

Contact: Brad Berg

UNIVERSITY OF IOWA REIMBURSEMENT RESOLUTIONS

Actions Requested: Consider:

1. Adoption of a Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt and to reimburse the University of Iowa Hospitals and Clinics for certain original expenditures paid in connection with the University of Iowa Hospitals and Clinics Iowa River Landing Annex Project and the Conversion of Patient Rooms to Single Patient Rooms Project.
2. Adoption of a Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt and to reimburse the State University of Iowa Utility System for certain original expenditures paid in connection with various capital improvement projects.

(ROLL CALL VOTE)

Executive Summary: The University of Iowa requests adoption of a Resolution which would permit the University of Iowa Hospitals and Clinics to be reimbursed from future borrowing for costs incurred for the Iowa River Landing Annex Project and the Conversion of Patient Rooms to Single Patient Rooms Project.

At its April 2017 meeting, the Board approved the schematic designs, project descriptions and budgets for three projects that would, in part, convert double patient rooms into rooms for a single patient. A bond issue is currently planned for the spring or summer of 2018 to fund a portion of these projects.

At its September 2016 meeting, the Board authorized permission to proceed with project planning for the Iowa River Landing expansion project. The project would expand the existing Iowa River Landing Clinic to allow ambulatory orthopedic services to relocate from the main hospital campus. Project planning continues for the project and if applicable, a projection description, budget and financing plan will be presented to the Board for consideration in accord with Board policy at a later date.

The University of Iowa also requests the adoption of a Resolution which would permit the reimbursement from future borrowing for costs incurred for capital improvements to its Utility System. At its December 2016 meeting, the Board approved the schematic design, project description and budget for the Utility System's Power Plant – Capacity Expansion project. The project will replace existing steam-generating equipment and the two smallest electrical generators with higher efficiency units. A bond issue is currently planned for February 2018.

The reimbursement resolutions are 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 these resolutions are eligible for reimbursement from future financings.

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.