

Contact: Brad Berg

**SALE AND AWARD OF \$252,665,000 (ESTIMATED) HOSPITAL REVENUE BONDS,
SERIES S.U.I. 2025A**

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 \$252,665,000 (estimated) Hospital Revenue Bonds, Series S.U.I. 2025A, for the purpose of paying a portion of the costs of constructing, equipping, installing and expanding certain Hospital and Clinic facilities related to the Hospital System of the State University of Iowa, and paying costs of issuance.

(ROLL CALL VOTE)

Executive Summary: The Board is asked to consider adoption of a resolution providing for the sale, award and issuance of Hospital Revenue Bonds Series 2025A (the "Series 2025A Bonds") for the University of Iowa Hospitals & Clinics. At its November 2024 meeting, the Board approved a reimbursement resolution to ensure maximum reimbursement capability for the projects listed below under regulations of the federal Internal Revenue Code. Proceeds from the Series 2025A Bonds may be used to finance a portion of these and other qualifying projects.

- **Maternity Unit Expansion:** In June 2024, the Board approved the project description and budget for the expansion of existing maternal health services within the university campus. This expansion will add 30,000 square feet to existing maternal care areas and add 23 beds, new on-call rooms for faculty, and expanded workspace for staff.
- **NICU Expansion:** In February 2024, the Board approved the expansion of the Neonatal Intensive Care Unit (NICU) at University of Iowa Stead Family Children's Hospital. The project will build out the entirety of UI Stead Family Children's Hospital's seventh floor, creating 28 NICU rooms and closely mirroring the existing sixth floor NICU.
- **UIHC – Emergency Department Expansion:** In April 2023, the Board approved the expansion of existing emergency department space. This project will create a two-level addition on the south side of the emergency department and renovate a portion of the existing department.
- **Emergency Generator Facility:** In September 2022, the Board approved the project to relocate UIHC's emergency power away from the hospital. This project includes constructing a 10,000 gross square foot building addition to the north side of the existing emergency power generator facility to accommodate up to three emergency generators and upgrading the fuel oil storage space. It will also install two emergency generators to serve as emergency power for the Roy Carver Pavilion (RCP) and Pomerantz Family Pavilion (PFP).
- **New North Liberty Hospital Campus:** In September 2021, the Board approved the project description and budget for the new UIHC facility at Forevergreen Road – Construct Facility project. This healthcare facility will be a 469,000 square foot medical, clinical, educational and research office building, and extension of the UIHC. A central utility plant, dedicated to this facility, would also be constructed.

Interest on the Series 2025A Bonds would be exempt from federal and state taxes (double tax-exempt) for Iowa residents who purchase the Series 2025A Bonds. Principal on the Series 2025A Bonds would be repaid over a period of 25 years, with annual debt service payments of approximately \$16.7 million 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.

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.

The aggregate \$252,665,000 (estimated) bond proceeds less the original issue discount are expected to include:

- project costs (estimated at \$250,000,000);
- underwriters discount (estimated at \$2,020,000); and
- issuance costs (estimated at \$486,000).

The receipt and opening of bids for the Series 2025A Bonds is scheduled for 10:00 a.m. on Wednesday, January 15, 2025. Results of the bid opening and a recommendation to the Board for award is scheduled for later that day.

The official statement for the bond sale created by Baker Tilly LLC, the Board's Municipal Advisor, may be found at <https://www.muniplatform.com/calendar>.

A copy of the resolution and related bond documentation, which was prepared by Ahlers & Cooney, P.C. and reviewed by Baker Tilly LLC, is available from the Board Office.

Specifics of the Series 2025A Bonds are:

- Average Maturity: 15.7 Years
- Bonds Dated: February 1, 2025
- Interest Due: September 1, 2025 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, 2026 - 2050
- Optional Call: Bonds maturing on or after September 1, 2035 are callable commencing September 1, 2034 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof