

Contact: Brad Berg

**UNIVERSITY OF IOWA FACILITIES CORPORATION REVENUE BONDS  
(HEALTH SCIENCES ACADEMIC BUILDING), SERIES 2023**

**Action Requested:** Consider adopting a Resolution authorizing and approving the issuance of University of Iowa Facilities Corporation (Health Sciences Academic Building Project) \$29,815,000 (estimated) Revenue Bonds, Series 2023, for the purpose of financing a portion of constructing and equipping a new health sciences academic building and paying for costs of issuance, providing for the payment thereof, and directing the University of Iowa Facilities Corporation, as issuer, to issue said bonds.

**(ROLL CALL VOTE)**

**Executive Summary:** The Board is asked to consider adoption of a resolution authorizing and approving various lease documents, an indenture, a bond purchase agreement and other agreements and certificates related to the sale of University of Iowa Facilities Corporation Revenue Bonds. This initial bond issue will partially finance the costs of constructing and equipping the University of Iowa's Health Sciences Academic Building – Construct Facility project. Additional bond issue(s) are being planned to coincide with construction.

At its June 2023 meeting, the Board approved the schematic design, project description and budget (\$249M) for the Health Sciences Academic Building – Construct Facility project. In August 2023, the Board also approved a reimbursement resolution for this project permitting the reimbursement of associated expenditures for the project with bond proceeds. 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.

Principal payments on the bonds would be made on June 1, 2025 – 2048, with the first interest payment being June 1, 2024. Annual principal and interest payments for the bonds are estimated at approximately \$2.04 million. Bonds maturing on or after June 1, 2034, are callable commencing June 1, 2033 and any date thereafter at par. The debt service payments would be paid from lease rentals, which will be paid by the University to the University of Iowa Facilities Corporation under the terms of the lease.

**Facilities Corporation:** The University of Iowa Facilities Corporation 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 University of Iowa 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 sale and terms of the bonds. The bonds would be single tax-exempt (interest exempt from federal but not state taxes).

The bond structure for the University of Iowa Facilities Corporation bond issues differs from the structure used for Board of Regents bonds. In the case of the Health Sciences Academic Building project, the Board will lease to the Corporation the land upon which the facility will be located. The Corporation's interest in the facility will be leased to the Board on behalf of the University of Iowa during the term of the bonds. Upon retirement of the bonds, the facility financed by the Facilities Corporation will be conveyed to the Board of Regents for the benefit of the University.

**Additional Information:** The building lease obligation between the Board (on behalf of the University), as lessee, and the University of Iowa Facilities Corporation, as lessor, will be an absolute and unconditional obligation of the University of Iowa. Lease payments are to be sufficient to pay the interest and principal on the bonds; supplemental rents are equal to administrative and trustee expenses.

The bond issue of \$29,815,000 (estimated) and an anticipated reoffering premium are expected to include:

- Project costs (estimated at \$30,000,000);
- Issuance costs (estimated at \$200,000); and
- Underwriter's discount (estimated at \$298,000).

The receipt and opening of bids is scheduled for 10:00 a.m. on Wednesday, September 27, 2023. The Executive Committee of the Board of Directors of the University of Iowa Facilities Corporation is expected to approve the sale and terms of the bonds based on the best bid at a meeting scheduled for that date.

The Board of Regents, at its regularly scheduled meeting, will be asked to approve the resolution, which was prepared by Ahlers & Cooney, P.C. and reviewed by Baker Tilly, LLC.

The official statement for the bond sale may be found on the website of Baker Tilly at <https://bondcalendar.bakertilly.com>.

Specifics of the bonds are:

- Average Maturity: 15.2 Years
- Bonds Dated: October 1, 2023
- Interest Due: June 1, 2024 and each December 1 and June 1 to maturity
- Interest Exemption: Exempt from federal taxes for individual purchasers
- Principal Due: June 1, 2025 – 2048
- Optional Call: Bonds maturing on or after June 1, 2034 are callable commencing June 1, 2033 and any date thereafter at par
- Denomination: \$5,000 and integral multiples thereof