

Contact: Brad Berg

**SALE AND AWARD OF \$19,160,000 (ESTIMATED) DORMITORY
REVENUE BONDS, SERIES S.U.I. 2021**

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 \$19,160,000 (estimated) Dormitory Revenue Bonds, Series S.U.I. 2021, for the purpose of paying a portion of the costs of constructing and equipping improvements to existing residence halls for student housing and related facilities on the campus of the University, funding a debt service reserve fund, and paying costs of issuance.

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of a resolution providing for the sale and issuance of Dormitory Revenue Bonds for the University of Iowa. Proceeds from the sale of the bonds will primarily be used to fund the Hillcrest Residence Hall – Renovate Student Living Space project. This project will replace finishes in student rooms, corridors, lounges, laundry rooms and elevator lobbies. The work will include replacing student room doors throughout the building, upgrading drywall veneer, flooring, paint, closet systems, and window treatments in student rooms, modifying custodial closets, creating additional study space, installing new lounge and study room furniture and renovating communal restrooms. The University's Residence System is a self-supporting operation and receives no state appropriations.

Principal on the bonds would be repaid over a period of 25 years, with annual debt service payments on the bonds to be paid from net revenues of the net rents, profits and income of the Residence System; anticipated annual debt service payments are approximately \$1.1 million. Interest on the bonds would be exempt from federal and state taxes (double tax-exempt) for Iowa residents who purchase the bonds.

Additional Information: Under the provisions of Iowa Code §§262.55 to 262.66, the Board is authorized to construct, equip, improve, repair, remodel, operate and maintain residence halls and dormitories, including dining and other incidental facilities, at the universities. The Board is further authorized to borrow money to finance the construction or improvements and to refund such indebtedness.

The \$19,160,000 bond issue and reoffering premium are expected to include:

- project costs (estimated at \$20,000,000);
- debt service reserve (estimated at \$1,127,000);
- underwriters discount (estimated at \$230,000); and
- issuance costs (estimated at \$118,000).

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, June 3, 2021, and the award is scheduled for later that day.

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 LLC, is available from the Board Office.

Specifics of the bonds are:

- Average Maturity: 14.8 Years
- Bonds Dated: June 1, 2021
- Interest Due: January 1, 2022, 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, 2022 – 2046
- Optional Call: Bonds maturing on or after July 1, 2032 are callable commencing July 1, 2031 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof