

Contact: Aimee Claeys

**UNIVERSITY OF IOWA BUSINESS ACQUISITION**

**Action Requested:** Consider the following actions requested by the University of Iowa related to the acquisition of real property assets of Mercy Hospital in Iowa City, Iowa:

1. Subject to necessary regulatory approvals, approve the University's request to purchase from Mercy Hospital in Iowa City, Iowa ("Mercy") real estate set forth in Attachment A and related business assets (collectively, "Assets") at the proposed price of \$20 million ("Purchase Price").
2. Authorize a waiver of Board of Regents Policy Manual section 2.3.2.C.iii.b.
3. Authorize the President of the Board of Regents, in consultation with the President of the University of Iowa, to approve submission of a competing bid for the Assets that is greater than the proposed Purchase Price, but only in such amount that is necessary to secure the Assets. Any increase in the Purchase Price shall be allocated to that portion of the Assets that is not real estate. The final Purchase Price, if different, shall be promptly reported to the Office of the Board of Regents.
4. Delegate to the Executive Director of the Board of Regents the authority to execute the Asset Purchase Agreement and all necessary documents related to the transaction, subject first to final review and approval by the Board office.

**Executive Summary:** The University of Iowa requests approval of the acquisition of specific assets of Mercy Hospital in Iowa City, Iowa, an Iowa nonprofit corporation engaged in the provision of health care services in and around Iowa City, Iowa. The proposed acquisition includes real estate, equipment, inventory, workforce, supplies, and active business operations. The proposed Purchase Price is \$20 million.

This transaction will enable the University to better: a) preserve and enhance access to care to all Iowans regardless of their ability to pay including improving access to primary care, maternity care, and behavioral health; b) preserve Iowa's much-needed health care work force by retaining, educating, and training health care professionals for Iowa; and c) improve access to clinical trials and other innovative treatments.

**Real Estate** – The University will acquire the real estate and all improvements located at the addresses set forth in Attachment A. The real estate was appraised as part of due diligence performed for the proposed transaction by Huron. The proposed Purchase Price for the real estate and related business assets takes into consideration the appraisal. A waiver of Board of Regents policy requiring that the purchase of real estate be based on two appraisals is requested.

**Business Assets** – The University will acquire the business assets of Mercy set forth in the Asset Purchase Agreement including, business records, goodwill, equipment, inventory, specified contracts and agreements, intellectual property rights, and other assets as specifically agreed by the parties. Consideration for the acquisition of such business assets is included in the Purchase Price.

The Asset Purchase Agreement will include the following provisions:

- Detailed descriptions of all acquired and excluded assets.
- A listing of assumed and excluded liabilities, contracts, and agreements.
- Usual and necessary representations and warranties of the University and Mercy.
- Closing date deliverables and conditions.

<u>Address</u>
500 E. Market Street, Iowa City, IA 52245
230 N. Gilbert Street, Iowa City, IA 52245
601 Bloomington St. Iowa City, IA 52245
540 E. Jefferson St. Iowa City, IA 52245
611 E. Market Street, Iowa City, IA 52245
619 E. Market Street, Iowa City, 52245
127 N. Dodge St., Iowa City, IA 52245
209 N. Dodge St., Iowa City, IA 52245
629 E. Market St., Iowa City, IA 52245
625 E. Market St, Iowa City, IA 52245
603 E. Market St, Iowa City, IA 52245
Parcel # 1010404003N. Dodge St., Iowa City, IA 52245
Parcel # 1010166009N. Dodge St., Iowa City, IA 52245
Parcel # 1010166008E. Bloomington St., Iowa City, IA 52245
503 3rd Street, Kalona, IA 52247
56 Cedar St., Tipton, IA 52772
1401 Crees Street, West Liberty, IA 52776
Parcel # 0112126004 E. Rainbow Dr., West Liberty, IA 52776
819 South Highland St., Williamsburg, IA 52361