

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Preliminary Resolution for Sale of up to \$16,000,000  
Telecommunications Facilities Revenue Bonds, Series S.U.I. 2000  
**Date:** January 10, 2000

**Recommended Action:**

Adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$16,000,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2000.

**Executive Summary:**

The Board is asked to adopt a resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$16,000,000 Telecommunications Facilities Revenue Bonds, Series S.U.I. 2000. The bonds were included in the proposed Bond Issuance Schedule for Calendar Year 2000 presented to the Board in November 1999. The bonds would be sold to construct, improve and equip certain telecommunications facilities at the University of Iowa, including the Hospitals and Clinics. The bonds would be issued for a period of 15 years, with annual debt service of approximately \$1,565,000 to be paid through charges to users of the telecommunications facilities.

**Background:**

Under the provisions of Iowa Code Chapter 262, the Board is authorized to construct, equip, furnish, maintain, operate, manage and control self-liquidating and revenue producing buildings and facilities. Communication utilities are specifically referenced in § 262.44. The Board is further authorized to borrow money to construct or improve the facilities. The sources of repayment are the income and revenues to be derived from the operation of the facility and any student fees or charges which may, in the future, be imposed by the Board.

In 1985, the Board issued \$20 million in revenue bonds for University of Iowa telecommunication facilities. The funds were used to construct, equip and furnish a new telecommunications system, including switching equipment,

telephone instruments and minimal cabling. The bonds were issued for a ten-year period.

In 1995, Telecommunications Facilities Revenue Bonds were issued for a 15-year period. The bond proceeds were one of the funding sources in an improvement plan developed by the University of Iowa Office of Information Technology, Hospitals and Clinics, and Business Office to meet the University's voice, video and data communications needs for instruction, research, administration and outreach services. Under the plan developed at that time, the existing campus network infrastructure was to be supplemented / replaced with a modern, reliable fiber optic network, designed with flexibility to accommodate new technologies and with sufficient capacity to meet the University's communication needs well into the future.

To date, most of the network infrastructure is complete on the main campus and at Oakdale. Nearly 50 University buildings have been or are under contract for rewiring. Fiber network extensions and improvements, switching and other electronic system equipment improvements have been completed at UIHC.

**Analysis:**

The bonds proposed to be sold would finance continued installation of a communications system including a fiber optic network, telecommunications equipment, and cabling infrastructure within University buildings. Bond proceeds would also be used for telecommunications improvements at the Hospitals and Clinics.

Included would be electronics and wiring for 25 University buildings; completion of the campus fiber optics cabling; new and upgrade of systems electronics-routers, switches and other components; and campus remote access equipment.

Approximately \$6 million of the bond proceeds would be used for UIHC system infrastructure extension, replacement and enhancement; a radio paging system and enhancements; a directory support system; and a backup power system.

The estimated completion date for the work to be funded by the bond proceeds is December 2001.

The size of the bond issue would not exceed \$16,000,000 including project costs, debt service reserve (estimated at \$1,565,000) and issuance costs (estimated at \$79,000). Annual debt service payments are estimated at approximately \$1,565,000 based on current interest rates.

The University's Telecommunications System had FY 1999 receipts of \$13.8 million and operating expenditures, including service and access costs, and compensation, of \$9.7 million.

The outstanding principal of the Telecommunications Facilities Revenue Bonds, Series S.U.I. 1995 is \$13.5 million.

The sale of the bonds would be scheduled for the February 2000 meeting.

The resolution authorizing the Executive Director to fix the date or dates of sale of the bonds, which was prepared by the Ahlers law firm and reviewed by Springsted, is included in the Regent Exhibit Book.

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Joan Racki

Approved: \_\_\_\_\_  
Frank J. Stork