

**RESOLUTIONS FOR THE SALE, AWARD AND ISSUANCE OF ATHLETIC FACILITIES
REVENUE BONDS, SERIES S.U.I. 2005A AND S.U.I. 2005B**

Action Requested:

Consider adopting the following resolutions, subject to receipt of acceptable bids:

1. A Resolution providing for the sale and award of \$25,000,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2005A and \$15,000,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2005B (Taxable), and approving and authorizing the agreement of such sale and award.
2. A Resolution authorizing the issuance of Athletic Facilities Revenue Bonds, Series S.U.I. 2005A, in the amount of \$25,000,000, and Athletic Facilities Revenue Bonds, Series S.U.I. 2005B (Taxable), in the amount of \$15,000,000, for the purpose of improving, remodeling, repairing, furnishing, equipping, and building additions to Kinnick Stadium, funding a debt service reserve fund, and paying the costs of issuance.

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of two resolutions related to the sale, award, authorization, and issuance of two series of Athletic Facilities Revenue Bonds; the bonds would finance a portion of the cost of the Kinnick Stadium Renovation project.

At its February 2005 meeting, the Board adopted a resolution authorizing the issuance of not more than \$120,000,000 in revenue bonds to finance the Kinnick Renovation project; additional costs associated with the renovation including the scoreboard, some furnishings and concession equipment; the refunding of outstanding Athletic Facilities Revenue bonds; the funding of the debt service reserve fund; and the paying of the issuance costs.

The sum of \$25,000,000 in double tax exempt bonds (exempt from federal and state taxes for individuals who are Iowa residents and purchase the bonds) was sold at the February 2005 Board meeting. Bond proceeds from this sale were used, in part, to refund the outstanding Athletic Facilities Revenue bonds.

The August 2005 sale, which was included on the calendar year 2005 bond issuance schedule approved by the Board in August 2004, provides for the issuance of the second (double tax-exempt) and third (taxable) series of bonds for the Kinnick Stadium Renovation.

- Taxable bonds need to be issued for the project due to an allocation of private use (trade or business of a nongovernmental entity), including concessions areas and certain advertising as well as other private uses; under Internal Revenue Service requirements, taxable bonds need to be issued when the private use exceeds certain thresholds.

Two additional bond sales for the project, to be issued on a parity with the outstanding bonds, would be sold in calendar year 2006 under the schedules presented to the Board in March 2004 and February 2005.

Specifics of the Proposed Sale: The bonds are dated September 1, 2005, with interest being paid beginning January 1, 2006. Principal payments are due July 1, 2007 – July 1, 2031. The proceeds of the two August bond issues are expected to be applied as follows:

	\$25,000,000 <u>Double Tax Exempt</u>	\$15,000,000 <u>Taxable</u>
Project Costs*	\$21,841,800	\$12,978,300
Deposit to Reserve Fund*	1,866,400	1,119,200
Capitalized Interest*	828,200	616,700
Bond Discount*	375,000	225,000
Issuance Costs*	<u>88,600</u>	<u>60,800</u>
	\$25,000,000	\$15,000,000
 Debt Service Payments*	 Increasing from \$0.9 million in FY 2006 (interest only) to \$1.8 million in FY 2019 and later years	 Approximately \$1.1 million annually except in FY 2006 when interest only will be paid (estimated at \$0.7 million)

* Projected amounts (actual amounts will not be know until after the sales)

Debt service payments on the bonds would be made from income of the Athletics Facilities System including existing student fees, revenue from priority seating; revenue from suites, indoor and outdoor club seats; capital campaign gifts for the renovation; and increased concession income. Other potential sources of revenue available for debt service payments include scoreboard/sponsorship, ticket surcharge, and net revenue from a 7th home game in future years. Increased student fees would only need to be charged should other revenue not be available to pay the debt service or maintain coverage ratios.

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, August 4, 2005, and the award is scheduled for later that day. A representative of Springsted, Inc. will report on the bids received and make a recommendation to the Board for award of the bonds.

Copies of the resolutions, which were prepared by Ahlers & Cooney, P.C. and reviewed by Springsted, Inc. are available from the Board Office.