

Contact: Brad Berg

UNIVERSITY OF IOWA FACILITIES CORPORATION REVENUE BONDS, SERIES 2024

Action Requested: Consider adopting a Resolution authorizing and approving the issuance of University of Iowa Facilities Corporation (Athletic Training Center Projects) \$20,140,000 (estimated) Revenue Bonds, Series 2024, for the purpose of financing a portion of the costs of constructing and equipping a gymnastics/spirit squad facility and a wrestling training facility and paying for costs of issuance, providing for the payment thereof, and directing the University of Iowa Facilities Corporation, as issuer, to issue said bonds.

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of a resolution authorizing and approving various lease documents, an indenture, a bond purchase agreement and other agreements and certificates related to the sale of University of Iowa Facilities Corporation Revenue Bonds. This bond issue will partially finance the costs of constructing and equipping the University of Iowa's gymnastics/spirit squad facility and wrestling training facility. In February 2024, the Board approved a reimbursement resolution for these projects permitting the reimbursement of associated expenditures for the project with bond proceeds.

The Board approved the project description and budget for the Gymnastics/Spirit Squad Training Center – Construct Facility project at its September 2023 meeting. This project includes a new 32,700 square foot training center. This training facility would be located off Prairie Meadow Drive on the UI Hawkeye Campus, adjacent to the women's soccer and field hockey facilities and the university's tennis center.

At its June 2022 meeting, the Board approved the project description and budget for the Iowa Wrestling Training Facility – Construct Facility project. This project includes a new 38,500 square foot, two-level practice and operations facility for wrestling and will be directly connected by an underground tunnel to Carver-Hawkeye Arena, where men's and women's wrestling matches take place.

Principal payments on the bonds would be made on June 1, 2025 – 2044, with the first interest payment being December 1, 2024. Annual principal and interest payments for the bonds are estimated at approximately \$1.5 million. Bonds maturing on or after June 1, 2034, are callable commencing June 1, 2033 and any date thereafter at par. The debt service payments would be paid from lease rentals, which will be paid by the University to the University of Iowa Facilities Corporation under the terms of the lease.

Facilities Corporation: The University of Iowa Facilities Corporation was incorporated in 1967 as a not-for-profit supporting organization of the University of Iowa Foundation to assist in maintaining, developing, increasing and extending the facilities and services of the University.

Although the bonds would be issued by the University of Iowa Facilities Corporation, they are deemed by Internal Revenue Service rulings to be issued "on behalf" of the Board of Regents and the State of Iowa. The Board of Regents must, therefore, approve the sale and terms of the bonds. The bonds would be single tax-exempt (interest exempt from federal but not state taxes).

The bond structure for the University of Iowa Facilities Corporation bond issues differs from the structure used for Board of Regents bonds. The Board will lease to the corporation the land upon which the facilities will be located. The corporation's interest in each facility will be leased to the Board on behalf of the University of Iowa during the term of the bonds. Upon retirement of the bonds, the facilities financed by the facilities corporation will be conveyed to the Board of Regents for the benefit of the university.

Additional Information: The building lease obligations between the Board (on behalf of the University), as lessee, and the University of Iowa Facilities Corporation, as lessor, will be an absolute and unconditional obligation of the University of Iowa. Lease payments are to be sufficient to pay the interest and principal on the bonds; supplemental rents are equal to administrative and trustee expenses.

The bond issue of \$20,140,000 (estimated) and an anticipated reoffering premium are expected to include:

- Project costs (estimated at \$20,500,000);
- Issuance costs (estimated at \$149,000); and
- Underwriter's discount (estimated at \$201,000).

The receipt and opening of bids is scheduled for 10:30 a.m. on Wednesday, April 24, 2024. The Executive Committee of the Board of Directors of the University of Iowa Facilities Corporation is expected to approve the sale and terms of the bonds based on the best bid at a meeting scheduled for that date.

The Board of Regents, at its regularly scheduled meeting, will be asked to approve the resolution, which was prepared by Ahlers & Cooney, P.C. and reviewed by Baker Tilly, LLC.

The official statement for the bond sale may be found on the website of Baker Tilly at <https://bondcalendar.bakertilly.com>.

Specifics of the bonds are:

- Average Maturity: 11.8 Years
- Bonds Dated: May 1, 2024
- Interest Due: December 1, 2024 and each June 1 and December 1 to maturity
- Interest Exemption: Exempt from federal taxes for individual purchasers
- Principal Due: June 1, 2025 – 2044
- Optional Call: Bonds maturing on or after June 1, 2034 are callable commencing June 1, 2033 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof