

Contact: Brad Berg

**SALE AND AWARD OF \$32,665,000 (ESTIMATED) HOSPITAL
REVENUE BONDS, SERIES S.U.I. 2018**

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 \$32,665,000 (estimated) Hospital Revenue Bonds, Series S.U.I. 2018, 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, funding a debt service reserve fund, and paying the costs of issuance.

(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. 2018. 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. In December 2017, the Board adopted a reimbursement resolution that allows the University to be reimbursed from future borrowing for costs incurred for these projects.

Principal on the 2018 bonds would be repaid over a period of 25 years, with annual debt service of approximately \$1.5 million in FY 2020 and \$2.0 million in subsequent years 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.

Interest on the Series 2018 Bonds would be exempt from federal and state taxes (double tax-exempt) for Iowa residents who purchase the bonds.

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 bond issuance size of \$32,665,000 (estimated) is anticipated to include:

- project costs (estimated at \$30,000,000);
- debt service reserve (estimated at \$2,017,000);
- underwriter's discount (estimated at \$490,000); and
- issuance costs (estimated at \$157,500).

As of June 5, 2018, the outstanding principal amount of Hospital Revenue Bonds is \$279.5 million.

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, June 6, 2018, 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: 15.1 Years
- Bonds Dated: June 1, 2018
- Interest Due: March 1, 2019, 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, 2019 – 2043
- Optional Call: Bonds maturing on or after September 1, 2026, are callable commencing September 1, 2025, and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof