RESOLUTION FOR THE SALE AND AWARD OF HOSPITAL REVENUE BONDS,
SERIES S.U.I. 2007

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 $25,000,000 Hospital Revenue Bonds, Series S.U.I. 2007, to pay the costs of constructing, improving, remodeling, repairing, furnishing, and equipping inpatient and outpatient facilities and patient care facilities, including mechanical and other supporting facilities at the University of Iowa Hospitals and Clinics on the campus of The State University of Iowa, funding a reserve fund and paying the costs of issuance.

(ROLL CALL VOTE)

Executive Summary: At its May 2007 meeting, the Board authorized the Executive Director to fix the date(s) for the sale of Hospital Revenue Bonds, Series S.U.I. 2007, the proceeds of which would be used to reimburse the University of Iowa Hospitals and Clinics (UIHC) for projects which were identified in an August 2004 reimbursement resolution adopted by the Board. This resolution declared an official intent under Treasury Regulation 1.150-2 for the UIHC to be reimbursed from future Hospital Revenue Bond issues for expenditures for certain capital improvement projects.

Capital projects for which reimbursement was identified in 2004 and for which bond proceeds would be used for repayment of the Hospital Building Usage Funds initially used for construction include:

<table>
<thead>
<tr>
<th>Project</th>
<th>Board Approved Project Budget</th>
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<tr>
<td>Emergency Trauma Center Renovation and Expansion</td>
<td>$30,000,000</td>
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<tr>
<td>Pediatrics Unit Inpatient Renovation</td>
<td>11,875,000</td>
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<tr>
<td>Ambulatory Surgery Center and Procedure Suite Development</td>
<td>39,600,000</td>
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The General Assembly passed and the Governor approved legislation in 2002 authorizing the Board to issue, over a period of years, Hospital Revenue Bonds with $100 million for project costs. In November 2002, the Board sold $25 million in bonds to finance a portion of the cost of the Center for Excellence in Image-Guided Radiation Therapy and the three stories of shell space above the Center and other improvements; the bond proceeds have been expended.

The outstanding principal amount from the 2002 bond issuance is $23,250,000.

Principal on the 2007 bonds would be repaid over a period of 20 years, with debt service of approximately $1.9 million annually to be paid from Hospital Income derived from the operation of the Hospital System. Hospital Income includes the gross income and funds received by the Hospital System, including the proceeds of rates, fees, charges, and payments for health care provider activities for patient care services after deduction of Current Expenses. Hospital Income does not include state appropriations to the University or to the Hospital System.
Additional Information: Iowa Code Chapter 263A authorizes the Board of Regents to borrow money and to issue and sell revenue bonds to pay all or any part of the cost for projects at the University of Iowa Hospitals and Clinics upon approval of the General Assembly and Governor.

The $25,000,000 bond issue is anticipated to include:
- project costs (estimated at $22,991,900);
- debt service reserve (estimated at $1,900,000); and
- issuance costs (estimated at $108,100).

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, June 13, 2007, 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.

A copy of the resolution, which was prepared by Ahlers & Cooney, P.C. and reviewed by Springsted, Inc. is available from the Board Office.

Specifics of the bonds are:
- Average Maturity: 12.12 Years
- Bonds Dated: July 1, 2007
- Interest Due: March 1, 2008, and each September 1 and March 1 to maturity
- Interest Exemption: Exempt from federal and state taxes for individual purchasers who are residents of Iowa
- Principal Due: September 1, 2008 – 2027
- Optional Call: Bonds maturing on or after July 1, 2018, are callable commencing July 1, 2017, and any date thereafter at par
- Denomination: $5,000 and integral multiples thereof