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ALLOCATION OF BONDING AUTHORIZATION FOR DEFERRED MAINTENANCE, FIRE SAFETY AND CAMPUS SECURITY IMPROVEMENTS AND REIMBURSEMENT RESOLUTION

Action Requested: Consider:

1. Approving the allocation of the $24 million bonding authorization provided in HF 920 (2007 legislative session) for fire and environmental safety, deferred maintenance and campus security improvements at the Regent universities as follows:

Institution	Amount
SUI	$ 9,877,837
ISU	10,084,332
UNI	4,037,831
Totals	$24,000,000

2. Adopting A Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse the State University of Iowa, Iowa State University of Science and Technology, and the University of Northern Iowa for certain original expenditures paid in connection with deferred maintenance, fire and environmental safety, and campus security improvement projects.

(ROLL CALL VOTE)

Executive Summary: The 2007 General Assembly authorized and Governor Culver approved Academic Building Revenue bonding authorization for the Regent universities of $131.4 million. Included in the bonding authorization is the sum of $24 million for "fire and environmental safety, deferred maintenance, and campus security improvements at buildings and facilities of the universities as deemed necessary" by the Board.

The Board is asked to approve the allocation of the funds as outlined above. This allocation includes $21.5 million allocated among the three universities based upon the replacement value of their general university/general fund facilities, as reported by the institutions for the most recent Facilities Governance Report (February 2007).

The remaining $2.5 million has been allocated based upon the respective shares of the costs for improvements to be paid by the universities for Iowa Public Radio. Under the terms of the Public Service Operating Agreement between Iowa Public Radio, Inc., (IPR) and the Board of Regents, State of Iowa, station facilities and any improvements made to those facilities remain the property of the Board and the universities. The IPR improvements will be financed from sources other than the proceeds of Academic Building Revenue bonds. The additional bonding authorization of $2.5 million will be used by the universities for the purposes outlined in the legislation.

The following is the detail of the allocation of $24 million in bonding authorization:

Institution	Allocation by Replacement Value	Allocation Based upon University Funding for IPR	Total
SUI	$ 9,404,757	$ 473,080	$ 9,877,837
ISU	8,882,492	1,201,840	10,084,332
UNI	3,212,751	825,080	4,037,831
Totals	$21,500,000	$2,500,000	$24,000,000

So that the universities can begin immediately to address their deferred maintenance, fire and environmental safety and campus security improvements, the Board is also being asked to adopt a reimbursement resolution. This resolution will permit the universities to be reimbursed from bond issues authorized by the 2007 legislation for expenditures which may be incurred prior to the time that the Academic Building Revenue Bonds are sold. It is anticipated that Academic Building Revenue Bonds for each of the universities will be sold in calendar year 2008. (It is anticipated that a calendar year 2008 bond issuance schedule will be brought to the Board for its action at the October 2007 meeting.) Until the bonds are sold, financing for the improvements would be provided by Income from Treasurer's Temporary Investments or other unrestricted revenue.

The reimbursement resolution is being submitted at this time to ensure maximum reimbursement capability under regulations of the federal Internal Revenue Code. Pursuant to these regulations, project payments made not more than 60 days prior to adoption of the resolution are eligible for reimbursement from future bond issues.

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