

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Report of the Banking Committee
Date: January 31, 2000

Recommended Actions:

1. Adopt the following:
 - a. A Resolution providing for the sale and award of \$15,875,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2000, and approving and authorizing the agreement of such sale and award.
 - b. A Resolution authorizing and providing for the issuance and securing the payment of \$15,875,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2000, for the purpose of defraying costs of constructing, improving and equipping certain telecommunications facilities for The State University of Iowa, paying the costs of issuance and funding a reserve fund.

(ROLL CALL VOTE)

2. Accept 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 February 9, 2000, the Banking Committee is scheduled to consider the approval of the minutes from the December 1999 Banking Committee meeting and the Resolution Sale of \$15,875,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2000. The Banking Committee is scheduled to receive a report on the cost of bond issuance sales, bond fund audits for the University of Iowa, the audit report of FY 1999 Quad Cities Graduate Study Center Financial Statements, and Internal Audit Reports from the University of Iowa.

Background:

Approve Minutes of the December 15, 1999, Banking Committee Meeting

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

Resolution for Sale of \$15,875,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2000

At its January 2000 meeting, the Board authorized the Executive Director to fix the date(s) for the sale of the bonds, which would be sold to construct, improve and equip certain telecommunications facilities at the University of Iowa, including the Hospitals and Clinics.

The bonds were included in the proposed Bond Issuance Schedule for Calendar Year 2000 presented to the Banking Committee in November 1999.

The bonds would be issued for a period of 15 years, with annual debt service of approximately \$1,587,500 to be paid through charges to users of the telecommunications facilities.

Cost of Bond Issuance

This month's report on the issuance costs includes costs for three bond issues: SUI Utility System Revenue Refunding Bonds were sold in September 1999; the ISU Dormitory Revenue Bonds were sold in November 1999; and the University of Iowa Facilities Corporation Variable Rate Bonds were converted to a fixed rate on November 1, 1999. Specific line item expenses are included in the Banking Committee materials.

Revenue Bond Fund Audit Reports (SUI)

Independent auditors conducted the revenue bond fund audits at the University of Iowa for the fiscal year ended June 30, 1999, as required by the bond covenants.

The revenue bond fund audit reports indicated that the financial statements of each of the revenue bond funds were presented fairly in all material respects. No findings were reported.

Independent Auditor's Report of FY 1999 Quad Cities Graduate Study Center Financial Statements

Doyle & Keenan, PC of Davenport, Iowa, conducted an audit of the Quad-Cities Graduate Study Center for the fiscal year ended June 30, 1999. The auditors concluded that the general purpose financial statements were presented fairly in all material respects. There were no reported findings.

Internal Audit Reports

Completed institutional internal audit reports are presented to the Banking Committee as required by Board policy. The Board Office monitors the progress of the institutions' follow-up. When corrective action has been satisfactorily completed, the audits are closed.

Twelve completed internal audit reports are presented this month: six new and six follow-up. For the recommendations identified in the reports, corrective action is being taken or has already been satisfactorily completed.

The *Status of Internal Audit Follow-Up* identified 28 internal audits, six have been closed.

Certain follow-up procedures for the older audits at UIHC have been delayed pending implementation of new or modified systems. The UIHC Internal Audit Director developed an explanatory letter describing the status of the six most dated internal audits.

Follow-up on the remaining audits is being conducted in a timely manner.

Pamela M. Elliott

Approved: _____
Frank J. Stork