UNIVERSITY OF IOWA FACILITIES CORPORATION REIMBURSEMENT RESOLUTION

Actions Requested: Consider adoption of a resolution directing the University of Iowa Facilities Corporation to authorize a reimbursement resolution for certain original expenditures paid in connection with the construction of a new academic building to be located on the campus at the State University of Iowa.

(ROLL CALL VOTE)

Executive Summary: The University of Iowa Facilities Corporation (UIFC) requests adoption of a resolution which would permit the reimbursement from future borrowing for costs incurred for the University of Iowa Health Sciences Academic Building – Construct Facility project.

At its June 2023 meeting, the Board approved the schematic design, project description and budget for the Health Sciences Academic Building – Construct Facility project. A UIFC bond issue is currently planned for the September 2023 meeting to fund a portion of the project. The building would be approximately 263,000 gross square feet on six levels, plus a mechanical penthouse and would include academic, research, administrative and clinical spaces. The project would include development of the project site into a shared open green space and surface parking to serve the university community.

The reimbursement resolution is being submitted at this time to ensure maximum reimbursement capability under regulations of the federal Internal Revenue Code. Pursuant to these regulations, project payments made not more than 60 days prior to adoption of these resolutions are eligible for reimbursement from future financings.

Facilities Corporation: UIFC was incorporated in 1967 as a not-for-profit supporting organization of the University of Iowa Foundation to assist in maintaining, developing, increasing, and extending the facilities and services of the University.

Although the bonds would be issued by the Facilities Corporation, they are deemed by Internal Revenue Service rulings to be issued “on behalf” of the Board of Regents and the State of Iowa. The Board of Regents must, therefore, approve the reimbursement resolution.

Additional Information: United States Department of Treasury Regulation 1.150-2 provides the rules for the reimbursement from the proceeds of future bonds, notes or other indebtedness (financing) of expenditures originally paid from sources other than the financing. When the financing is complete, a portion of it is allocated to reimburse the original expenditure that was paid before the date of the financing.

Treasury regulations require that project costs must be reimbursed not later than 18 months after the capital expenditures are paid or 18 months after the property is placed in service, whichever is later.