

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Report of the Banking Committee
Date: April 10, 2000

Recommended Actions:

1. Adopt the following resolutions, subject to the receipt of acceptable bids:

A Resolution providing for the sale and award of \$16,000,000 Dormitory Revenue Bonds, Series S.U.I. 2000, and approving and authorizing the agreement of such sale and award.

A Resolution authorizing and providing for the issuance and securing the payment of \$16,000,000 Dormitory Revenue Bonds, Series S.U.I. 2000, for the purpose of constructing necessary improvements to and equipping existing residence halls and related facilities, all located on the campus of The State University of Iowa, including funding the debt service reserve fund and paying costs of issuing the Bonds.

(ROLL CALL VOTE)

2. Adopt the following:

A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$15,400,000 Dormitory Revenue Bonds, Series U.N.I. 2000.

(ROLL CALL VOTE)

3. Receive the report of the Banking Committee.

Executive Summary:

The Banking Committee materials, which include a memorandum covering each item in detail, have been furnished to all Board members. During its meeting on April 19, 2000, the Banking Committee is scheduled to consider the approval of the minutes from the March 2000 Banking Committee meeting, Resolutions for the Sale and Award of \$16,000,000 Dormitory Revenue Bonds, Series S.U.I. 2000, and a Preliminary Resolution for the Sale of up to \$15,400,000 Dormitory Revenue Bonds, Series U.N.I. 2000.

The Banking Committee is scheduled to receive the Semi-Annual Master Lease Report and the Costs of Bond Issuances Report.

Background:

Approve Minutes of the March 15, 2000, Banking Committee Meeting

The minutes of the meeting will be included with the materials for the Banking Committee meeting.

Resolutions for the Sale and Award of \$16,000,000 Dormitory Revenue Bonds, Series S.U.I. 2000

The Board is requested to adopt two resolutions related to the sale and award and issuance of \$16,000,000 Dormitory Revenue Bonds, Series S.U.I. 2000. At its March 2000 meeting, the Board authorized the Executive Director to fix the date(s) for the sale of the bonds which would be sold to finance, in part, the west campus food service consolidation at Hillcrest Residence Hall, telecommunications improvements in eight residence halls, and other improvements to the University of Iowa's residence system.

The bonds will be issued for a period of 21 years, with debt service of approximately \$1,365,000 annually to be paid from net rents, profits, and income from the operation of the residence system. The University's residence system is a self-supporting operation and receives no state appropriations.

Preliminary Resolution for the Sale of up to \$15,400,000 Dormitory Revenue Bonds, Series U.N.I. 2000

The Board is requested to adopt a resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$15,400,000 Dormitory Revenue Bonds, Series U.N.I. 2000. The bonds were included in the Proposed Bond Issuance Schedule for Calendar Year 2000 presented to the Banking Committee in November 1999.

The University of Northern Iowa's projects proposed to be funded from the bond proceeds were included in the residence system facilities master plan presented to the Board in March 1999. The plan includes projects to address deferred maintenance and fire safety needs and to make facility improvements, including renovations to the residence system. The proposed sale would be the second under the master plan; bonds in the amount of \$7 million were issued in 1999.

The bonds will be issued for a period of 21 years, with debt service of approximately \$1,540,000 annually to be paid from net rents, profits, and income from the operation of the residence system. The University's residence system is a self-supporting operation and receives no state appropriations.

Semi-Annual Master Lease Report

The Board has established a master lease agreement to provide short-term financing (3 to 10 years) for real and personal property. The Regent Procedural Guide §7.32 requires that a semi-annual report on outstanding activity under the master lease agreement be submitted to the Banking Committee.

The aggregate amount for all leased real and personal property financed under the current master lease agreement through Norwest Investment Services is limited to \$15 million.

Leases issued under the current master lease agreement total \$12.3 million as of March 31, 2000, leaving \$2.7 million of the \$15 million available for use. During the last six-month period, the University of Iowa entered into a \$1.8 million master lease agreement to finance equipment and furnishings for the University Services Building.

In July 1999, the Banking Committee and the Board authorized Iowa State University to use master lease financing in the amount of \$189,000 to purchase a live-fire simulation trailer for fire fighter training for the Fire Service Institute. The 2000 General Assembly has passed legislation (HF 2492) which moves the Fire Service Institute from Iowa State University to the state Department of Public Safety. The legislation provides that the state Department of Public Safety and the Board of Regents are to enter into a 28E agreement regarding payment of the outstanding financial obligation for the trailer, which totals \$179,651 as of March 31, 2000. Necessary changes to the financing agreement(s) will be brought to the Banking Committee for approval subsequent to the legislation being enacted into law.

Costs of Bond Issuance

This month's report includes the issuance costs for two bond issues: the ISU Dormitory Revenue Bonds (sold in January 2000) and the SUI Telecommunications Facilities Revenue Bonds (sold in February 2000). Specific line item expenses are included in the Banking Committee materials.

Pamela M. Elliott

Approved:

Frank J. Stork

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