on the initiation of proceedings for such issuance has heretofore been given in manner and form as required by Chapter 23 of the Code of Iowa and no petition nor protest has been filed;

NOW, THEREFORE, Be It Resolved by the State Board of Regents of the State of Iowa, as follows:

Section 1. That additions designated as Units IV, V and VI to the Iowa Memorial Union building on the campus of the State University of Iowa in Iowa City, Iowa, as referred to in the preamble hereof, be and the same are hereby ordered constructed and that to pay the cost thereof, to the amount of \$4,000,000, there are hereby authorized to be issued in anticipation of the fees and net rents, profits and income referred to in the preamble hereof the negotiable Iowa Memorial Union Revenue Bonds of this Board, to the aggregate principal amount of \$4,000,000, consisting of four thousand bonds, numbered 1 to 4000, inclusive, dated July 1, 1962, of the denomination of \$1000 each. Said bonds shall be scheduled to become due in numerical order on July 1 of the respective years as follows:

<u>Bonds Numbered</u>	<u>Amount</u>	<u>Year of Maturity</u>
1 to 25	\$ 25,000	1964
26 to 75	50,000	1965
76 to 150	75,000	1966
151 to 250	100,000	1967
251 to 370	120,000	1968
371 to 510	140,000	1969
511 to 660	150,000	1970
661 to 820	160,000	1971
821 to 990	170,000	1972
991 to 1165	175,000	1973

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<u>Bonds Numbered</u>	<u>Amount</u>	<u>Year of Maturity</u>
1166 to 1345	\$180,000	1974
1346 to 1530	185,000	1975
1531 to 1720	190,000	1976
1721 to 1915	195,000	1977
1916 to 2115	200,000	1978
2116 to 2320	205,000	1979
2321 to 2530	210,000	1980
2531 to 2740	210,000	1981
2741 to 2950	210,000	1982
2951 to 3160	210,000	1983
3161 to 3370	210,000	1984
3371 to 3580	210,000	1985
3581 to 3790	210,000	1986
3791 to 4000	210,000	1987

provided, however, that bonds numbered 251 to 4000, inclusive, shall be redeemable in part by this Board from accumulated Student Union Fees or accumulated net income and revenues from the operation of the Iowa Memorial Union prior to maturity in whole, or from time to time in part in inverse order of maturity, on July 1, 1967, or on any interest payment date thereafter, upon terms of par and accrued interest plus additional interest computed and determined in the manner hereinafter set forth, but if less than the total amount of any annual maturity is to be called for redemption prior to maturity, the bonds to be redeemed from that maturity shall be selected by lot, and in the event of the redemption of any or all of said bonds numbered 251 to 4000, inclusive, which by their terms are subject to prior redemption in the manner aforesaid, it is agreed that the Board will pay to the respective holders, upon surrender of such bonds so called for redemption, interest in addition to that evidenced by interest coupons maturing on and prior to the redemption date in the amount of three per cent (3%) of the principal amount thereof if called for redemption on or prior to January 1, 1968, and such additional interest shall thereafter be reduced by one-quarter of one per cent of such principal amount for each full year that the call of any of said bonds is deferred beyond July 1, 1967; and provided also that bonds numbered 991 to 4000, inclusive, shall be redeemable prior to maturity in whole or from time to time in part in inverse order of maturity from any funds regardless of source (less than all of one maturity to be selected by lot) on any date on or after July 1, 1972, on terms of par and accrued interest to the date of redemption plus interest in addition to that evidenced by interest coupons maturing on and prior to the redemption date in the amount of three per cent (3%) of the principal amount thereof if called for redemption prior to July 1, 1975; two and one-half per cent (2-1/2%) of the principal amount thereof if called for redemption thereafter and prior to July 1, 1978; two per cent (2%) of the principal amount thereof if called for redemption thereafter and prior to July 1, 1981, and one per cent (1%) of the principal amount thereof if called for redemption thereafter and prior to maturity.

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In the event any of said bonds are called for redemption prior to maturity as aforesaid, notice of such redemption identifying the bond or bonds to be redeemed shall be published at least once not less than thirty (30) days prior to the redemption date in a newspaper published and having a general circulation throughout the State of Iowa and in like manner in a financial newspaper of general circulation published in the City of New York. In the event any of said bonds are called for redemption on any date other than an interest payment date, an additional publication of such notice shall be made in each of said newspapers not more than thirty (30) days nor less than fifteen (15) days prior to the redemption date. Such of said bonds as may be thus called for redemption and for the payment of which funds are duly provided shall cease to bear interest from and after the date as of which they are called for redemption.

Bonds of said issue numbered and maturing on July 1 of the respective years as follows:

<u>Bonds Numbered</u>	<u>Amount</u>	<u>Year of Maturity</u>
1 to 20	\$ 20,000	1964
26 to 60	35,000	1965
76 to 135	60,000	1966
151 to 230	80,000	1967
251 to 350	100,000	1968
371 to 490	120,000	1969
511 to 645	135,000	1970
661 to 800	140,000	1971
821 to 970	150,000	1972
991 to 1145	155,000	1973
1166 to 1325	160,000	1974
1346 to 1510	165,000	1975
1531 to 1700	170,000	1976
1721 to 1895	175,000	1977
1916 to 2095	180,000	1978
2116 to 2295	180,000	1979
2321 to 2500	180,000	1980
2531 to 2715	185,000	1981
2741 to 2925	185,000	1982
2951 to 3135	185,000	1983
3161 to 3345	185,000	1984
3371 to 3555	185,000	1985
3581 to 3765	185,000	1986
3791 to 3975	185,000	1987

in the aggregate amount of \$3,500,000, shall be currently issued and said bonds within the range of numbering from 1 to 350, inclusive, and 3581 to 3975, inclusive, shall bear interest at the rate of Three and seventy-hundredths per cent (3.70%) per annum, bonds within the range of numbering from 371 to 3135, inclusive, shall bear interest at the rate of Three and one-half per cent (3-1/2%) per annum, and bonds within the range of numbering from 3161 to 3555, inclusive, shall bear interest at the rate of Three and sixty-hundredths per cent (3.60%) per annum;

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such interest at the respective rates aforesaid to be evidenced by and payable on presentation and surrender of coupons attached thereto. The remaining bonds of said total authorized issue shall be issued if, as and when the proceeds thereof are required to complete the construction of the additions to the Memorial Union building as referred to in the preamble hereof, and said remaining bonds shall bear interest at the coupon rate of five per cent (5%) per annum or at such lower rate or rates as may be determined at the public sale of said remaining bonds. The coupon interest to maturity of all of the bonds of said issue shall be payable semiannually on January 1 and July 1 of each year.

Both principal and interest of said bonds shall be payable in lawful money of the United States of America at the office of the Treasurer of the State University of Iowa in the City of Iowa City, Iowa. All of said bonds and the interest thereon, together with any bonds in addition thereto as may be issued and outstanding from time to time ranking on a parity therewith under the conditions hereinafter set forth with respect to the issuance of such additional parity bonds, shall be payable from the fees and revenues received by the Board and attributable to the use and operation of the Iowa Memorial Union, and shall be payable solely from the "Iowa Memorial Union Revenue Bond Sinking Fund" hereinafter created and shall be a valid claim of the holder thereof only against said fund, and none of said bonds shall be a general obligation of nor a charge against the State of Iowa nor payable in any manner by taxation, but said bonds and any additional bonds as may be issued and outstanding from time to time on a parity therewith shall be payable, both as to principal and interest, solely and only from the Student Union fees and net income from the operation of the Iowa Memorial Union pledged therefor as hereinafter provided.

Section 2. That upon presentation at the office of the Treasurer of the State University of Iowa of any of said bonds same may be registered as to the principal in the name of the owner on the books in his office, such registration to be noted on the reverse side of the bonds by said Treasurer, and thereafter the principal of such registered bonds shall be payable only to the registered holder, his legal representatives or assigns. Such registered bonds shall be transferable to another registered holder, or back to bearer, only upon presentation to the Treasurer of the State University of Iowa with a legal assignment duly acknowledged or proved. Registration of any of such bonds, shall not affect the negotiability of the coupons thereto attached but such coupons shall be transferable by delivery merely.

Section 3. That said bonds and coupons shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF IOWA

STATE BOARD OF REGENTS

IOWA MEMORIAL UNION REVENUE BOND

Number \_\_\_\_\_

\$1000

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The State Board of Regents of the State of Iowa for value received promises to pay to bearer in the manner and solely from the source hereinafter specified, the sum of One Thousand Dollars (\$1000), on the first day of July, 19\_\_, and interest on said sum from the date hereof at the coupon rate of \_\_\_\_\_ per cent (\_\_\_\_%) per annum, payable January 1, 1963, and semiannually thereafter on the first days of July and January in each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be and become applicable hereto, such interest being payable only upon presentation and surrender of the interest coupons hereto attached as they severally become due, both principal and interest being payable in lawful money of the United States of America at the office of the Treasurer of the State University of Iowa, in the City of Iowa City, Iowa.

This bond and the series of which it is a part are issued by the State Board of Regents pursuant to the provisions of Sections 262.44 et seq. of Chapter 262 of the Code of Iowa, 1962, and all other laws amendatory thereof and supplementary thereto, and in conformity with a resolution of the State Board of Regents duly passed on the 26th day of July, 1962. This revenue bond is registrable as to principal in accordance with the provisions endorsed hereon and together with the interest coupons hereunto appertaining is issued upon the following terms and conditions, to all of which each taker and owner hereof and of the interest coupons, consents and agrees:

(a) Title to this bond unless registered as to principal, and to the annexed interest coupons, may be transferred by delivery in the same manner as a negotiable instrument payable to bearer;

(b) Any person in possession of this bond, unless registered as to principal, or of the interest coupons hereunto appertaining, regardless of the manner in which possession shall have been acquired, is hereby authorized to represent himself as the absolute owner thereof, and is hereby granted power to transfer absolute title thereto by delivery thereof to a bona fide purchaser, that is, to anyone who shall purchase the same for value (present or antecedent), without notice of prior defenses or equities or claims of ownership enforceable against his transferor; every prior taker or owner of this bond, unless registered as to principal, and of the annexed interest coupons, waives and renounces all of his equities or rights therein in favor of every such subsequent bona fide purchaser, and every such bona fide purchaser shall acquire absolute title thereto and to all rights represented thereby;

(c) The State Board of Regents may treat the bearer of this bond, unless registered as to principal, or of the interest coupons hereunto appertaining, as the absolute owner thereof for all purposes without being affected by any notice to the contrary;

(d) For a more complete statement of the basis upon which this revenue bond has been issued and additional revenue bonds ranking on a parity therewith may be issued and outstanding, the manner in which said resolution may be

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modified, and a description of the source of payment of all such revenue bonds, and a statement of the rights, duties and obligations of the State Board of Regents and the rights of the holders of the revenue bonds, reference is made to said resolution.

This bond is one of a series of bonds of like tenor and date (except interest rate and maturity), numbered from 1 to 4000, inclusive, issued for the purpose of defraying the cost of constructing additions to the Iowa Memorial Union on the campus of the State University of Iowa in the City of Iowa City, Iowa, and is not a general obligation of nor a charge against the State of Iowa and is not payable in any manner by taxation, but this bond and the series of which it forms a part, together with any bonds in addition thereto as may be issued and outstanding from time to time ranking on a parity therewith under the restrictions and conditions set forth in the resolution authorizing said series as referred to in the preceding paragraph, are payable solely and only out of the Student Union fees charged and collected for the use and availability of the said Iowa Memorial Union and net income and revenues derived from the operation and facilities of said Union, which shall be sufficient to pay the principal of and interest upon said bonds as and when the same become due and payable, and a sufficient portion of which fees and income has been ordered set aside and pledged for that purpose and identified as the "Iowa Memorial Union Revenue Bond Sinking Fund", created under the provisions of the resolution hereinbefore referred to. The State Board of Regents covenants it will fix, maintain, charge, collect and allocate to the payment of said bonds Student Union fees in an amount which, together with net income and revenues derived from the operation of the Iowa Memorial Union, will be sufficient to pay the principal of and interest on the bonds of this issue and bonds ranking on a parity therewith.

The State Board of Regents reserves the right to call and redeem bonds of this issue numbered 251 to 4000, inclusive, from accumulated Student Union fees or accumulated net income and revenues from the operation of the Iowa Memorial Union prior to maturity in whole, or from time to time in part in inverse order of maturity, on July 1, 1967, or on any interest payment date thereafter, upon terms of par and accrued interest plus additional interest computed and determined in the manner hereinafter set forth, but if less than the total amount of any annual maturity is to be called for redemption prior to maturity, the bonds to be redeemed from that maturity shall be selected by lot, and in the event of the redemption of any or all of said bonds numbered 251 to 4000, inclusive, which by their terms are subject to prior redemption in the manner aforesaid, it is agreed that the Board will pay to the respective holders, upon surrender of such bonds so called for redemption, interest in addition to that evidenced by interest coupons maturing on and prior to the redemption date in the amount of three per cent (3%) of the principal amount thereof if called for redemption on or prior to January 1, 1968, and such additional interest shall thereafter be reduced by one-quarter of one per cent of such principal amount for each full year that the call of any of said bonds is deferred beyond July 1, 1967, and bonds numbered 991 to 4000, inclusive, shall be redeemable by the State Board of Regents prior to maturity in whole or from time to time in part in inverse

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order of maturity from any funds regardless of source (less than all of one maturity to be selected by lot) on any date on or after July 1, 1972, on terms of par and accrued interest to the date of redemption plus interest in addition to that evidenced by interest coupons maturing on and prior to the redemption date in the amount of three per cent (3%) of the principal amount thereof if called for redemption prior to July 1, 1975; two and one-half per cent (2-1/2%) of the principal amount thereof if called for redemption thereafter and prior to July 1, 1978; two per cent (2%) of the principal amount thereof if called for redemption thereafter and prior to July 1, 1981, and one per cent (1%) of the principal amount thereof if called for redemption thereafter and prior to maturity.

In the event any of said bonds are called for redemption prior to maturity as aforesaid, notice of such redemption identifying the bond or bonds to be redeemed will be published at least once not less than thirty (30) days prior to the redemption date in a newspaper published and having a general circulation throughout the State of Iowa and in like manner in a financial newspaper of general circulation published in the City of New York. In the event any of said bonds are called for redemption on any date other than an interest payment date, an additional publication of such notice will be made in each of said newspapers not more than thirty (30) days nor less than fifteen (15) days prior to the redemption date. Such of said bonds as may be thus called for redemption and for payment of which funds are duly provided shall cease to bear interest from and after the date as of which they are called for redemption.

And It Is Hereby Certified, Recited and Declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this bond and the series of which it is a part have existed, have happened and have been performed in due time, form and manner, as required by law, that the issuance of this bond does not exceed or violate any constitutional or statutory limitation or provision, and that a sufficient amount of the Student Union fees and net income and revenues to be derived from the operation of the Iowa Memorial Union on the campus of the State University of Iowa has been pledged to and will be set aside into said special fund for the prompt payment of the principal of and interest on this bond and all other bonds authorized or permitted to be issued under the terms of said resolution.

IN TESTIMONY WHEREOF, the State Board of Regents of the State of Iowa has caused this bond to be signed by its President and attested by its Secretary, with the seal of the State University of Iowa affixed hereto, and the coupons hereto attached to be executed with the facsimile signature of the said Secretary, which official by the execution of this bond, does adopt as and for his own proper signature his facsimile signature appearing on said coupons, this first day of July, 1962.

\_\_\_\_\_  
President, State Board of Regents

Attest:

\_\_\_\_\_  
Secretary, State Board of Regents

(Form of Coupon)

No. \_\_\_\_\_

\$ \_\_\_\_\_

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The State Board of Regents of the State of Iowa will pay to bearer out of Student Union fees and net income and revenues derived from the operation of the Iowa Memorial Union on the campus of the State University of Iowa \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) on \_\_\_\_\_, 19\_\_\_\_, at the office of the Treasurer of the State University of Iowa, in the City of Iowa City, Iowa, as provided in and for semiannual interest then due on its Iowa Memorial Union Revenue Bond, dated July 1, 1962, No. \_\_\_\_\_.

\_\_\_\_\_  
Secretary, State Board of Regents

On the back of each bond there shall be printed the certificate of the Treasurer of the State University of Iowa in the following form:

"The issuance of this bond has been duly and properly recorded in my office as of the first day of July, 1962.

\_\_\_\_\_  
Treasurer of the State University of Iowa"

(Provision for registration as to principal to be endorsed on the back of each bond)

This revenue bond may be registered as to principal on the books of the Treasurer of the State University of Iowa, and notation of such registration made hereon, and this bond may thereafter be transferred on said books by a written assignment by the registered owner or his attorney, duly acknowledged, or proved, and notation of such transfer endorsed hereon. Such transfer may be to bearer and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of this revenue bond, if registered, unless registered to bearer, shall be payable only to the registered owner, or his legal representative, but the coupons appertaining hereto will remain payable to bearer, notwithstanding any such registration.

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Signature of Treasurer</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Section 4. That said bonds shall be signed by the President of the State Board of Regents and attested by the Secretary of said Board, and the seal of the State University of Iowa shall be affixed thereto, and the interest coupons attached thereto shall be executed by said Secretary by his facsimile signature, and said official, by the execution of said bonds shall adopt as and for his own proper signature his facsimile signature appearing on such coupons. When and as executed said bonds shall be delivered to the Treasurer of the State

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University of Iowa to be by him duly recorded as to issuance, and said Treasurer shall sign the certificate hereinbefore set out in Section 3 and endorsed upon the back of each of said bonds and deliver said bonds to the purchaser thereof, upon payment of the purchase price, same being at least par and accrued interest, all action heretofore taken in connection with the sale of said bonds being hereby ratified and confirmed in all respects. The proceeds received by the sale of said bonds, exclusive of accrued interest, shall be disbursed on orders of the State Board of Regents to defray the cost of constructing the additions to the Iowa Memorial Union and facilities on the campus of the State University of Iowa in the City of Iowa City, Iowa, as referred to in the preamble hereof. Any unexpended balance of the proceeds of the bonds hereby authorized remaining after the completion of the construction of said additions shall at the time of such completion be converted into the "Bond and Interest Reserve Fund" hereinafter created. All accrued interest as may be received from the sale of the bonds hereby authorized shall be converted into said "Iowa Memorial Union Revenue Bond Sinking Fund."

Section 5. That upon the issuance of the bonds hereby authorized and thereafter so long as any of said bonds or any additional bonds ranking on a parity therewith are outstanding the Iowa Memorial Union on the campus of the State University of Iowa, including the additions to be paid for from the proceeds of these bonds and any other future additions, improvements or extensions, shall be operated as a revenue producing undertaking on a fiscal year basis ending June 30 of each year, and the net income and revenues derived from the operation thereof shall be set aside and used, to the extent necessary, to assure payment of the principal of and interest on the bonds authorized to be issued under the terms of this resolution. In computing and determining the amount of such net income and revenues there shall be excluded from the gross revenues of the Union the amount of cash other than that derived from the sale of goods or furnishing of services by and through the operation of said Union and also the value of any goods or services which may be furnished by any other departments of the University, and there shall be excluded from the operation and maintenance expenses of the Union the amount of salaries or other expenses not directly attributable to the revenue producing facilities of the Iowa Memorial Union and paid with cash derived from such other outside sources and the cost of goods or services furnished by other departments.

Section 6. It is hereby represented and certified that pursuant to action previously taken by the State Board of Regents there has heretofore been established and is currently being charged and collected for the use and availability of the Iowa Memorial Union and facilities on the campus of the State University of Iowa a Student Union fee amounting to \$8.50 per student for each of the two regular school semesters and \$4.00 per student for the summer session and it is covenanted and agreed that said student fees will continue to be charged and collected at the same time as tuition and shall be allocated to the payment of the bonds herein authorized and bonds ranking on a parity therewith until all of said bonds have been paid or full and sufficient provision made for the payment thereof. In the event that any change is made in the school calendar from the present two regular semesters and one summer session, it is understood and agreed that the Student Union fee will be

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adjusted so as to produce the same number of dollars per student per annum as is now provided under the aforesaid schedule. The schedule of Student Union fees and the schedule of rates, fees and charges imposed and collected for goods, services and facilities furnished by and through the Iowa Memorial Union shall at all times be adequate to produce net amounts sufficient to pay the principal of and interest on the bonds herein authorized to be issued and bonds ranking on a parity therewith, and such schedules shall be revised, changed and readjusted whenever necessary so that the aggregate of such fees and charges will be sufficient for such purpose. It is recognized that because of possible errors in any attempt to accurately forecast the number of students who will attend the University in future years and to correctly foresee the nature and extent of the usage which will be made of the facilities provided by the Iowa Memorial Union, some margin of safety must be provided through the creation of a reserve to assure prompt payment of the principal and interest of said bonds and it is therefore covenanted and agreed that the aforesaid rates, fees and charges shall always be adjusted and maintained to be sufficient to also create and maintain an adequate reserve for the payment of said bonds as hereinafter provided. The aforesaid Student Union fee shall be applicable only to the Iowa Memorial Union and functions and facilities associated therewith and the charging and collection thereof and the issuance of the bonds herein authorized shall not be construed to prevent the separate charging and collection of other rates, fees and charges for other facilities furnished to and made available for the use of students at the State University of Iowa.

There shall be and there is hereby created and there shall be maintained an account to be known as the "Iowa Memorial Union Revenue Bond Sinking Fund", sometimes hereinafter referred to as the "Sinking Fund". During the fiscal year ending June 30 of each year and as the aforesaid Student Union fees are received and collected, they shall be segregated and deposited in said Sinking Fund until there has been accumulated in said fund the full amount of principal and interest which will become due and payable on and prior to the next succeeding July first on the bonds herein authorized to be issued and bonds ranking on a parity therewith. If and to whatever extent the Student Union fees are not adequate in any fiscal year to provide for the full payment of maturing installments of principal and interest on the aforesaid bonds, such deficiency shall be made up and paid into said Sinking Fund from the net income and revenues derived from the operation of the Iowa Memorial Union, such net income and revenues to be computed and determined in the manner provided in Section 5 hereof. Such Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the interest on and principal of said bonds and bonds ranking on a parity therewith and for no other purpose. If at any time there be a failure to pay into said Sinking Fund the full amount above stipulated, then an amount equivalent to the deficiency shall be set apart and paid into said Sinking Fund from the Student Union fees and net income and revenues from the operation of the Iowa Memorial Union as soon as available and same shall be in addition to the amount otherwise required to be so set apart and paid into said Sinking Fund. If and when additional bonds are issued ranking on a parity with the bonds hereby authorized, the amount to be so set aside and paid into said Sinking Fund shall be increased accordingly.

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Section 7. There shall be and there is hereby created a special fund to be known and designated as the "Bond and Interest Reserve Fund" into which there shall be set apart and paid during each fiscal year from the balance of the Student Union fees remaining after first making the required payments into the "Iowa Memorial Union Revenue Bond Sinking Fund", the annual sum of \$30,000, or such higher amount as the State Board of Regents may fix from time to time, until such time as all of the bonds herein authorized and bonds ranking on a parity therewith have been paid in full as to both principal and interest or funds sufficient therefor have been set aside and pledged for that purpose. If and to whatever extent the remaining Student Union fees shall ever be inadequate in any year to make full payment of the aforesaid amount into said Reserve Fund, the deficiency shall be made up from net income and revenues derived from the operation of the Iowa Memorial Union. All moneys credited to said Reserve Fund shall be used for the payment of the principal of and interest on the bonds authorized to be issued under the terms of this resolution and bonds ranking on a parity therewith whenever for any reason the funds on deposit in the "Iowa Memorial Union Revenue Bond Sinking Fund" are insufficient to pay such principal and interest when due; provided, however, that all amounts at any time credited to said Reserve Fund in excess of the maximum amount of principal and interest falling due in any succeeding fiscal year for both principal of and interest on the then outstanding bonds issued pursuant to this resolution and bonds ranking on a parity therewith may be used to purchase on the open market and retire any of said bonds then outstanding at not exceeding par and accrued interest plus the additional interest or premium which would be due and payable if the bonds were called for redemption at the next nearest call date, or if on the date sixty (60) days preceding the next call date such excess funds exceed \$10,000, the State Board of Regents shall use all of such excess to call and redeem bonds on such next succeeding redemption date.

Section 8. There shall be and there is hereby created a special fund to be known and designated as the "Improvement, Replacement and Depreciation Fund" into which there shall be paid each year the remainder of the Student Union fees and the net income and revenues derived from the operation of the Iowa Memorial Union until there has been accumulated in said Improvement Fund the net annual sum of \$30,000 in each of the fiscal years ending June 30, 1963, through June 30, 1967, inclusive, and the net annual sum of \$40,000 in each succeeding fiscal year while any of the bonds herein authorized remain outstanding. All moneys credited to said Improvement Fund shall be used or accumulated to pay the cost of improving or extending the Iowa Memorial Union, to construct additions thereto or additional buildings thereon and to make necessary replacements therein. The moneys on deposit in said Improvement Fund shall be transferred and credited to the "Iowa Memorial Union Revenue Bond Sinking Fund" whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the bonds authorized to be issued under the terms of this resolution or bonds ranking on a parity therewith and shall be transferred and credited to the "Bond and Interest Reserve Fund" whenever any deficiency may exist in said Reserve Fund.

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Section 9. There shall be and there is hereby created a special fund to be known and designated as the "Surplus Fund" into which any and all remaining Student Union fees and net income and revenues from the Iowa Memorial Union shall be deposited. The moneys credited to the Surplus Fund may be used for any or all of the following purposes as determined by the State Board of Regents:

- (1) To create and maintain an "Operation and Maintenance Reserve Fund" to be used for the payment of necessary operating and maintenance expenses of the Iowa Memorial Union whenever for any reason no other funds are available for such purpose, provided that there shall not be accumulated in said Account an amount in excess of one-half the cost of maintaining and operating all of the Iowa Memorial Union facilities during the then next preceding fiscal year.
- (2) To purchase any of the bonds of this issue or bonds ranking on a parity therewith on the open market at not exceeding par and accrued interest plus the additional interest or premium which would be due and payable in the event said bonds were called for redemption at the next succeeding call date, or to call and redeem any of said bonds prior to maturity.
- (3) To create a fund for the construction or improvement of any facilities on the campus of the State University of Iowa which the State Board of Regents determines to be related to and a part of the proper functions, facilities and activities of or connected with the Iowa Memorial Union.

All moneys credited to said Surplus Fund shall be transferred and credited to the "Iowa Memorial Union Revenue Bond Sinking Fund" whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the bonds authorized to be issued under the terms of this resolution or bonds ranking on a parity therewith, or shall be transferred and credited to the "Bond and Interest Reserve Fund" whenever any deficiency may exist in said Reserve Fund.

Section 10. All moneys held in the several separate funds created under the terms of this resolution shall be deposited in lawful depositories and shall be continuously held and secured as provided by the laws of the State of Iowa relating to the depositing, securing and holding of public funds and all such deposits in the "Iowa Memorial Union Revenue Bond Sinking Fund" and the "Bond and Interest Reserve Fund" exceeding \$10,000 in any one bank shall be continuously secured by a valid pledge of direct obligations of the United States Government having an equivalent market value or may be invested indirect obligations of the United States Government; provided, however, that sale shall be made of a sufficient amount of such obligations in the event that it shall prove necessary to draw upon said reserve so invested. Any of the funds may be invested in direct obligations of the United States Government maturing at a date on or before the time when the State Board of Regents estimates the proceeds

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thereof will be needed for the purpose for which accumulated, which date in the case of the "Iowa Memorial Union Revenue Bond Sinking Fund" shall be considered to be not less than twenty (20) days prior to the next maturity of principal or interest respectively, and in the case of the "Bond and Interest Reserve Fund" shall be considered to be not more than two years from the date of investment or not less than twenty (20) days prior to the next date upon which bonds may be called for redemption, whichever is shorter, and in any event such Government securities shall be sold whenever the proceeds thereof are needed for the purposes of the fund for the account of which the investment was made.

Section 11. That the State Board of Regents hereby covenants and agrees with the holder or holders of said bonds, or any of them that may from time to time be outstanding, that it will faithfully and punctually perform all duties with reference to the charging and collection of Student Union fees and the operation and maintenance of the Iowa Memorial Union required and provided by the Constitution and laws of the State of Iowa and will segregate said fees and the revenues of said Union and make application thereof in accordance with the provisions of this resolution, and that it will not sell, lease, mortgage or in any manner dispose of any building of the Memorial Union, including any and all extensions, improvements and additions that may be made thereto, until all the bonds herein authorized shall have been paid in full, both principal and interest, or unless and until provisions shall have been made for the payment of said bonds and interest thereon in full; provided, however, that the right is reserved to the State Board of Regents to dispose of any property which in its judgment is no longer useful or profitable in the operation of the Iowa Memorial Union nor essential to the continued operation thereof and when the sale or other disposition thereof will not reduce the net income and revenues of said Union below the level at which the same are required to be maintained under the terms of this resolution, and the proceeds derived from the sale of any such property shall be paid into the "Improvement, Replacement and Depreciation Fund", created under the provisions of Section 8 of this resolution.

Section 12. The bonds hereby authorized and from time to time outstanding shall not be entitled to priority or preference, one over the other, in the application of the Student Union fees or the net income and revenues derived from the operation of the Iowa Memorial Union, regardless of the time or times of the issuance of such bonds, it being the intention that there shall be no priority among the bonds authorized to be issued under this resolution regardless of the fact that they may have been actually issued and delivered at different times. The State Board of Regents hereby covenants and agrees that so long as any of the bonds issued pursuant to this resolution are outstanding and unpaid no other bonds or obligations payable from fees charged and collected for the use and availability of the Iowa Memorial Union or from net income and revenues derived from the operation of said Union will be issued except upon the basis of such additional bonds or obligations being subject to the priority and security for payment of any bonds then outstanding under the terms of this resolution; provided, however, that said State Board of Regents hereby reserves the right and privilege of issuing additional bonds from time to time payable from the Student Union fees and net income and revenues from the operation of

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the Iowa Memorial Union and ranking on a parity with the bonds herein authorized in order to pay the cost of necessary future additions, improvements or extensions to said Iowa Memorial Union and facilities or for refunding any bonds issued for account of said Union, but only if (1) there shall have first been procured and filed with the Secretary of the State Board of Regents a statement by the Auditor of State of the State of Iowa or by a certified public accountant not in the regular employ of the State Board of Regents or the State University of Iowa reciting the opinion based upon necessary investigations that the aggregate Student Union fees collected during the then next preceding fiscal year (with adjustments as hereinafter provided) were at least equal to the amount due in said fiscal year for both principal of and interest on the bonds then outstanding and reciting the further opinion that such Student Union fees, together with the net income and revenues derived from the operation of the Iowa Memorial Union during said last preceding fiscal year, were not less than 130% of the maximum amount that will become due in any fiscal year for both principal of and interest on the bonds then outstanding and the bonds then proposed to be issued prior to the longest maturity of any of the then outstanding bonds, (2) there shall have been procured and filed with the Secretary of the State Board of Regents a certificate executed by the Treasurer of the State University of Iowa reciting that the proposed additions, improvements and extensions will add to the efficient operation and net revenues of the Iowa Memorial Union and that the Student Union fees will be sufficient to pay the bonds then outstanding and those proposed to be issued as the same become due, (3) the interest payment dates for any such additional parity bonds shall be semiannually on July 1 and January 1 of each year, and the principal maturities of such additional bonds shall be on July 1 of any year in which any of such principal is scheduled to become due, and (4) there shall have been procured and filed with the Secretary of the State Board of Regents a report by a recognized architect outlining the nature and extent of the additions, improvements or extensions to be constructed or acquired from the proceeds of such additional bonds, containing a detailed estimate of the total cost of such additions, improvements or extensions showing that such cost will not exceed the funds available for such project including the proceeds of the bonds then proposed to be issued and other funds then on hand and set aside for such purpose, and including all architectural fees and charges, necessary interest on the additional bonds during the construction period, and a reasonable allowance for contingencies. Until the proceeds of any such additional bonds are applied to the payment of the cost of such additions, improvements or extensions, they shall be subject to a lien for the payment of such additional bonds and interest thereon. Bonds issued to refund any of the bonds hereby authorized or to refund bonds ranking on a parity therewith shall not be subject to the foregoing restrictions provided the bonds being refunded mature within six months of the date of such refunding and no other funds are available to pay such maturing bonds, but otherwise any refunding bonds ranking on a parity shall only be issued subject to the restrictions of this resolution, and the amount of the Student Union fees collected during the preceding fiscal year as aforesaid shall be adjusted for the purpose of the foregoing computations by the Auditor of State of the State of Iowa or by a certified public accountant not in the regular employ of the State Board of Regents or the State University of Iowa so as to reflect any revision in the schedule of Student Union fees being imposed at the time of the issuance of any such additional bonds.

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Section 13. The State Board of Regents agrees that so long as any of the bonds hereby authorized remain outstanding it will keep the Iowa Memorial Union and equipment insured under a policy or policies of a responsible insurance company or companies, authorized and qualified under the laws of the State of Iowa against loss or damage by reason of fire, lightning, tornado and winds for the full amount of the insurable value, subject to the deduction from such loss or damage (except in case of total loss) of not more than five per cent (5%) of such insurable value. The proceeds of any and all such property insurance are hereby pledged as security for the bonds issued hereunder until such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by repairing the property damaged or replacing the property destroyed. The State Board of Regents further covenants and agrees that it will keep proper books of record and account, separate from all other records and accounts, showing complete and correct entries of all transactions relating to said Student Union fees and said Iowa Memorial Union, and that the holders of any of said bonds shall have the right at all reasonable times to inspect the physical properties and all records, accounts and data of the State Board of Regents relating thereto. The State Board of Regents further agrees that it will require regular reports to be submitted to it quarterly by the Treasurer of the State University of Iowa showing the amount of Student Union fees collected, the income and expenses attributable to the operation of the Iowa Memorial Union and the allocation of said fees and the net income and revenues of the Union to the several separate funds created under the terms of this resolution and a summary of such quarterly reports shall be promptly mailed to the original purchaser of the bonds. The Board further agrees that it will within ninety days following the close of each fiscal year cause an audit of such books and accounts to be made by the Auditor of State of the State of Iowa or a certified public accountant not in the regular employ of the State Board of Regents or the State University of Iowa showing the Student Union fees collected during such fiscal year and the receipts and disbursements for account of the Iowa Memorial Union, and containing the examiner's comments regarding the manner in which the requirements of this resolution have been carried out, a list of all insurance policies in force at the end of the year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy, and a statement as to the number of students enrolled at the University of Iowa during each term or semester of said preceding fiscal year. As soon as completed, a copy of each such audit shall be mailed to the State Board of Regents and to the original purchaser of the bonds hereby authorized, and a summary thereof shall be mailed to any bondholder who may have so requested.

Section 14. There shall be and there is hereby created a special fund to be known and designated as the "Construction Fund" into which the Treasurer of the State University of Iowa shall deposit all the proceeds derived from the sale of the bonds hereby authorized, exclusive of accrued interest. All moneys held in said Construction Fund shall be kept separate and apart from all other funds of the University or the State Board of Regents and shall be held and used solely to pay the cost of constructing the additions to the Iowa Memorial Union as referred to in the preamble hereof, or to pay interest on the bonds

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herein authorized to the extent that funds for such purpose are not available from any other source. The cost of engineering and legal services, the cost of surveys, designs and other necessary and incidental expenses, shall be deemed items of construction. On the date of the delivery of the bonds a sum equal to the interest to accrue on all the bonds herein authorized for a period of six (6) months from the date of the delivery of said bonds shall be withdrawn from the "Construction Fund" and deposited in the "Bond and Interest Reserve Fund" created under the provisions of this resolution. Within sixty (60) days after the completion of the construction of the additions and after all costs in connection therewith shall have been paid, the architects in charge of supervising the construction shall certify to the State Board of Regents the fact that such work has been completed according to the plans and specifications therefor and that all costs have been paid, and thereafter if any funds remain in said "Construction Fund", the same shall be transferred to the "Bond and Interest Reserve Fund" as hereinbefore provided.

Section 15. The provisions of this resolution shall constitute a contract between the State Board of Regents and the holders of the bonds herein authorized to be issued as may from time to time be outstanding and after the issuance of any of said bonds, no change, variation or alteration of any kind of the provisions of this resolution may be made in any manner except as hereinafter in this section provided until such time as all of said bonds issued hereunder and interest thereon shall have been paid in full.

The holders of three-fourths in principal amount of the bonds and parity bonds at any time outstanding (not including in any case any bonds which may then be held or owned by or for the account of the State Board of Regents, but including such refunding bonds as may be issued for the purpose of refunding any of the bonds herein authorized if such refunding bonds shall not then be owned by the State Board of Regents) shall have the right from time to time to consent to and approve the adoption by the State Board of Regents of a resolution or resolutions modifying or amending any of the terms or provisions contained in this resolution; provided, however, that this resolution may not be so modified or amended in such manner as to:

- (a) Make any change in the maturity or redemption terms of the bonds.
- (b) Make any change in the rate of interest borne by any of the bonds.
- (c) Reduce the amount of the principal payable on any bond.
- (d) Modify the terms of payment of principal of or interest on the bonds, or any of them, or impose any conditions with respect to such payment.
- (e) Affect the rights of the holders of less than all of the bonds then outstanding.
- (f) Reduce the percentage of the principal amount of bonds the consent of the holders of which shall be required to effect a further modification.

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Whenever the State Board of Regents shall propose to amend or modify this resolution under the provisions of this section, it shall (1) prior to the publication of the notice hereinafter provided in (2), cause notice of the proposed amendment to be mailed to each of the holders of revenue bonds registered as to principal at the address appearing on the registration books and also to the original purchaser or purchasers of the revenue bonds, and (2) cause notice of the proposed amendment to be published one time in a financial newspaper or journal published in the City of New York, New York. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the Secretary of the State Board of Regents for public inspection.

Whenever at any time within one year from the date of the publication of said notice there shall be filed with the Secretary of the State Board of Regents an instrument or instruments executed by the holders of at least three-fourths in aggregate principal amount of the bonds and parity bonds then outstanding as in this section defined, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice, and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the State Board of Regents may adopt such amendatory resolution and such resolution shall become effective.

If the holders of at least three-fourths in aggregate principal amount of the bonds and parity bonds outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no holder of any bonds whether or not such holder shall have consented to or shall have revoked any consent as in this section provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the State Board of Regents from taking any action pursuant to the provisions thereof.

Any consent given by the holder of a bond pursuant to the provisions of this section shall be irrevocable for a period of six months from the date of such consent and shall be conclusive and binding upon all future holders of the same bond during such period. Such consent may be revoked at any time after six months from the date of such consent by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Secretary of the State Board of Regents, but such revocation shall not be effective if the holders of three-fourths in aggregate principal amount of the bonds outstanding as in this section defined shall have, prior to the attempted revocation consented to and approved the amendatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions of this section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

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The amount and numbers of the bonds held by any person executing such instrument and the date of his holding the same may be proved by the affidavit of such person or by a certificate executed by any responsible bank or trust company showing that on the date therein mentioned such person had on deposit with such bank or trust company the bonds described in such certificate.

Section 16. If any section, paragraph, clause or provision of this resolution be held invalid, such invalidity shall not affect any of the remaining provisions hereof, and this resolution shall become effective immediately upon its passage and approval.

Section 17. That all resolutions or orders or parts thereof in conflict herewith be and the same are hereby repealed to the extent of such conflict.

Mr. Crabbe moved that the foregoing resolution be adopted. The motion was seconded by Mrs. Evans and on roll call the vote was as follows:

Aye: Mr. Crabbe, Mrs. Evans, Mr. Molison, Mr. Oberhausen, Mr. Redeker, Mrs. Rosenfield, and Mr. Hagemann.

Nay: None.

Absent: Mr. Noehren and Mrs. Valentine.

The chairman declared the resolution adopted.

IOWA MEMORIAL UNION ADDITIONS, UNITS IV, V AND VI - CONFIRMATION OF AWARD OF CONTRACTS. At the meeting held on July 12-13, 1962, contracts for the construction of the Iowa Memorial Union Additions, Units IV, V and VI, were awarded subject to the Board's making satisfactory arrangements for financing the project. (See pages 26 and 27, Board minutes of July 12-13, 1962.)

Mr. Oberhausen stated that satisfactory arrangements had been made for financing the Iowa Memorial Union Additions, Units VI, V and VI, and he moved that the action taken on July 13, 1962, awarding the contracts for the construction of the project be confirmed and ratified. The motion was seconded by Mr. Crabbe and passed.

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DORMITORIES - FINANCING - EMPLOYMENT OF COUNSEL. Mr. Oberhausen moved that the Attorney General of Iowa be requested to ask the Executive Council of Iowa to employ Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois, to review present statutes regarding dormitory financing and to prepare bills for presentation to the 60th General Assembly which would authorize the State Board of Regents to sell bonds for dormitory construction purposes and to refinance outstanding dormitory obligations. The motion was seconded by Mrs. Rosenfield, and on roll call the vote was as follows:

Aye: Mr. Crabbe, Mrs. Evans, Mr. Molison, Mr. Oberhausen, Mr. Redeker, Mrs. Rosenfield, and Mr. Hagemann.

Nay: None.

Absent: Mr. Noehren and Mrs. Valentine.

The chairman declared the motion passed.

EXECUTIVE SESSION. Mr. Hagemann stated that if no one objected the Board would go into executive session. There was no objection, and the Board resolved itself into executive session at 1:45 p.m. The Board rose from executive session at 4 p.m. and resumed regular business.

ADJOURNMENT. President Hagemann adjourned the meeting at 4 p.m.

  
David A. Dancer, Secretary