

Contact: Brad Berg

**SALE AND AWARD OF \$150,320,000 (ESTIMATED) HOSPITAL
REVENUE REFUNDING BONDS, SERIES S.U.I. 2022C**

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 \$150,320,000 (estimated) Hospital Revenue Refunding Bonds, Series S.U.I. 2022C, for the purpose of currently refunding the Hospital Revenue Refunding Bond Anticipation Note, Series S.U.I. 2021B 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 Refunding Bonds Series 2022C (the "Series 2022C Bonds") for the University of Iowa Hospitals and Clinics (UIHC). The proceeds of the Series 2022C Bonds will be used for paying at maturity, the \$148,725,000 Hospital Revenue Refunding Bond Anticipation Note, Series S.U.I. 2021B (the "Series 2021B Note").

In July 2021, the Board issued the Series 2021 Note to advance refund the outstanding maturities of the Board's \$190,000,000 Hospital Revenue Bonds, Series S.U.I. 2012 (the "Series 2012 Bonds"). As reported in July 2021, the Board would receive in 2022, prior to the maturity of the Series 2021B Note, a proposal to currently refund and redeem the Series 2021B Note.

The Series 2012 Bonds were issued to finance a portion of the Stead Family Children's Hospital. The Series 2021B Note, as permitted under Iowa Code §76.13, was issued in part, to allow implementation of a new bond indenture with less restrictive financial covenants for UIHC going forward.

The Series 2021B Note matures on October 1, 2022 and the Series 2022C Bond proceeds will be used to redeem the Series 2021B Note. It is anticipated that annual debt service payments on the Series 2022C bonds will be \$3.90 million in FY 2023 and \$12.88 million in FY's 2024 - 2039.

The proposed refunding of the Series 2021B Note would be a current refunding as the settlement date is within 90 days of the October 1, 2022 maturity. The issuance of the Series 2022C Bonds will not extend the maturity beyond the final maturity of the Series 2012 Bonds.

Interest on the Series 2022C Bonds would be exempt from federal and state taxes (double tax-exempt) for Iowa residents who purchase the bonds. Interest on the Series 2012 Bonds was also double tax-exempt.

The refunding issuance amount is estimated at \$150,320,000. Depending upon on the bid received, this amount will be adjusted up or down. This flexibility will provide sufficient funds to redeem the Series 2021B Note and to pay the costs of issuance, which are estimated at \$330,000.

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 Board is further authorized to refund such indebtedness.

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, June 1, 2022 and the award is scheduled for later that day. A representative of Baker Tilly 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 Baker Tilly LLC, the Board's Municipal Advisor, at <https://connect.bakertilly.com/bond-sales-calendar>.

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

Specifics of the Series 2022C Bonds are:

- Average Maturity: 9.5 Years
- Bonds Dated: July 1, 2022
- Interest Due: March 1, 2023 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, 2023 – 2038
- Optional Call: Bonds maturing on or after September 1, 2032 are callable commencing September 1, 2031 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof