

Contact: Brad Berg

**SALE AND AWARD OF ACADEMIC BUILDING
REVENUE REFUNDING BONDS, SERIES S.U.I. 2024**

Action Requested: Consider adopting the following resolution, subject to receipt of acceptable bids:

A Resolution providing for the sale and authorizing and providing for the issuance and securing the payment of \$17,440,000 (estimated) Academic Building Revenue Refunding Bonds, Series S.U.I. 2024, for the purpose of currently refunding the \$30,100,000 Academic Building Revenue Bonds, Series S.U.I. 2013A, and paying costs of issuance.

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of a resolution related to the sale, award and issuance of Academic Building Revenue Refunding Bonds, Series 2024 (the Series 2024 Bonds) for the University of Iowa. When the calendar year 2024 bond issuance schedule was approved by the Board in November 2023, it authorized such refunding bonds as the Executive Director determines advisable.

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 2025 – 2036 maturities of the \$30,100,000 Academic Building Revenue Bonds, Series S.U.I. 2013A (the Series 2013A Bonds). The Series 2013A Bonds were originally sold to finance the repair, restoration, replacement and mitigation of flood damaged buildings and facilities at the University of Iowa.

Interest on the Series 2024 Bonds would be exempt from federal and state taxes (double tax-exempt) for Iowa residents who purchase the bonds. Interest on the bonds Series 2013A Bonds has also been double tax-exempt.

The proposed refunding of the Series 2013A Bonds would be a current refunding as the settlement date is after the call date of July 1, 2023. The refunding would not extend the maturity of the Series 2024 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 Series 2013A Bonds range from 4.00% in 2025 to 4.75% in 2036.) Baker Tilly has projected that the refunding would result in a present value savings of approximately \$1.9 million. Annual cash flow savings are estimated at approximately \$289,000.

The Series 2024 Bonds amount is estimated at \$17,440,000. Depending upon on the bid received, this amount will 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 \$150,000.

Debt service payments on Academic Building Revenue Bonds are paid with gross student fees and charges, including tuition. The General Assembly and the Governor have a historic record of supporting the Board's request for tuition replacement appropriations to reimburse the institutions for the funds pledged for debt service payments.

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, April 24, 2024 and the award is scheduled for later that day. A representative of Baker Tilly will report on the bids received and make a recommendation to the Board for award of the bonds.

The official statement for the bond sale may be found on the website of Baker Tilly LLC, the Board's Municipal Advisor, at <https://go.bakertilly.com/bond-sales-calendar>.

A copy of the resolution, which was prepared by Ahlers & Cooney, P.C. and reviewed by Baker Tilly is available from the Board Office.

Specifics of the bonds are:

- Average Maturity: 7.4 Years
- Bonds Dated: May 1, 2024
- Interest Due: January 1, 2025 and each July 1 and January 1 to maturity
- Interest Exemption: Exempt from federal and state taxes for individual purchasers who are residents of Iowa
- Principal Due: July 1, 2025 – 2036
- Optional Call: Bonds maturing on or after July 1, 2035 are callable commencing July 1, 2034 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof