RESOLUTION FOR THE SALE AND ISSUANCE OF
$33,750,000 (ESTIMATED) HOSPITAL REVENUE BONDS, SERIES S.U.I. 2009

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 $33,750,000 (estimated) Hospital Revenue Bonds, Series S.U.I. 2009, for the purpose of constructing, improving, remodeling, repairing, furnishing, and equipping inpatient and outpatient facilities and patient care facilities, and mechanical and other supporting facilities at the University of Iowa Hospitals and Clinics including, without limitation, the Ambulatory Surgery Center expansion and the Emergency Treatment Center expansion, on the campus of the State University of Iowa, funding a debt service reserve fund and paying the costs of issuing said Bonds.

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of a resolution providing for the sale, award, authorization, and issuance of Hospital Revenue Bonds, Series S.U.I. 2009. (While the bonds are to be sold at the December 2008 meeting, they will not be available for delivery until January 2009 and are thus dated as a 2009 series.) At its October 2008 meeting, the Board authorized the Executive Director to fix the date(s) for the sale. The bonds to be sold would be the fourth and final issuance of Hospital Revenue Bonds authorized by 2002 legislation, which authorized the sale of the Bonds with $100 million in project proceeds over a period of years.

The proceeds available for projects from the three series of bonds previously sold (November 2002, and June and September 2007) total $69.1 million, leaving a remainder of $30.9 million from the legislatively authorized amount to be issued. The amount of the December 2008 sale may be adjusted, based upon the bids received, to ensure that the total proceeds available for construction do not exceed the amount authorized by the 2002 legislation.

The proceeds of the sale would be used to reimburse the University of Iowa Hospitals and Clinics (UIHC) for two projects identified in an August 2004 reimbursement resolution adopted by the Board (Emergency Trauma Center Renovation and Expansion, and Ambulatory Surgery Center and Procedure Suite Development) and to finance the on-going construction of the Emergency Trauma Center project and other projects, which will expand and augment inpatient nursing/ambulatory clinic, and other patient care units and support services/functions.

Principal on the 2009 bonds would be repaid over a period of 20 years, with debt service of approximately $2.7 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 IowaCare appropriations 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 projected bond issuance size of $33,750,000 is anticipated to include:

- project costs (estimated at $30,910,588);
- debt service reserve (estimated at $2,729,250); and
- issuance costs (estimated at $110,162).

The outstanding principal amount of Hospital Revenue Bonds is $70,550,000

The receipt and opening of bids is scheduled for 10:00 a.m. on Thursday, December 11, 2008, 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.

The official statement for the bond sale may be found on the website of Springsted, Inc., the Board's Financial Advisor, at http://www.springsted.com/.

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: 11.64 Years
- Bonds Dated: January 1, 2009
- Interest Due: September 1, 2009, and each March 1 and September 1 to maturity
- Interest Exemption: Exempt from federal and state taxes for individual purchasers who are residents of Iowa
- Principal Due: September 1, 2009 – 2028
- Optional Call: Bonds maturing on or after September 1, 2019, are callable commencing September 1, 2018, and any date thereafter at par
- Denomination: $5,000 and integral multiples thereof