

Contact: Joan Racki

SALE AND AWARD OF \$190,000,000 HOSPITAL REVENUE BONDS, SERIES S.U.I. 2012

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 \$190,000,000 Hospital Revenue Bonds, Series S.U.I. 2012, for the purpose of constructing, improving, remodeling, repairing, furnishing, and equipping a new children's hospital at The State University of Iowa, funding a debt service reserve fund, and paying the costs of issuing said Bonds.

(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. 2012. At its February 2011 meeting, the Board approved a resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$190 million in Hospital Revenue Bonds for the Children's Hospital for which the Board approved a \$292 million project budget in June 2012. At its August 2012 meeting, the Board authorized a sale of \$190 million in bonds at its September 2012 meeting.

Principal on the bonds would be repaid over a period of 25 years, with debt service of approximately \$5.1 million in FY 2015 gradually increasing to an estimated \$12.0 million in FY 2039 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 or IowaCare appropriations to the hospital system.

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 \$190,000,000 and an anticipated reoffering premium are expected to include:

- project costs (estimated at \$185,673,100);
- debt service reserve (estimated at \$12,573,700);
- underwriter's discount (estimated at \$2,280,000); and
- issuance costs (estimated at \$405,200).

As of September 12, 2012, the outstanding principal amount of Hospital Revenue Bonds is \$146,010,000.

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, September 12, 2012, 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:	15.8 Years
• Bonds Dated:	October 1, 2012
• Interest Due:	March 1, 2013, 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, 2014 – 2038
• Optional Call:	Bonds maturing on or after September 1, 2023, are callable commencing September 1, 2022, and any date thereafter at par
• Denomination:	\$5,000 and integral multiples thereof