

Contact: Brad Berg

**SALE AND AWARD OF \$21,315,000 (ESTIMATED) HOSPITAL
REVENUE REFUNDING BONDS, SERIES S.U.I. 2020**

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 \$21,315,000 (estimated) Hospital Revenue Refunding Bonds, Series S.U.I. 2020, for the purpose of currently refunding the \$30,000,000 Hospital Revenue Bonds, Series S.U.I. 2010, 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 2020 (the “Series 2020 Bonds”) for the University of Iowa. When the calendar year 2020 bond issuance schedule was approved by the Board in November 2019, it authorized such refunding bonds as the Executive Director determines advisable.

A review of possible refundings by Baker Tilly Municipal Advisors LLC, the Board’s Financial Advisor, has determined that interest rate savings could occur by refunding the 2020 – 2036 maturities of the \$30,000,000 Hospital Revenue Bonds, Series S.U.I. 2010 (the “Series 2010 Bonds”). These bonds were sold to finance, in part, a portion of the cost of the Iowa River Landing Ambulatory Care Clinic Facility Development (Medical Office Building) project.

Interest on the Series 2020 Bonds would be exempt from federal and state taxes (double tax-exempt) for Iowa residents who purchase the bonds. Interest on the Series 2010 Bonds has also been double tax-exempt.

The proposed refunding of the Series 2010 Bonds would be a current refunding as the settlement date is within 90 days of the September 1, 2020 call date. (Hospital Revenue Bonds have a principal maturity date of September 1st.) The refunding would not extend the maturity of the Series 2020 Bonds beyond the last scheduled maturity of the Series 2010 Bonds.

Interest rates on the Series 2020 Bonds are anticipated to be lower than the interest rates on the Series 2010 Bonds for the same years. (Rates range from 3.5% in 2021 to 4.5% in 2036 for the Series 2010 Bonds.) Baker Tilly has projected that the refunding would result in a present value savings of approximately \$3.5 million.

The refunding issuance amount is estimated at \$21,315,000. Depending upon on the bid received, this amount will be adjusted up or down. This flexibility will provide sufficient funds to fund the escrow account and to pay the costs of issuance, which are estimated at \$135,000.

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, July 29, 2020 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://go.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 bonds are:

- Average Maturity: 10.1 Years
- Bonds Dated: August 1, 2020
- Interest Due: March 1, 2021 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, 2022 – 2036
- Optional Call: Bonds maturing on or after September 1, 2030 are callable commencing September 1, 2029 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof