

Contact: Brad Berg

IOWA STATE UNIVERSITY PARAMETERS RESOLUTION**Action Requested:** Consider approval of:

A resolution authorizing the issuance and establishing parameters for the sale and securing the Utility System Revenue Refunding Bonds, Series I.S.U. 2024, for the purpose of current refunding the \$27,745,000 Utility System Revenue Bonds, Series I.S.U. 2013A, funding a reserve fund, and paying costs of issuance.

(ROLL CALL VOTE)**Executive Summary:**

The Board is asked to consider adoption of a parameters resolution providing for the sale and issuance of Utility System Revenue Refunding Bonds for Iowa State University. Proceeds from the sale of the bonds would be used to currently refund the outstanding maturities of the \$27,745,000 Utility System Revenue Bonds, Series I.S.U. 2013A (the "Series 2013A Bonds") to realize interest rate savings. The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, March 13, 2024. The resolution allows for the approval of the bond issue, provided the total net present value savings for the transaction exceeds 4.0% of the debt service for the Series 2013A Bonds.

The determination of whether the parameters are satisfied and the execution of the bond purchase agreements will be made by the Executive Director and ISU's Interim Senior Vice President for Operations and Finance, after consultation with Baker Tilly MA, the Board's municipal advisor.

Additional Information: The official statements for the bond sales may be found on the website of Baker Tilly at <https://go.bakertilly.com/bond-sales-calendar>. A copy of the resolutions, which were prepared by Ahlers & Cooney, P.C. and reviewed by Baker Tilly LLC, is available from the Board Office.

A review of possible refundings by Baker Tilly Municipal Advisors LLC, the Board's Municipal Advisor, has determined that interest rate savings could occur by refunding the 2024 – 2033 maturities of the \$27,475,000 Utility System Revenue Bonds, Series I.S.U. 2013A (the "Series 2013A Bonds"). The Series 2013A bonds were sold to finance the Stoker Boiler Replacement project.

The proposed refunding would be a current refunding as the Series 2013A bonds are callable on or after November 1, 2023. The refunding would not extend the maturity of the bonds beyond the last scheduled maturity of the Series 2013A Bonds.

Interest rates on the Series 2024 Bonds are anticipated to be lower than the interest rates on the Series 2013A Bonds for the same years. (Rates on the 2013A Series range from 4.00% in 2024 to 4.25% in 2033.) Baker Tilly has projected that the refunding would result in a present value savings of approximately \$1.0 million (i.e. 5.5% of present value of refunded debt service.) and reduce debt service by approximately \$158,000 annually.

The refunding issuance amount is estimated at \$14,070,000. Depending upon the bid received, this amount may be adjusted up or down. This flexibility will provide sufficient funds to fund the escrow account and to pay the costs of issuance, which are estimated at \$102,000.

Specifics of the bonds are:

- Average Maturity: 5.5 Years
- Bonds Dated: April 1, 2024
- Interest Due: November 1, 2024 and each May 1 and November 1 to maturity
- Interest Exemption: Exempt from federal and state income taxes for individual purchasers who are residents of Iowa
- Principal Due: November 1, 2024 – 2033
- Optional Call: The bonds are not callable
- Denomination: \$5,000 and integral multiples thereof