
LEGAL UPDATE

Legal Services Division



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STATE BOARD OF REGENTS MEETING — September 7, 2021

Purpose. *Legal updates are prepared by the nonpartisan Legal Services Division of the Legislative Services Agency. A legal update is intended to provide legislators, legislative staff, and other persons interested in legislative matters with summaries of recent meetings, court decisions, Attorney General Opinions, regulatory actions, federal actions, and other occurrences of a legal nature that may be pertinent to the General Assembly's consideration of a topic. Although an update may identify issues for consideration by the General Assembly, it should not be interpreted as advocating any particular course of action.*

Special Meeting. The Board of Regents met virtually in special session on September 7, 2021, to consider a construction project for the University of Iowa Hospitals and Clinics (UIHC). The agenda and materials for the meeting, as well as a video recording of the meeting, can be found at the following Internet site: www.iowaregents.edu/meetings/past-meeting-agendas/september-7-2021.

Presentation on UIHC at Forevergreen Road Proposal. Mr. Suresh Gunasekaran, Chief Executive Officer (CEO) of UIHC, described the project as two structurally integrated, joined facilities, with a hospital on one side and an academic and clinic building on the other side. The proposed project budget for the 469,000 gross-square-foot building to be located on 60 acres at the corner of Forevergreen Road and Highway 965 in North Liberty is \$395.0 million, which will be funded by hospital revenue bonds, gifts, and the university hospital building usage funds. He stated that the University of Iowa (UI) has strong financials, the debt capacity, and the facility to finance the project. As of September 7, UIHC has not received gifts to specifically support the project.

Mr. Gunasekaran also noted that on August 31, 2021, the UI received a certificate of need for the health care facility, and though there is a board moratorium on net use square footage, there is an exception for health care capital projects. He described the features of the building facility and said continued need for expanded clinical care and academic capacity justifies the project. One feature of the project is a \$33.7 million central utility plant dedicated to this facility.

According to Mr. Gunasekaran, the facility was designed by Neumann Monson Architects and, following issuance of a request for proposals last year, the J.E. Dunn Construction Company was awarded "construction manager at risk." J.E. Dunn has participated fully in the development of the project budget. Mr. Rod Lehnertz, UI Senior Vice President for Finance and Operations, described some of the strategies that will be employed to minimize the risk of issues such as those that arose during construction of the Stead Family Children's Hospital. He noted that the construction manager at risk is responsible for managing all of the component parts of the facility's construction. Mr. Gunasekaran anticipates construction on the facility will begin later in September 2021, and be completed by the summer of 2025.

Board Approval. The board voted unanimously to approve the project as outlined in the agenda item.

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