

Contact: Joan Racki

UNIVERSITY OF IOWA HOSPITALS AND CLINICS – CHILDREN’S HOSPITAL

Action Requested: Consider adopting a Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$112,000,000 Hospital Revenue Bonds.

(ROLL CALL VOTE)

Background – Federal Grant Opportunity

The federal government has provided academic health care centers an opportunity to compete for a single \$100 million grant as described in Section 10502 of the Patient Protection and Affordable Care Act (P.L. 111-148) to be appropriated for the Infrastructure to Expand Access to Care (IEAC) Program. This program makes funding available to support one grant administered by the Health Resources and Services Administration (HRSA) for debt service on, or direct construction or renovation of, a health care facility that provides research, inpatient tertiary care, or outpatient clinical services.

The funding is available to institutions of higher education affiliated with an academic health center at a public research university in the United States that contains a state's sole public academic medical and dental schools. The Governor of the state must certify that the facility is critical for the provision of greater access to health care, essential for continued viability of the medical and dental schools, will not have more than 40 percent of the total eligible cost paid for with federal funds, and that the state has established a dedicated funding mechanism to provide the necessary funds to complete the construction. Governor Culver’s certification statement is found in the Attachment.

The application is due by 7:00 p.m. CST on Monday, October 4, 2010. The anticipated notice of award date is Wednesday, December 15, 2010. The funding is provided in Federal fiscal year 2011 and the support will be for a five year period. The awardee is expected to enter into a construction contract within 12 months of the award.

Background – University of Iowa Children’s Hospital

In March 2008, the Board of Regents approved the University’s “permission to proceed” request for the construction of a new University of Iowa Children’s Hospital.

<http://www.regents.iowa.gov/Meetings/DocketMemos/08Memos/mar08/March2008Docket.pdf>

Subsequent to this approval, the Board Office approved the selection of Heery International, Inc. of Iowa City as the architect of record and Gilbane Building Company as the construction manager. Given that the planning process has been initiated, there is great merit in pursuing the significant federal financial opportunity made available through this grant to assist in achieving a vitally important resource for the children of Iowa.

The University of Iowa requests the Board of Regents authorize the commitment of UIHC funds to meet the cost share requirement imposed by the federal government if the University is successful in this grant application. To be eligible for the \$100 million federal grant the University will commit up to \$180 million in additional funding to complete the project. The University expects to utilize net revenues of the hospital system, raise significant gift funds, and through the Board issue up to \$100 million in hospital revenue bond proceeds to complete the financing of this project. Regent approval is contingent on receipt of federal funding from HRSA pursuant to announcement HRSA-11-126 and contingent upon other normal Regent procedures for undertaking capital projects and the financing of those projects.



CHESTER J. CULVER
GOVERNOR

OFFICE OF THE GOVERNOR

PATTY JUDGE
LT. GOVERNOR

September 13, 2010

David W. Miles
President
Board of Regents, State of Iowa
11260 Aurora Avenue
Urbandale, IA 50322-7905

Dear President Miles:

The federal Health Resources and Services Administration (HRSA) has announced up to \$100 million is available to one higher education institution in the nation with an academic health center and the state's sole public academic medical and dental schools. The "Infrastructure to Expand Access to Care" grant can be used to support debt service on, or direct construction or renovation of, a health care facility that provides research, inpatient tertiary care, or outpatient clinical services. Officials from the University of Iowa have approached me about applying for this grant to assist with the construction and equipping of the University of Iowa Children's Hospital. After reviewing the plan with them, I am very supportive of them doing so.

As Governor, I have long championed services for Iowa's children and addressing their needs. This cause continues to be among my highest priorities. Consequently, the construction of a state-of-the art children's hospital at the University of Iowa that will sustain and enhance Iowa's commitment of access to high-quality care, and support the education of Iowa's future health care professionals, is of great interest to me.

A required element of the grant is that the Governor must certify the facility is critical for the provision of greater access to health care, essential for continued viability of the State's sole medical and dental schools and its academic health center, will not have more than 40 percent of the total eligible cost of the project paid for with federal funds, and that the state has established a dedicated funding mechanism to provide the necessary funds to complete the construction. This certification must be provided when the grant is submitted, the deadline for which is October 4, 2010. In order for me to make such a statement within the allotted time, however, your action is required regarding authorization to provide a dedicated funding mechanism should the grant be awarded here. I therefore urge you to take every appropriate and timely action to allow me to move forward with this important step.



Thank you for your consideration of this request. This grant opportunity represents a wonderful opportunity for Iowa to potentially leverage federal dollars to help Iowa's children and I know I can count on you to make the right decision.

Sincerely,

A handwritten signature in black ink, appearing to read "Chet Culver". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Chester J. Culver
Governor of Iowa

Cc: Members of the Board of Regents
Bob Donley, Executive Director, Board of Regents