Contact: Joan Racki

UNIVERSITY OF IOWA REIMBURSEMENT RESOLUTION - FLOOD RECOVERY

Action Requested: Consider Adoption of a Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse the State University of Iowa for certain original expenditures paid to build, repair, replace, reconstruct, furnish and equip facilities damaged by flood.

(ROLL CALL VOTE)

Executive Summary: In January 2009, the Board adopted a resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to fund incurred or anticipated flood-related expenditures.

Subsequent to the adoption of that resolution, the Board, on behalf of the University, issued a $30 million Flood Recovery and Mitigation Revenue Bond and Revenue Anticipation Project Note. The note is currently outstanding in amount of $15 million.

In December 2009, the Board issued on behalf of the University, Academic Building Revenue Flood Anticipation Project Notes in the amount of $27,025,000. The notes are still outstanding in the original amount of $27,025,000; the Board's bond issuance schedule for calendar year 2012 includes the issuance of Academic Building Revenue Bonds to refinance the notes.

Since January 2009, the estimated costs of the flood recovery projects and the estimated completion dates of the projects have been modified. The Board's bond counsel, Ahlers & Cooney, has recommended that the Board adopt a new reimbursement resolution. With the University's requested approval of the schematic designs and project descriptions and budgets for three major flood recovery projects, it is an opportune time for the Board to adopt a new reimbursement resolution.

Additional Information: United States Department of Treasury Regulation 1.150-2 provides the rules for the reimbursement from the proceeds of future bonds, notes or other indebtedness (financing) of expenditures originally paid from sources other than the financing. When the financing is complete, a portion of it is allocated to reimburse the original expenditure that was paid before the date of the financing.

Treasury regulations require that project costs must be reimbursed not later than 18 months after the capital expenditures are paid or 18 months after the property is placed in service, whichever is later.