FINAL OFFICIAL STATEMENT DATED OCTOBER 25, 2017

NEW AND REFUNDING ISSUES **Moody's Ratings: Aa2**
NOT BANK QUALIFIED **S&P Ratings: AA-**

In the opinion of Bond Counsel, interest on the Series 2017 Bonds and Series 2017A Bonds (i) is not includable in gross income for federal income tax purposes, will not be treated as a specific preference item for purposes of the individual and corporate alternative minimum taxes, but is required to be included in the calculation of "adjusted current earnings" to be used in computing corporate "alternative minimum taxable income" for purposes of Sections 55 and 59A of the Internal Revenue Code of 1986, as amended, according to present federal laws, regulations, published rulings and judicial decisions, and (ii) is exempt from Iowa State personal and corporate (but not franchise) income taxes except to the extent such interest must be taken into account in computing the Iowa State alternative minimum tax for certain corporations and financial institutions. The above opinion, with respect to federal income tax exemption, assumes continuing compliance by the Board of Regents, State of Iowa and The State University of Iowa with certain covenants relating to the use and investment of the proceeds of the Bonds and the use of the financed facilities. See "Tax Exemption" herein.

Board of Regents, State of Iowa

$31,685,000
Athletic Facilities Revenue Bonds,
Series S.U.I. 2017
(The State University of Iowa)
(the "Series 2017 Bonds")

$22,075,000
Athletic Facilities Revenue Refunding Bonds,
Series S.U.I. 2017A
(The State University of Iowa)
(the "Series 2017A Bonds")

Dated Date: November 1, 2017

Interest Due: Each January 1 and July 1, commencing July 1, 2018

The Series 2017 Bonds and the Series 2017A Bonds (collectively, the "Bonds") will mature as shown on the inside front cover of this Official Statement.

The Bonds are special obligations of the Board of Regents, State of Iowa (the "Board of Regents" or the "Board") payable solely from the Net Revenues of the Athletic Facilities System (the "System"), as described herein, received by The State University of Iowa (the "University"), and do not constitute a debt of or a charge against the State of Iowa within the meaning or application of any constitutional or statutory limitation or provision and are not payable in any manner by taxation. The proceeds of the Series 2017 Bonds will be used to (i) pay a portion of the costs of improving, remodeling, repairing, furnishing, equipping, and building additions to Kinnick Stadium, the University's intercollegiate football stadium; (ii) fund a reserve fund; and (iii) pay the costs of issuing the Series 2017 Bonds. The proceeds of the Series 2017A Bonds will be used to (i) provide for the defeasance and advance refunding of the outstanding principal of the July 1, 2018 through July 1, 2035 maturities (the "Refunded Maturities") of the Board's $26,000,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2009, dated November 1, 2009 (the "Series 2009 Bonds"); and (ii) pay the costs of issuing the Series 2017A Bonds.

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only and Purchasers will not receive certificates representing their interest in the Bonds purchased. (See "The BONDS – Book Entry Only System" herein.) The Treasurer of the University will serve as registrar and paying agent (the "Registrar") for the Bonds. Delivery of the Bonds is subject to receipt of the legal opinion of Ahlers & Cooney, P.C., Bond Counsel. Bonds will be available for delivery at DTC on or about November 16, 2017.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Please see the "UNDERWRITING" section herein for discussion regarding the Purchasers of the Bonds.

PiperJaffray.
(Purchaser of the Series 2017 Bonds)

Wells Fargo Bank, National Association,
Municipal Products Group
(Purchaser of the Series 2017A Bonds)

Board of Regents, State of Iowa

$31,685,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2017

The **Series 2017 Bonds** will mature each July 1 in the years and amounts as follows:

Maturity (July 1)	Amount	Interest Rate	Yield	CUSIP 857536	Maturity (July 1)	Amount	Interest Rate	Yield	CUSIP 857536
2018	$1,150,000	3.00%	1.02%	C2 0	2028	$1,600,000	3.00%	2.31%[(a)]	D4 5
2019	$1,190,000	3.00%	1.11%	C3 8	2029	$1,640,000	3.00%	2.53%[(a)]	D5 2
2020	$1,230,000	3.00%	1.22%	C4 6	2030	$1,685,000	3.00%	2.70%[(a)]	D6 0
2021	$1,275,000	3.00%	1.30%	C5 3	2031	$1,730,000	3.00%	2.86%[(a)]	D7 8
2022	$1,320,000	3.00%	1.45%	C6 1	2033[(b)]	$3,615,000	3.25%	2.98%[(a)]	D9 4
2023	$1,365,000	3.00%	1.59%	C7 9	2034	$1,890,000	3.25%	3.03%[(a)]	E2 8
2024	$1,410,000	3.00%	1.73%	C8 7	2035	$1,950,000	3.25%	3.07%[(a)]	E3 6
2025	$1,460,000	3.00%	1.86%	C9 5	2036	$2,015,000	3.25%	3.11%[(a)]	E4 4
2026	$1,515,000	3.00%	2.00%	D2 9	2037	$2,080,000	3.25%	3.14%[(a)]	E5 1
2027	$1,565,000	3.00%	2.11%	D3 7					

(a) *Priced to the first optional call date of July 1, 2027.*

(b) *Term Bonds (see "THE BONDS – Redemption Provisions – Mandatory Redemption of Term Bonds – The Series 2017 Bonds" herein).*

The right is reserved by the Board to call and redeem the Series 2017 Bonds maturing on and after July 1, 2028 prior to maturity on any date on or after July 1, 2027, in whole or from time to time in part, and if in part, in any maturity or maturities as the Board shall direct, and within a maturity by random selection. Redemption of the Series 2017 Bonds shall be at a price of par plus accrued interest. The Series 2017 Bonds and the Series 2017A Bonds are separate issuances either of which may be called prior to maturity exclusively and independently of the other issuance.

$22,075,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2017A

The **Series 2017A Bonds** will mature each July 1 in the years and amounts as follows:

Maturity (July 1)	Amount	Interest Rate	Yield	CUSIP 857536	Maturity (July 1)	Amount	Interest Rate	Yield	CUSIP 857536
2018	$1,145,000	3.00%	1.02%	E6 9	2027	$1,205,000	3.00%	2.20%	F7 6
2019	$ 950,000	3.00%	1.11%	E7 7	2028	$1,250,000	3.00%	2.40%	F8 4
2020	$ 975,000	3.00%	1.19%	E8 5	2029	$1,285,000	3.00%	2.55%*	F9 2
2021	$ 995,000	3.00%	1.30%	E9 3	2030	$1,345,000	3.00%	2.70%*	G2 6
2022	$1,020,000	3.00%	1.45%	F2 7	2031	$1,380,000	3.00%	2.80%*	G3 4
2023	$1,065,000	3.00%	1.60%	F3 5	2032	$1,435,000	3.00%	2.90%*	G4 2
2024	$1,105,000	3.00%	1.75%	F4 3	2033	$1,490,000	3.00%	3.00%	G5 9
2025	$1,125,000	3.00%	1.90%	F5 0	2034	$1,545,000	3.00%	3.077%	G6 7
2026	$1,165,000	3.00%	2.06%	F6 8	2035	$1,595,000	3.00%	3.111%	G7 5

* *Priced to the first optional call date of July 1, 2027.*

The right is reserved by the Board to call and redeem the Series 2017A Bonds maturing on and after July 1, 2028 prior to maturity on any date on or after July 1, 2027, in whole or from time to time in part, and if in part, in any maturity or maturities as the Board shall direct, and within a maturity by random selection. Redemption of the Series 2017A Bonds shall be at a price of par plus accrued interest. The Series 2017 Bonds and the Series 2017A Bonds are separate issuances either of which may be called prior to maturity exclusively and independently of the other issuance.

The Official Statement dated October 25, 2017 is a Final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the Board to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Board.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the Board and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOARD SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the Board. The Board is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the Board that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

BOARD OF REGENTS, STATE OF IOWA

Dr. Mike Richards, President
West Des Moines

Members

Patricia Cownie, President Pro Tem Des Moines	Nancy Dunkel Dyersville
Sherry Bates Scranton	Rachael Johnson Cedar Falls
Nancy Boettger Harlan	Larry E. McKibben Marshalltown
Milt Dakovich Waterloo	Dr. Subhash C. Sahai Webster City

Keith Saunders, Interim Executive Director*

Bond Counsel
Ahlers & Cooney, P.C.

Municipal Advisor
Springsted Incorporated

* *Mr. Keith Saunders was appointed Interim Executive Director effective July 16, 2017 and replaced Dr. Robert Donley who resigned effective July 15, 2017 after serving as Executive Director since June 2008. The Board named Mr. Mark Braun as the Executive Director on October 19, 2017, to be effective November 1, 2017. Mr. Braun is currently the Chief Operating Officer for the Board. Mr. Saunders will remain the Interim Executive Director through October 31, 2017.*

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OFFICIAL STATEMENT

BOARD OF REGENTS, STATE OF IOWA

$31,685,000
ATHLETIC FACILITIES REVENUE BONDS, SERIES S.U.I. 2017
(THE STATE UNIVERSITY OF IOWA)

$22,075,000
ATHLETIC FACILITIES REVENUE REFUNDING BONDS, SERIES S.U.I. 2017A
(THE STATE UNIVERSITY OF IOWA)

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement contains information concerning the Board of Regents, State of Iowa (the "Board of Regents" or the "Board"), the Board's issuance of $31,685,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2017 (the "Series 2017 Bonds") and $22,075,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2017A (the "Series 2017A Bonds" and, together with the Series 2017 Bonds, the "Bonds"), and the State University of Iowa (the "University") on whose behalf the Bonds are being issued.

The Bonds are issued pursuant to Iowa Code Chapter 262, as amended, and a resolution for each of the Series 2017 Bonds and Series 2017A Bonds to be adopted by the Board on October 18, 2017 (the "Bond Resolutions").

The proceeds of the Series 2017 Bonds will be used to (i) pay a portion of the costs of improving, remodeling, repairing, furnishing, equipping, and building additions to Kinnick Stadium, the University's intercollegiate football stadium; (ii) fund a reserve fund; and (iii) pay the costs of issuing the Series 2017 Bonds. The proceeds of the Series 2017A Bonds will be used to (i) provide for the defeasance and advance refunding of the outstanding principal of the July 1, 2018 through July 1, 2035 maturities (the "Refunded Maturities") of the Board's $26,000,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2009, dated November 1, 2009 (the "Series 2009 Bonds"); and (ii) pay the costs of issuing the Series 2017A Bonds.

The Bonds are being issued on a parity with the Board's $19,775,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2010, dated October 1, 2010; $20,885,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015, dated April 1, 2015; $19,315,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015A, dated June 1, 2015; $12,130,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015B (Taxable), dated September 1, 2015; $21,135,000 Athletic Facilities Refunding Series S.U.I. 2015C (Taxable), dated November 1, 2015; and $19,755,000 Refunding Series S.U.I. 2015D (Taxable), dated November 1, 2015 (the "Outstanding Bonds") which are currently outstanding in the aggregate principal amount of $101,015,000. See "Outstanding Debt of the University" herein.

The Bonds, the Outstanding Bonds and any future Additional Bonds are secured by and payable solely from the "Net Revenues" of the System constituting the net rents, profit and income derived from the operation of the system of athletic and recreational buildings and facilities (the "System" or the "Athletic Facilities System") operated by the University. Net revenues include fees and charges established and collected from the students of the University for the use and availability of the System ("Student Fees"), all as described more fully herein.

The Bonds do not constitute a debt of or a charge against the State of Iowa within the meaning or application of any constitutional or statutory limitation or provision and are not payable in any manner by taxation.

The foregoing Introductory Statement is a summary only. For more specific explanations, reference should be made to the following pages and appendices of this Official Statement. The Official Statement speaks only as of its date and the information contained herein is subject to change. Additional information regarding the Board or the University may be obtained from Keith Saunders, Interim Executive Director of the Board (515-281-3934) or Terry Johnson, University Chief Financial Officer and Treasurer, The State University of Iowa (319-335-2791).

ANTICIPATED BOND ISSUANCE

The Board may issue hospital revenue bonds and additional refunding bonds on behalf of the University in the next six months.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to the Bond Resolution, the Board has entered into an undertaking (the "Undertaking") for the benefit of holders of the Bonds to provide to the Municipal Securities Rulemaking Board (i) certain financial information and operating data relating to the annually, and (ii) notices of the occurrence of certain events enumerated in the Rule. (See Appendix II.)

The Board has complied in the past five years in all material respects with previous undertakings under the Rule to provide annual reports or notices of material events. A failure by the Board to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The Board's Continuing Disclosure obligation is 270 days. For the fiscal year ended June 30, 2011, the Board filed its Annual Financial Information using a 9-month obligation calculation period which resulted in filings that were 3 days later than a 270-day filing date. The Board updated filing procedures to ensure compliance with a 270-day filing period, and has since timely filed its Annual Financial Information for fiscal years ended June 30, 2012 through June 30, 2016.

Within the past five years, changes to the insured ratings of certain bonds of the Board have occurred, which information was publicly available through other sources.

THE DISCLOSURE CERTIFICATE

The following is a brief summary of certain provisions of the Disclosure Certificate of the Board and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Disclosure Certificate, a copy of which is included herein as Appendix II.

The obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Provision of Annual Financial Information

For as long as the Bonds remain outstanding the Board shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Board's fiscal year (presently June 30th), provide to the National Repository an Annual Financial Information filing. The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package; provided that the audited financial statements of the Board may be submitted separately from the balance of the Annual Financial Information filing. If the Board's fiscal year changes, it shall give notice of such change.

EMMA

Any filing under the Disclosure Certificate may be made solely by transmitting such filing with the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access system ("EMMA") at http://www.emma.msrb.org.

Content of Annual Financial Information Filings

The Board's Annual Financial Information filing shall contain or incorporate by reference the following:

- An update of the type of information contained in this Official Statement under the captions "ATHLETIC FACILITIES SYSTEM," "THE STATE UNIVERSITY OF IOWA" and "LITIGATION."
- Audited financial statements of the University, including an Independent Auditors Report prepared in accordance with the accounting principles described in the financial statements.

Reporting of Significant Events

The Board shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event;

(1) Principal and interest payment delinquencies;
(2) Non-payment related defaults, if material;
(3) Unscheduled draws on debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
(5) Substitution of credit or liquidity providers, or their failure to perform;
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or material events affecting the tax-exempt status of the Bonds;
(7) Modifications to rights of Holders of the Bonds, if material;
(8) Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
(9) Defeasances of the Bonds;
(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
(11) Rating changes on the Bonds;
(12) Bankruptcy, insolvency, receivership or similar event of the Board;
(13) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Whenever the Board obtains the knowledge of the occurrence of a Listed Event, the Board shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

If the Board determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Board shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board.

Notice of a significant event shall be filed with the Municipal Securities Rulemaking Board.

Amendment

Notwithstanding any other provision of the Disclosure Certificate, the Board may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Annual Financial Information filings, Content of the Annual Financial Information or Reporting of Significant Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Bond Resolution for amendments to the Bond Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

Default/Remedies

If the Board fails to comply with any provision of the Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under the Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default thereunder. If the Board fails to comply with any provision of the Disclosure Certificate, the sole remedy available shall be an action to compel performance. A default under the Disclosure Certificate shall not be deemed an event of default under the Bonds or the Bond Resolution.

THE BONDS

The Bonds are dated as of November 1, 2017 and will mature annually on each July 1 as set forth on the inside cover page of this Official Statement. Interest is payable on January 1 and July 1 of each year, commencing July 1, 2018. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar on the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled “Book Entry System”. The Treasurer of the University will serve as Registrar for the Bonds.

Redemption Provisions

Thirty days' written notice of redemption shall be given to the registered owner(s) of the Bonds. Failure to give such written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

Optional Redemption

The right is reserved by the Board to call and redeem the Bonds maturing on or after July 1, 2028 prior to maturity from any funds regardless of source on any date on or after July 1, 2027. If less than all Bonds of a maturity are called for redemption, the Board will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed, and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Redemption of Bonds shall be at a price of par plus accrued interest. The Series 2017 Bonds and the Series 2017A Bonds are separate issuances either of which may be called prior to maturity exclusively and independently of the other issuance.

Mandatory Redemption of Term Bonds – The Series 2017 Bonds

The Series 2017 Term Bonds maturing on July 1, 2033 (the "Term Bonds") are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on the mandatory dates and in the principal amounts as follows:

2033 Term Bond	
Year	Amount
2032	$1,780,000
2033*	$1,835,000

* *Final Maturity.*

The principal amount of the Term Bonds may be reduced through the earlier optional redemption, with any partial optional redemptions of the Term Bonds credited against future mandatory redemption requirements for such Term Bonds in such order as the Board shall determine.

Book Entry System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

THE SERIES 2017 BONDS

Purpose of the Issue

The proceeds of the Series 2017 Bonds will be used to (i) pay a portion of the costs of improving, remodeling, repairing, furnishing, equipping, and building additions to Kinnick Stadium, the University's intercollegiate football stadium (the "Project"); (ii) fund a reserve fund; and (iii) pay the costs of issuing the Series 2017 Bonds.

In 2016, the Board authorized the issuance of not to exceed $100,000,000 of Athletic Facilities Revenue Bonds (including the Series 2017 Bonds) to be issued in several series sharing equally and ratably in the Net Revenues of the System, in order to pay a portion of the total cost of the Project. The Series 2017 Bonds are the first issuance of this authorization, and the remainder of the Project will be financed in 2018 and 2019.

The Project includes the replacement of the existing general admission seating bowl with upper and lower general admission seating bowls, two general admission concourses, and a premium club level. Both general admission concourses will have appropriately sized concession and restroom facilities. The main general admission concourse on street level will be constructed with an open view toward the playing field. The upper general admission concourse will have open decks at the east and west ends with views to the field and places where fans can congregate. Between the two concourse levels, a premium club level (club) will be constructed, and access to the club will be through a new skywalk, built as part of the Project, to the existing West Campus Transportation Center to the north. The club would also be accessed from grade level by elevators and stairs. The club would have its own concessions and restroom facilities, independent of the two general admission concourses. Although the primary goal is to enhance the game-day experience, the club also has potential for non-game-day uses.

The University has engaged the firm of M.A. Mortenson Company, Iowa City, Iowa to serve as the construction manager for the Project. Construction began prior to the 2017 football season and will be completed over several years. The razing of the north end zone will commence sometime after the 2017 football season; the lower and upper bowl general admission seating is planned to be completed prior to the 2018 football season; and all construction is planned to be completed prior to the 2019 football season.

Sources and Uses

The composition of the Series 2017 Bonds is as follows:

Sources of Funds:	
Principal Amount	$31,685,000.00
Reoffering Premium	1,256,541.60
Accrued Interest	40,809.38
Total Sources of Funds	$32,982,350.98
Uses of Funds:	
Deposit to Project Fund	$30,479,816.34
Deposit to Reserve Fund	2,186,975.00
Underwriter's Compensation	140,436.51
Costs of Issuance	134,313.75
Deposit to Debt Service Fund:	
Accrued Interest	40,809.38
Total Uses of Funds	$32,982,350.98

THE SERIES 2017A BONDS

Purpose of the Issue

The proceeds of the Series 2017A Bonds will be used to (i) provide for the defeasance and advance refunding of the outstanding principal of the July 1, 2018 through July 1, 2035 maturities(the "Refunded Maturities") of the Board's $26,000,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2009, dated November 1, 2009 (the "Series 2009 Bonds"); and (ii) pay the costs of issuing the Series 2017A Bonds.

This refunding transaction is being undertaken to achieve debt service savings and has been structured as a full net advance refunding. Proceeds of the Series 2017A Bonds will be placed in an escrow fund (the "Escrow Fund") with Wells Fargo Bank, National Association, (the "Escrow Agent") pursuant to the terms of the Series 2017A Bond Resolution and the Refunding Trust Agreement. The University intends for the amount deposited in the Escrow Fund to be invested in direct obligations of the United States Treasury, which shall mature in such amounts and at such times as to be available to:

(i) pay the principal and interest on the Series 2009 Bonds through the call date of July 1, 2020; and

(ii) redeem the remaining outstanding Refunded Maturities on the call date of July 1, 2020 at a price of par plus accrued interest.

With the establishment of the refunding escrow upon delivery of the Series 2017A Bonds, the Series 2009 Bonds will be defeased.

Verification services necessary to ensure the adequacy of the escrow account to provide timely payment of principal and interest for which the escrow account is obligated will be performed by a certified public accounting firm.

Sources and Uses

The composition of the Series 2017A Bonds is as follows:

Sources of Funds:	
Principal Amount	$22,075,000.00
Prior Issue Debt Service Reserve Funds	1,750,900.00
Reoffering Premium	783,932.00
Accrued Interest	27,593.75
Total Sources of Funds	$24,637,425.75
Uses of Funds:	
Deposit to Escrow Fund	$22,685,991.86
Deposit to Reserve Fund	1,642,850.00
Underwriter's Compensation	172,847.25
Costs of Issuance	106,306.25
Deposit to Debt Service Fund:	
Accrued Interest	27,593.75
Rounding	1,836.64
Total Uses of Funds	$24,637,425.75

SECURITY

The Bonds are special obligations of the Board payable solely from the Net Revenues of the system of athletic and recreational buildings and facilities of the University (the "System"), which are pledged for the payment of principal and interest on the Bonds, and the Reserve Fund. Net Revenues include Student Fees established and collected from the students of the University for the use and availability of the System or any part of the System.

The "System" or the "Athletic Facilities System" means the system of certain athletic and recreational buildings and facilities including without limitation a field house commonly known and referred to as the Carver-Hawkeye Arena used, among other things, for intercollegiate basketball, volleyball and wrestling competition, and a stadium commonly known and referred to as Kinnick Stadium (the "Stadium") used, among other things, for intercollegiate football competition, operated, controlled, maintained and managed by the Board, together with all properties of every nature hereinafter owned by the Board comprising part of or used as a part of the System, including the Roy G. Karro Athletics Hall of Fame, all future additions and extensions thereto, all real and personal property, and all appurtenances, contracts, leases, franchises and other intangibles regardless of how acquired or obtained.

Net Revenues are defined as Gross Revenues less Operating Expenses. "Gross Revenues" means, with respect to the System, all rents, profits and income derived directly from the operation of the System, including Student Fees, but not including other revenues accruing to the programs of the University utilizing the System, all as determined in accordance with generally accepted accounting principles. Gross Revenues include the investment earnings on the moneys held in various funds established under the Bond Resolutions. There are program revenues of the University's Athletics Department that may be related to activities that take place in the facilities but that are not revenues of the System and are not included in Gross Revenues.

"Operating Expenses" or "Current Expenses" means salaries, wages and the costs of maintenance and operation, materials, supplies, insurance and all other items normally included under recognized accounting practices, but does not include payment of interest on or principal of the Bonds, Parity Bonds or other obligations, allowances for general University overhead expenses or capital expenditures, replacements or improvements or for depreciation in the value of physical properties or for any reserves therefor.

The Series 2017 Bonds and the Series 2017A Bonds will each be secured by a reserve fund (the "Reserve Fund") which will be maintained in an amount equal to at least the Reserve Fund Requirement. "Reserve Fund Requirement" means an amount equal to the lesser of (a) the maximum Annual Debt Service Requirement on the applicable series of Bonds, (b) 10% of the stated principal amount of the applicable series of Bonds, or (c) 125% of the average annual principal and interest coming due on the applicable series of Bonds. For purposes of this definition: (1) "issue price" shall be substituted for "stated principal amount" for issues with original issue discount or original issue premium of more than a de minimus amount, and (2) stated principal amount shall not include any portion of an issue refunded or advance refunded by a subsequent issue.

The Board covenants in the Bond Resolutions: (a) to maintain proper and separate books of accounts and records for the System which shall be open to inspection by bondholders and to require regular quarterly reports and annual financial reports of the System by the University which will be mailed to any original purchaser or holder of Bonds upon request; (b) to preserve and keep the System facilities in good repair, working order and operating condition and to continually operate the System on a revenue-producing basis; (c) to provide adequate insurance on the System facilities; (d) not to construct, maintain or operate any competing facility for intercollegiate football, basketball or wrestling competition at the University unless such facility is made a part of the System; and (e) not to abandon any of the System buildings and facilities except under certain conditions; all as more fully specified in the Bond Resolution. See "APPENDIX III - EXCERPTS OF THE BOND RESOLUTIONS" herein.

Operation of the System

Following the issuance of the Bonds and any Parity Bonds, the Board covenants that subject to the right of abandonment as permitted and provided in the Bond Resolutions it will at all times from income made available for such purpose maintain, preserve and keep the System and all additions and betterments thereto and every part and parcel thereof in good repair, working order and operating condition; that it will continuously operate the System on a revenue producing basis, and that it will use and apply the income from the System only as provided in the Bond Resolutions.

<u>Maintenance of Student Fees and Net Revenues</u>

The Board covenants and agrees that the Net Revenues of the System shall at all times be maintained to produce amounts sufficient to pay the principal of and interest on the Bonds and Parity Bonds when due, and that because of possible errors in any attempt to forecast accurately the number of students who will attend the University in future years and to foresee correctly the nature and extent of the usage which will be made of the System, the Board shall comply with the annual budget covenants discussed below to assure prompt payment of the principal of and interest on the Bonds and Parity Bonds.

<u>Annual Budget</u>

The Board covenants that, so long as any of the Bonds or Parity Bonds remain outstanding, it will cause the University to prepare and submit to the Board for its approval on or prior to June 30 of each year, a budget for the System for the next Fiscal Year. Each such budget, as finally approved by the Board, must indicate that the Net Revenues during such Fiscal Year (together with available income from the investment thereof and funds on deposit or credited to the System Fund) will be equal to at least the sum of (a) 125% of the Annual Debt Service Requirement for the Bonds and any Parity Bonds for such Fiscal Year plus (b) 100% of the amount required to remedy any deficiencies (including deficiencies caused by transfers of funds) in the Reserve Fund for all Bonds and Parity Bonds then outstanding and any Additional Bonds proposed to be issued during such Fiscal Year, or the Board shall promptly adjust and revise rates, fees, rentals, charges or Student Fees so that, in the opinion of the Board entered in its official records, the amount of money to be produced by the Net Revenues during the next Fiscal Year, taking into account such adjustments and revisions, will equal at least the sum of (a) 125% of such Annual Debt Service Requirement for all Bonds and Parity Bonds then outstanding and any Additional Bonds proposed to be issued during such Fiscal Year plus (b) 100% of the amount required to remedy any deficiencies (including deficiencies caused by transfers of funds) in the Reserve Fund. Student Fees may be reduced by the Board from time to time so long as any such reduction does not cause the Net Revenues to be reduced below the level at which they are required to be maintained under the terms of the Bond Resolutions.

If, in any Fiscal Year, the Net Revenues shall have been insufficient to meet the requirements of the Bond Resolutions or of any resolution providing for the issuance of Parity Bonds, then the Board shall forthwith employ a qualified consultant to prepare a report on the Net Revenues and to recommend such changes and revisions to rates, fees, rentals and charges as may be necessary to meet the requirements of the Bond Resolutions or any such subsequent resolution.

See “APPENDIX III - EXCERPTS OF THE BOND RESOLUTIONS” herein.

FLOW OF FUNDS

Revenue Fund

So long as the Bonds or any Parity Bonds remain outstanding and unpaid or are discharged and satisfied in the manner provided in the Bond Resolutions, the Gross Revenues of the System shall be deposited and collected in a fund to be known as the Athletic Facilities Revenue Fund (the “Revenue Fund”), and shall be disbursed only as discussed below.

Operating Expenses

Money in the Revenue Fund shall first be disbursed to pay Operating Expenses of the System and thereafter shall be deposited in the Sinking Fund. “Operating Expenses” or “Current Expenses” means salaries, wages, cost of maintenance and operation, material and supplies and insurance, as well as all other items as are normally included under recognized accounting practices, but shall not include payment of interest on or principal of the Bonds, Parity Bonds or other obligations, allowances for general University overhead expenses or capital expenditures, replacements or improvements or for depreciation in the value of physical properties or for any reserves therefor.

Sinking Fund

Money in the Revenue Fund shall next be deposited into a separate fund to pay the principal and interest requirements of the Fiscal Year on the Bonds and Parity Bonds. The fund shall be known as the Athletic Facilities Revenue Bond and Interest Sinking Fund (the “Sinking Fund”). The required amount to be deposited in the Sinking Fund during the Fiscal Year shall be the amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding Bonds and Parity Bonds plus the amount necessary to pay in full the installment of principal coming due on such Bonds on the next succeeding principal payment date until the full amount of such installment is on hand.

The University may, but is not required to, transfer Other Income or Gift Income into the Sinking Fund, and such moneys, if transferred into the Sinking Fund, shall, at the discretion of the University, reduce the amount of Net Revenue required to be deposited into the Sinking Fund. If at any time there is a failure to pay into the Sinking Fund the full amount above stipulated, which deficiencies are not remedied by transfers from the Reserve Fund or the System Fund, then an amount equivalent to the deficiency shall be set apart and paid into the Sinking Fund from Net Revenues as soon as available which shall be in addition to the amounts otherwise required to be so set apart and paid into the Sinking Fund. If for any reason the amount on hand in the Sinking Fund exceeds the required amount, the excess shall forthwith be withdrawn and paid into the Reserve Fund. Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds and Parity Bonds as the same shall become due and payable.

Reserve Fund

Money in the Revenue Fund shall next be disbursed to maintain a debt service reserve in an amount equal to the Reserve Fund Requirement. Such fund shall be known as the Athletic Facilities Revenue Bond Debt Service Reserve Fund (the "Reserve Fund"), which shall be maintained as long as the Bonds herein authorized or bonds ranking on a parity therewith remain outstanding.

Upon the issuance of any Parity Bonds there shall be deposited in the Reserve Fund an amount which, together with the amount then on deposit in the Reserve Fund, is equal to the Reserve Fund Requirement; provided, however, that when the amount on deposit in the Reserve Fund is equal to the Reserve Fund Requirement, no further deposits shall be made into the Reserve Fund except to maintain such level, and when the amount on deposit in the Reserve Fund is greater than the balance required above, such additional amounts shall be withdrawn and paid into the System Fund. Money in the Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the Bonds and Parity Bonds for which there are insufficient funds shall be available in the Sinking Fund.

System Fund

The Bond Resolutions create the Athletic Facilities System Fund (the "System Fund") which shall be maintained as long as the Bonds or Parity Bonds remain outstanding. The Board shall deposit all Net Revenue not required to be deposited into the Sinking Fund or the Reserve Fund into the System Fund. All moneys deposited in the System Fund shall be (a) transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds or Parity Bonds, or (b) transferred and credited to the Reserve Fund whenever any deficiency may exist in the Reserve Fund or whenever necessary to replace funds transferred from the Reserve Fund to the Sinking Fund. Until so used, moneys credited to the System Fund may be used:

(1) to pay principal of and interest (including reasonable reserves therefor) on any other obligations which by their terms shall be payable from the Net Revenues, but subordinate to the Bonds or Parity Bonds, and which have been issued for the purposes of extensions and improvements to the System or to retire the Bonds or Parity Bonds in advance of maturity, or to pay for extraordinary repairs or replacements to the System; or

(2) for any lawful University purpose related to the System or related to intercollegiate or intramural athletics or student fee supported recreation or activities.

Investment of Funds

All moneys held in the Project Fund, the Sinking Fund, the Reserve Fund and the System Fund shall constitute trust funds and shall be deposited in a general banking account of the University in a bank or banks which are members of the Federal Deposit Insurance Corporation, and all such deposits exceeding the maximum amount guaranteed by the Federal Deposit Insurance Corporation in any one bank shall be continuously secured in accordance with the laws of the State of Iowa. Moneys on deposit in the Sinking Fund and the Reserve Fund, if invested, shall be kept invested in direct obligations of the United States Government (or obligations of United States Government agencies) maturing at a date on or before the time when the Board estimates the proceeds thereof will be needed for the purpose for which accumulated, which date in the case of the Reserve Fund shall be considered to be not more than five years from the date of investment. In any event, such securities shall be sold whenever the proceeds thereof are needed for the purposes of the Funds for the account of which the investment was made. All investments made for the Project Fund, the Sinking Fund and the Reserve Fund shall be identified on the books of the University as being held in trust for these respective Funds. Interest, income and revenues derived from any such investments shall be credited to the Revenue Fund, except earnings on investments of the Project Fund shall be deposited in and expended from the Project Fund.

ADDITIONAL BONDS

"Parity Bonds" or "bonds ranking on a parity" means these authorized bonds and any Additional Bonds issued under the conditions and restrictions set forth in the Bond Resolutions, sharing equally and ratably in the Net Revenues. The Bonds are being issued on a parity with the Board's $19,775,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2010, dated October 1, 2010; $20,885,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015, dated April 1, 2015; $19,315,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015A, dated June 1, 2015; $12,130,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015B (Taxable), dated September 1, 2015; $21,135,000 Athletic Facilities Refunding Series S.U.I. 2015C (Taxable), dated November 1, 2015; and $19,755,000 Refunding Series S.U.I. 2015D (Taxable), dated November 1, 2015 (the "Outstanding Bonds") which are currently outstanding in the aggregate principal amount of $101,015,000. (See "Outstanding Debt of the University – Athletic Facilities Revenue Bonds" herein.)

"Additional Bonds" means any Athletic Facilities Revenue Bonds issued on a parity with the Bonds in accordance with the provisions of the Bond Resolutions. Additional Bonds may be issued from time to time for the purpose of paying the cost of acquiring, purchasing or constructing buildings for use as athletic and recreational buildings and facilities, or additions to such buildings or facilities, reconstructing, completing, equipping, improving, repairing or remodeling athletic or recreational buildings or additions thereto or facilities therefor, or acquiring property therefor, or for refunding any bonds issued for account of the System, provided that:

(1) Additional Bonds ranking on a parity with the Bonds and Parity Bonds may be issued from time to time for the purpose of paying the cost of acquiring, purchasing or constructing buildings for use as athletic and recreational buildings and facilities, or additions to such buildings or facilities, reconstructing, completing, equipping, improving, repairing or remodeling athletic or recreational buildings or additions thereto or facilities therefor, or acquiring property therefor, or for refunding any bonds issued for account of the System, but only if there shall have first been procured and filed with the Executive Director of the Board a statement by an independent certified public accountant not in the regular employ of the Board or of the University reciting the opinion based upon necessary investigations that the Net Revenues of the System for the then last completed fiscal year (together with available income from the investment thereof and funds on deposit or credited to the System Fund) with adjustments as hereinafter provided, were equal to at least 125% of the maximum Annual Debt Service Requirement for both principal of and interest on the Bonds and Parity Bonds then outstanding and the bonds then proposed to be issued in any fiscal year prior to the longest maturity of any of the then outstanding bonds; provided, that the Net Revenues of the System may be adjusted by the Financial Officer to reflect any changes then in effect in the rates, fees, rentals, charges or Student Fees imposed at or prior to the time of the issuance of any such Additional Bonds, but which revised rates, fees, rentals, charges, or Student Fees were not in effect on the first day of the then immediately preceding fiscal year. For purposes herein, "last completed Fiscal Year" means the most recently completed Fiscal Year for which audited financial statements prepared by a certified public accountant are issued and available, but in no event a Fiscal Year which ended more than eighteen months prior to the date of issuance of the Additional Bonds.

(2) Without complying with subsection 1 of this section, the Board may issue Additional Bonds for the purpose of refunding any of the Bonds or Parity Bonds if the Board shall have adopted a resolution finding such a refunding is in the best interest of the University and if prior to issuance thereof:

(i) a certificate of the Treasurer of the University is delivered to the Board stating that the refunding will result in a present value debt service savings and that debt service on the refunding bonds will not exceed debt service on the refunded bonds during any fiscal year by more than 10%; and

(ii) there is delivered to the Board an Opinion of Bond Counsel stating that upon the issuance of the refunding bonds to refund the Bonds or Parity Bonds and the application of the proceeds thereof, the bonds to be refunded will no longer be outstanding.

(3) Bonds issued to refund any of the Bonds or Parity Bonds shall not be subject to the restrictions contained in subsections 1 or 2 of this section provided the bonds being refunded shall mature or be called for redemption within three months of the date of such refunding and no other funds are available to pay such maturing bonds, but otherwise any refunding bonds ranking on a parity shall only be issued subject to said restrictions, and in computing the maximum principal and interest due in any year principal and interest on the bonds being refunded shall be excluded and principal and interest on the refunding bonds shall be utilized.

All Parity Bonds must be payable as to principal and as to interest on the same month and day as the Bonds.

ATHLETIC FACILITIES SYSTEM

The System includes Carver-Hawkeye Arena, which is used primarily for intercollegiate basketball, volleyball and wrestling competition (the "Arena"); Kinnick Stadium, which is used primarily for intercollegiate football (the "Stadium"); the Roy G. Karro Athletics Hall of Fame; and athletic fields. The Board has the right to expand the System in the future.

Athletic Programs

Men's and women's intercollegiate athletics at the University are administered by the University's athletics department, which encompasses 24 men's and women's varsity intercollegiate team sports and has an annual budget of approximately $117 million. The University of Iowa athletics programs compete in the highly competitive Big Ten Conference which is currently made up of fourteen eastern and Midwestern universities.

The athletics department is managed by the Director of Athletics, Mr. Gary Barta, who is in his 12th year as the head of the University's athletics program. Mr. Barta has over 20 years of university and athletic administration experience. Before taking over at the University, he previously served as the Wyoming Athletic Director since October of 2003. From November 1996 to October 2003, he was Senior Associate Athletic Director for External Relations and Sports Programs at the University of Washington in Seattle. From 1990 to 1996, he was the Director of Athletic Development and External Relations at the University of Northern Iowa in Cedar Falls. Mr. Barta also served as Associate Director of Development at North Dakota State University in Fargo, from 1988 to 1990, where he was involved in fund-raising for athletics, the colleges of business and engineering, and the University's annual fund.

The Board sets the standards and policies that govern the athletic programs at the three Board of Regents universities. The University's Presidential Committee on Athletics (PCA) (formerly known as the Board in Control of Athletics) is the committee at the University responsible for advising the President and the Director of Athletics on policies for the University's intercollegiate athletics program consistent with the Intercollegiate (Big Ten) Conference rules, the policies of the Board and relevant University policies. The Director of Athletics is charged with overseeing the day-to-day operations of all athletic programs and reports directly to the President of the University. Coaches and administrative staff report to the Director of Athletics or respective senior associates or associate director.

Both men's and women's programs are highly respected and have earned national honors. Since 1980, the men's athletic accomplishments have included the following: wrestling teams have won 19 national titles; football teams have played in four Rose Bowl games, two Orange Bowl games and appeared in a total of 28 various bowl games; basketball teams have qualified for 21 NCAA and eight NIT tournaments; and the baseball, swimming, golf, gymnastics, cross country and track programs have produced several NCAA qualifiers. In addition, the men's athletic programs have won numerous team and individual Big Ten titles.

The women's athletic programs have also been successful and have many noteworthy accomplishments. The women's basketball team has qualified for the NCAA basketball tournament in 24 of the last 30 years. Since 1981, they have won nine Big Ten basketball championships. The women's field hockey team won the national title in 1986, is an 11-time final four qualifier, and most recently won the Big Ten title in the fall of 2008. The softball team has made four appearances at the NCAA Women's College World Series. The women's tennis team has qualified for the NCAA Championships in four of the last ten years.

University student athletes consistently rank at the top of the Big Ten conference in graduation rates and academic honors.

System Facilities

The Stadium, which is used primarily for University of Iowa Hawkeye home football games and practices, was originally built in 1929 with a seating capacity of 53,000. Since that time, five seating expansions have occurred. Previous renovations of the Stadium and Press Box increased total seating to 70,585. Prior to the beginning of the 2009 football season, the drainage system for the playing field was replaced and a synthetic turf installed to provide a consistent, state-of-the-art playing surface, with reduced life cycle and maintenance costs. The current insured value of the Stadium is $201,828,000, which includes Builder's Risk insurance coverage for the full value of the renovation project.

Carver-Hawkeye Arena (the "Arena") was completed in 1983 with a seating capacity of 15,500 for basketball games and slightly less capacity for other activities. The Arena was designed to complement the natural terrain of the land on which it is located. The Arena has a low profile with the majority of it located below the tree line. The roof support system is a skew chord space truss with the roof suspended from the bottom chord of the truss. A forty feet wide by eighty feet long opaque fabric skylight is the distinctive feature of the roof area. Approximately 2,000 of the seats at floor level are retractable to expand floor capacity. All seating is theater-style with back and arm rests. The men's and women's athletic department administrative offices, coaches' offices, locker rooms, a weight room, training room, wrestling practice room and other departmental support activities are also located in the Arena. The Arena is used primarily to host men's and women's intercollegiate athletic contests. The programs that use the facility are men's and women's basketball, volleyball, gymnastics and wrestling. In the past, the Arena has also been used for concerts, food and flower shows, graduation ceremonies and other events. A major addition to the north side of the Arena was completed in 2011. The addition includes a practice facility for men's and women's basketball and women's volleyball. The addition project also included the renovation and expansion of the three floor levels that comprise the office complex within the Arena and improvements to the existing Arena bowl including adding premium seating, improved access to the Arena floor and upgrading building mechanical and fire safety systems. The building is insured for $87,693,000.

The System also includes the Roy G. Karro Athletics Hall of Fame and Visitors Center and other fields and grounds on the campus of the University which are used for intercollegiate and intramural sports and student recreation.

Attendance and Use of the System

University of Iowa Hawkeye football game attendance for the past five fiscal years has been:

Fiscal Year	Home Total	Home Average	Season Total	Season Average
2016/17	487,591	69,656	817,440	62,880
2015/16	441,992	63,142	925,382	66,098
2014/15	472,584	67,512	762,818	58,678
2013/14	469,872	67,125	866,912	66,686
2012/13	473,500	67,643	790,363	65,864

Basketball and wrestling home game attendance for the past five fiscal years has been:

Fiscal Year	Men's Basketball	Women's Basketball	Men's Wrestling
2016/17	262,111	96,313	65,495
2015/16	207,528	75,013	97,325
2014/15	267,871	95,664	69,242
2013/14	254,588	79,108	61,843
2012/13	272,496	82,200	61,350

Number of Scheduled Home Events:

	Football	Men's Basketball	Women's Basketball	Men's Wrestling
2016/17	7	21	22	7
2015/16	7	15	16	7
2014/15	7	19	18	9
2013/14	7	18	18	7
2012/13	7	20	18	7

Student Fees Collected by the System

Student Fee rates for the use of the System are $6.38 for the summer session and $25.50 per semester for the regular academic year. The following table lists the Student Fees collected by the System for the past five fiscal years.

Fiscal Year	Summer Session	First Semester	Second Semester	Annual Total
2016/17	$14,524	$335,742	$299,734	$650,000
2015/16	11,309	330,162	308,529	650,000
2014/15	13,529	327,953	308,518	650,000
2013/14	50,402	327,255	306,260	683,917
2012/13	8,889	360,556	309,396	678,841

FINANCIAL REPORTING OF THE SYSTEM

The financial operations of the System are accounted as a part of auxiliary enterprises within the University's current funds. In addition, by terms of the Bond Resolutions, the Board is required to cause audited financial statements of the Athletic Facilities Revenue Bond Funds to be prepared. The System's financial statements for the year ended June 30, 2016 are included in Note 16 – Segment Information of the University's Financial Statements, and have been audited by the State of Iowa Office of Auditor of State. (The University's audited financial statements for the year ended June 30, 2017 are not yet available). The Office of Auditor of State has not been asked to make any additional review and has not consented to the use of its report in this Official Statement.

Annual summaries of the Athletic Facilities System Revenue Bond Funds Condensed Statements of Revenues, Expenses, and Changes in Net Assets for the years ended June 30, 2012 through June 30, 2016 are presented on the following page. This information has been extracted from the audited financial reports of the Athletic Facilities System Revenue Bond Funds and the University.

THE STATE UNIVERSITY OF IOWA
ATHLETIC FACILITIES REVENUE BOND FUNDS

Condensed Statement of Revenues, Expenses and Changes in Fund Balances
For the Fiscal Years Ended June 30
(in 000s)

	2012	2013	2014	2015	2016
Operating revenues	$32,960	$33,820	$33,906	$37,801	$ 70,603
Depreciation expense	(5,337)	(5,983)	(6,849)	(7,268)	(7,118)
Other operating expenses	(14,432)	(13,842)	(13,593)	(14,442)	(16,768)
Net operating income (loss)	13,191	13,995	13,464	16,091	46,717
Nonoperating Revenues (Expenses):	(4,871)	(5,442)	(5,130)	(4,687)	(2,981)
Transfers from /(to) University funds	(9,032)	(5,726)	(9,821)	(8,127)	(44,653)
Change in net position	(712)	2,827	(1,487)	3,277	(917)
Net position, beginning of year	3,361	2,649	3,622 *	2,135	5,412
Net position, end of year	$ 2,649	$ 5,476	$ 2,135	$ 5,412	$ 4,495

* *As restated.*

Source: Audited Financial Statements of the University.

THE STATE UNIVERSITY OF IOWA
ATHLETIC FACILITIES SYSTEM

Debt Service and Coverage

Fiscal Year Ending June 30,	The Series 2017 Bonds Principal	The Series 2017 Bonds Principal and Interest*(a)*	The Series 2017A Bonds Principal	The Series 2017A Bonds Principal and Interest*(a)*	Debt Service Outstanding Parity Bonds*(b)*	Total Debt Service	Coverage to F.Y. 2016 Net Revenues*(c)*
2018	$ 1,150,000	$ 1,802,950	$ 1,145,000	$ 1,586,500	$ 8,494,014	$ 11,883,464	4.72
2019	1,190,000	2,134,925	950,000	1,577,900	8,564,214	12,277,039	4.57
2020	1,230,000	2,139,225	975,000	1,574,400	8,683,264	12,396,889	4.52
2021	1,275,000	2,147,325	995,000	1,565,150	8,730,399	12,442,874	4.51
2022	1,320,000	2,154,075	1,020,000	1,560,300	8,920,399	12,634,774	4.44
2023	1,365,000	2,159,475	1,065,000	1,574,700	8,911,799	12,645,974	4.43
2024	1,410,000	2,163,525	1,105,000	1,582,750	8,944,239	12,690,514	4.42
2025	1,460,000	2,171,225	1,125,000	1,569,600	8,942,814	12,683,639	4.42
2026	1,515,000	2,182,425	1,165,000	1,575,850	8,977,576	12,735,851	4.40
2027	1,565,000	2,186,975	1,205,000	1,580,900	8,997,896	12,765,771	4.39
2028	1,600,000	2,175,025	1,250,000	1,589,750	9,001,834	12,766,609	4.39
2029	1,640,000	2,167,025	1,285,000	1,587,250	9,046,491	12,800,766	4.38
2030	1,685,000	2,162,825	1,345,000	1,608,700	9,076,196	12,847,721	4.36
2031	1,730,000	2,157,275	1,380,000	1,603,350	7,302,199	11,062,824	5.07
2032	1,780,000	2,155,375	1,435,000	1,616,950	1,280,000	5,052,325	11.10
2033	1,835,000	2,152,525	1,490,000	1,628,900	1,288,000	5,069,425	11.06
2034	1,890,000	2,147,888	1,545,000	1,639,200	1,294,000	5,081,088	11.04
2035	1,950,000	2,146,463	1,595,000	1,642,850	1,298,000	5,087,313	11.02
2036	2,015,000	2,148,088	-	-	1,300,000	3,448,088	16.26
2037	2,080,000	2,147,600	-	-	-	2,147,600	26.11
TOTALS	$ 31,685,000	$ 42,802,213	$ 22,075,000	$ 28,665,000	$ 129,053,333	$ 200,520,546	

(a) Debt service based on the interest rates shown on the inside front cover of this Official Statement.

(b) As of October 4, 2017, principal is outstanding in the aggregate principal amount of $101,015,000. (excludes the Series 2017 Bonds, Series 2017A Bonds, and Series 2009 Bonds).

(c) Athletic Facilities Net Revenues based on the Fiscal Year ended June 30, 2016: $56,070,000.

THE BOARD OF REGENTS

The Board of Regents, State of Iowa, was established as the State Board of Education in 1909. The Board was created by the General Assembly in 1955 as successor to the State Board of Education. The Board, an agency of the State of Iowa, is the governing body of The State University of Iowa at Iowa City, Iowa State University of Science and Technology at Ames, and the University of Northern Iowa at Cedar Falls. Fall 2016 records show enrollment at the three universities totaling 81,899. The Board also governs the Iowa Braille and Sight Saving School in Vinton and the Iowa School for the Deaf in Council Bluffs.

The Governor appoints members to the Board every two years subject to approval by two-thirds of the Senate of the General Assembly of the State of Iowa. The nine Board members serve six-year overlapping terms. Members can be reappointed and are selected on the basis of their qualifications to perform the duties required by the Board. Not more than five of the nine members may be of the same political party at any one time. The Board Office, under the direction of the Executive Director, is responsible for administrative functions of the Board as well as policy analysis and staff services.

Under Iowa Code Chapter 262, it is the duty of the Board to elect its own president, and appoint the president, treasurer and secretary of each institution; and employ professors, instructors, officers, and others, and fix their compensation. The Board is also empowered to make rules for admission, fix fees, direct expenditures of appropriations and other income, and adopt such rules and regulations regarding the various institutions as may be necessary.

President

Dr. Michael Richards serves as the President of the Board. Dr. Richards was elected President on May 1, 2017 for a term ending April 30, 2019. Dr. Richards was appointed to the Board on May 6, 2016 and his term on the Board expires April 30, 2021.

Until its sale, Dr. Richards served as vice chairman and managing partner of Quatro Composites in Orange City, Iowa, which specializes in manufacturing carbon composite equipment for the aerospace and medical industries. Prior to that, Richards was Chairman of MEDTEC, a medical services and equipment company.

Dr. Richards earned his undergraduate degree from The State University of Iowa in 1970 before earning his M.D. from the University of Iowa College of Medicine in 1974. After graduation, he was in practice for more than 20 years, and during that time was president of Healthcare Preferred and the Iowa Health Physicians Medical Foundation. In addition, Dr. Richards served as chief medical officer at Iowa Health System (now UnityPoint Health).

Dr. Richards is also an active philanthropist, having served as president of the Dowling Foundation, and more recently on the Board and Executive Committee of the Minnesota Children's Hospital in Minneapolis, Minnesota.

President Pro Tem

Ms. Patricia Cownie serves as President Pro Tem of the Board. Ms. Cownie was elected President Pro Tem effective May 1, 2017 for a term ending April 30, 2019. She was appointed to the Board on March 2, 2015 and her term on the Board expires April 30, 2021.

Ms. Cownie has been an active public servant in a large variety of central Iowa community initiatives for many years. She has served on the Board of Directors for a number of community organizations including the Des Moines Opera, St. Augustin Foundation, Mercy Hospital Foundation, Des Moines Arts Festival and Des Moines Civic Center, and is a former Drake University Board of Trustees member.

In 2011, Ms. Cownie was appointed by Governor Branstad to the Dr. Norman E. Borlaug Statue Committee for the funding, creation, and installation of a statue of Dr. Borlaug, a native Iowan, in Statuary Hall at the U.S. Capitol Building. This statue, which recognizes Dr. Borlaug's achievements in plant breeding and his significant impact on world hunger, was installed in the U.S. Capitol in March 2014.

Ms. Cownie is a 1966 graduate of The State University of Iowa where she earned a degree in sociology.

Executive Director

Mr. Keith Saunders was appointed Interim Executive Director effective July 16, 2017 and replaced Dr. Robert Donley who resigned effective July 15, 2017 after serving as Executive Director since June 2008. The Board named Mr. Mark Braun as the Executive Director on October 19, 2017, to be effective November 1, 2017. Mr. Braun is currently the Chief Operating Officer for the Board. Mr. Saunders will remain the Interim Executive Director through October 31, 2017.

Mr. Saunders joined the Board Office staff in September 2004, having served eight years at the University of Northern Iowa in a state governmental relations position. After joining the Board Office, he was assigned to the University of Northern Iowa as a State Relations Officer and legislative contact for the Board. In 2008, Mr. Saunders was assigned to The State University of Iowa as a State Relations Officer and currently serves as a primary public affairs and legislative contact for the Board. He also serves as an Associate Counsel to the Board. Prior to working for the University of Northern Iowa, Mr. Saunders earned a J.D. degree from The State University of Iowa and a B.A. degree in political science from the University of Northern Iowa.

Mr. Mark Braun has served in the Board system since October 1998. From 1998-2008, Mr. Braun advocated for the Board on behalf of The State University of Iowa as its State Relations Officer. Subsequently, he served as Chief of Staff and Vice President of External Relations for The State University of Iowa President Sally Mason. Mr. Braun was designated by the Board to lead its efficiency efforts as the Transformation Project Manager and Vice President for Operational Efficiency and Regulatory Analysis in 2014 and 2015. He was then appointed as the Board's Chief Operating Officer in December 2015. Mr. Braun holds a Bachelor's degree in political science and a Master of Business Administration degree, with distinction, from The State University of Iowa. Additionally, he also holds a Bachelor's degree in public administration.

THE STATE UNIVERSITY OF IOWA

The State University of Iowa, in Iowa City, Iowa, was established as the State's first public institution of higher education in 1847 by the First General Assembly of the State of Iowa. Together with Iowa State University of Science and Technology and the University of Northern Iowa, the Board of Regents, State of Iowa, governs The State University of Iowa.

The University was the first public university in the nation to admit men and women on an equal basis and the first to accept creative work in theater, writing, music and art as theses for advanced degrees. The University is internationally known for, among other things, its Writers' Workshop and its pioneering outer space research, with University-designed research instruments used in major missions since the 1950s. The University operates one of the nation's largest university-owned teaching hospitals. Approximately 939,000 visits are made to The State University of Iowa Hospitals and Clinics every year.

The University is guided by the precept that in no aspect of its programs shall there be differences in the treatment of persons because of race, creed, color, national origin, age, sex, and any other classifications that deprive the person of consideration as an individual, and that equal opportunity and access to facilities shall be available to all.

The University has been accredited by the North Central Association of Colleges and Secondary Schools since the association's organization in 1913. The University is a member of the Association of American Universities. Various colleges and schools of the University are members of accrediting associations in their respective fields.

President

Mr. Bruce Harreld took office as the University's 21st President on November 2, 2015. Mr. Harreld came to the University from Harvard Business School, where he served as a faculty member from 2008 to 2014. Mr. Harreld previously held a variety of positions with Kraft Foods, IBM, and Boston Market restaurants before joining Harvard's entrepreneurial and strategy units, where his work focused on innovation, corporate cultures, and management. He has a Master's in Business Administration degree from Harvard University and a Bachelor's of Engineering degree from Purdue University.

Senior Vice President for Finance and Operations

Mr. Rod Lehnertz was appointed Senior Vice President for Finance and Operations effective January 17, 2015. Mr. Lehnertz has been at the University since 1994. He has degrees in architecture and Master's degree in Business Administration. He is a LEED certified registered architect.

Previously, Mr. Lehnertz served as the University's Director of Planning Design & Construction since 2004 where he led the development of the campus academic, student services, healthcare and athletics facilities. He was responsible for the campus master plan and space planning and is involved in Oakdale Research Park planning and development. Mr. Lehnertz has been instrumental with the flood recovery projects and assuring federal support continues for these projects.

University Chief Financial Officer and Treasurer

Mr. Terry Johnson was appointed University Chief Financial Officer and Treasurer effective January 17, 2015. Mr. Johnson has been at the University since 1993. He has served as the Associate Vice President and University Controller since 1997. Mr. Johnson has degrees in accounting and Master's degree in Business Administration.

Mr. Johnson is a registered CPA and served as an international consultant based in Omaha, Nebraska before joining the University in 1993 to help lead the development of the University's financial management systems. He has been active in Treasurer functions during most of that time.

Campus and Facilities

The Iowa City campus is located on 1,700 acres of rolling land along the Iowa River. Approximately 90 major buildings comprise the campus. In addition to the Iowa City campus, there are University research and field study facilities at nearby Oakdale and at the Macbride Nature Recreation Area north of Iowa City.

At its meeting on October 21-22, 2015, the Board approved a Gift Agreement between AIB College of Business and the University. The principal element of the gift is the real estate and improvements comprising the AIB campus located between downtown Des Moines and the Des Moines Airport. The American Institute of Business (AIB) was a private, not-for-profit educational institution in Des Moines that operated programs since 1921. At the beginning of 2015, AIB announced its intentions to close following the 2015-2016 academic year and gift remaining assets to the University. The real estate transfer took place on June 30, 2016. The University has developed undergraduate major offerings to be delivered at this site, as well as through on-line courses, commencing Fall 2016.

A major area of the University is its Health Sciences Campus, consisting of the University Hospitals and Clinics and the Colleges of Medicine, Dentistry, Nursing, Pharmacy, Public Health, and Hardin Library for the Health Sciences. Three recent additions to the Health Sciences Campus are the Medical Education and Research Facility, the Roy J. and Lucille A. Carver Biomedical Research Facility, and the John and Mary Pappajohn Biomedical Discovery Building was dedicated in 2014. The 685-bed (staffed) hospital is a comprehensive tertiary care facility, providing patient care in all specialties of medicine and supporting both teaching and research functions of the University.

Construction is nearing completion on a major new addition to the University of Iowa Hospitals and Clinics (“UIHC”). The project will provide for a new fourteen-story facility, housing the University of Iowa Stead Family Children’s Hospital inpatient units, operating rooms, outpatient services, and support functions. Patient services occupied the building in a phased approach beginning in February 2017 and completed in April 2017.

Other recently completed projects include construction of:

- a computer data center on the University’s Oakdale Campus; the facility consolidates and protects the computing and networking systems critical to the daily operations of University Information Technology Services and UIHC Health Care Information Systems;
- the Stew and Lenore Hansen Football Performance Center, a facility that provides office, training and practice facilities for football coaches, support staff and student athletes, was completed in September 2014;
- a freestanding addition to the Hawkeye Tennis and Recreation Complex was completed in August 2014. The addition provides office space and indoor turf to be used for Recreation and Athletic activities and practice space for the Hawkeye Marching Band;
- an addition and renovations to Carver-Hawkeye Arena, the home court for the University’s intercollegiate men’s and women’s basketball teams, wrestling, gymnastics, and women’s volleyball teams;
- a new Clinical Cancer Center Clinic and Infusion Therapy Suite in the Pomerantz Family Pavilion at UIHC;
- the new 100,000 square-foot Iowa River Landing Ambulatory Care Clinic facility for UIHC; and
- buildings impacted by the historic flood of 2008 were opened in fall 2016 including Hancher Auditorium, Voxman Music Building and the Visual Arts Building.

In June 2008, the University of Iowa was deluged by flood waters from the Iowa River, which bisects the campus. Twenty major buildings were damaged, including the power plant, nine classroom buildings, a major research facility, and three buildings central to students’ interaction and education. Beginning fall 2016 the campus has been fully restored from the flood except for construction of a new Art Museum Building which is now in the planning stage.

Costs to fully recover the campus as well as costs for prospective flood mitigation and temporary facilities for displaced faculty, staff and students have been estimated at $717 million. Total project costs will not be known until actual costs are submitted. The state of Iowa authorized $119 million in bonding authority proceeds to support the University's requirement to match the funding received from FEMA as well as fund ineligible costs and improvements made to the buildings.

The University holds $2 billion in commercial property insurance coverage, including $250 million in flood insurance coverage.

Academic Information

The University is organized into eleven colleges. The College of Liberal Arts and Sciences, the Henry B. Tippie College of Business, the College of Education, the College of Engineering, the Roy J. and Lucille A. Carver College of Medicine and the College of Nursing all confer undergraduate degrees. The Graduate College supervises graduate study offered by the University's various departments, schools and colleges. The Graduate College confers master's degrees in 85 major fields and doctorates in 59 fields. The Colleges of Dentistry, Law, Medicine, Pharmacy and Public Health confer degrees at the doctorate level.

During the 2016-2017 academic year, 7,505 degrees were awarded by the University: 5,356 bachelor's degrees; 456 professional degrees; 1,229 master's degrees; and 464 doctorates.

Applicants for undergraduate admission must submit their secondary school official transcript, certificate of graduation and ACT or SAT scores.

For students entering in fall 2009 or later, the Board has established a Regent Admission Index (RAI) based on a statistical formula that combines four factors:

- High school rank;
- High school grade point average;
- Performance on standardized tests (ACT or SAT); and
- Number of high school courses completed in the core subject areas.

Students with an RAI of 245 or higher will automatically be admitted. Students with an RAI of less than 245 may be admitted based on the individual review process of each Regent university. Details of the calculation of the RAI are available at the Board's website, http://www2.state.ia.us/regents. Non-residents must meet at least the same requirements as resident applicants and may be held to higher academic standards. At its February 2015 meeting, the Board approved an alternative formula for the RAI to be used for Iowa high school students without a high school rank.

Prior to adoption of the index, graduates of approved Iowa high schools who ranked in the upper one half of their graduating class and met the subject matter requirements were admitted. Graduates who did not rank in the upper one half of their class or graduated from non-approved high schools were also admitted upon certain conditions.

Instruction is offered throughout the year. The academic year is divided into two semesters of approximately 16 weeks each. The University also conducts a summer session with terms of three, six, and eight weeks; an Independent Study Unit from one to three additional weeks for students in the Graduate College, and the College of Law; and a three week winter session from late December into January.

Tuition and Mandatory Fees

Tuition and mandatory fees per academic year charged to full-time students at the University:

	2014-15		2015-16		2016-17		2017-18	
	Res.	Non-Res.	Res.	Non-Res.	Res.	Non-Res.	Res.	Non-Res.
Undergraduate	$ 8,079	$27,409	$ 8,104	$27,890	$ 8,575	$28,813	$ 8,965	$30,609
Graduate	9,507	26,389	9,693	26,871	10,357	27,961	10,960	29,696
Law	23,760	41,296*(a)*	24,177	42,021*(b)*	24,930	43,214	26,457	45,917
Dentistry	41,007*(c)*	64,173*(c)*	41,726*(d)*	65,298*(d)*	42,813*(e)*	66,933*(e)*	45,509*(f)*	71,181*(f)*
Medicine	34,149	50,927	34,749	51,819	35,571	53,503	37,645	57,299

(a) For students entering fall 2014.

(b) For students entering fall 2014 and fall 2015.

(c) For students entering fall 2013 and fall 2014.

(d) For students entering fall 2013, fall 2014 and fall 2015.

(e) For students entering fall 2016.

(f) For students entering fall 2017.

Tuition and fees are set annually by the Board and include mandatory technology, health, health facility, student activities, student services, and building fees. Other fees for which a student will be charged include parking permits, laboratory fees, and fees pertaining to the student’s course of study.

Tuition and Mandatory Fee Comparison

Following is a comparison of 2017-2018 tuition and mandatory student fees at the thirteen public Big Ten institutions.

Undergraduate

	Rank	Resident	Rank	Non Resident
Pennsylvania State University	1	$18,436	5	$33,664
University of Illinois	2	$15,868	7	$31,988
Rutgers University	3	$14,826	1	$47,476
University of Michigan	4	$14,638	9	$30,579
Michigan State University	5	$14,460	2	$39,405
University of Minnesota	6	$14,417	12	$26,603
The Ohio State University	7	$10,591	10	$29,695
University of Wisconsin	8	$10,534	4	$34,783
Indiana University	9	$10,533	3	$34,845
University of Maryland	10	$10,399	6	$33,606
Purdue University	11	$9,992	11	$28,794
University of Iowa	**12**	**$8,965**	**8**	**$30,609**
University of Nebraska	13	$8,887	13	$24,187

Graduate

	Rank	Resident	Rank	Non Resident
University of Michigan	1	$22,696	1	$45,484
Pennsylvania State University	2	$21,752	3	$36,606
Rutgers University	3	$18,984	8	$30,792
University of Minnesota	4	$18,232	11	$27,388
University of Maryland	5	$17,982	2	$36,966
Michigan State University	6	$17,436	4	$34,260
University of Illinois	7	$16,542	7	$31,034
The Ohio State University	8	$12,425	5	$33,897
University of Wisconsin	9	$11,988	12	$25,315
University of Iowa	10	**$10,960**	**9**	**$29,696**
Indiana University	11	$10,279	6	$31,448
Purdue University	**12**	$9,992	10	$28,794
University of Nebraska	13	$9,176	13	$23,174

Dentistry

	Rank	Resident	Rank	Non Resident
University of Minnesota	1	$54,029	1	$93,231
University of Iowa	**2**	**$45,509**	**4**	**$71,181**
University of Nebraska	3	$34,799	2	$78,440
The Ohio State University	4	$34,625	3	$74,609
University of Michigan	5	$26,792	5	$41,710

Law

	Rank	Resident	Rank	Non Resident
University of Michigan	1	$57,172	1	$60,418
Pennsylvania State University	2	$49,020	5	$49,020
University of Minnesota	3	$44,066	3	$52,586
University of Illinois	4	$39,139	4	$49,138
Indiana University	5	$32,573	2	$53,323
The Ohio State University	6	$30,265	7	$45,217
Rutgers University	7	$27,492	9	$40,136
University of Iowa	**8**	**$26,457**	**6**	**$45,917**
University of Wisconsin	9	$22,496	8	$41,192
University of Nebraska	10	$14,527	10	$32,887

Medicine

	Rank	Resident	Rank	Non Resident
Pennsylvania State University	1	$50,534	8	$50,534
Michigan State University	2	$45,144	1	$87,099
Rutgers University	3	$43,895	3	$65,655
University of Minnesota	4	$39,965	6	$54,890
University of Iowa	**5**	**$37,645**	**4**	**$57,299**
University of Michigan	6	$36,080	5	$54,894
University of Nebraska	7	$33,353	2	$77,441
University of Wisconsin	8	$32,689	9	$43,545
The Ohio State University	9	$30,277	7	$51,925

Notes: *Rates shown are for new, entering students. All of the public Big Ten universities assess additional fees, beyond those shown above, for undergraduates enrolled in specific academic programs, such as engineering and business. Sources: AAUDE Survey of Academic Year Tuition & Required Fees at AAU Public Universities and the University of Virginia Survey of Academic Year Tuition and Required Fees. The undergraduate tuition rates for the University of Michigan and Michigan State University are averages of multiple tuition structures.*

Student Enrollment - Fall Head Count, Historic

Historic:	2013	2014	2015	2016	2017
Undergraduate:					
Lower Division*	11,076	11,401	12,476	13,543	12,822
Upper Division	10,898	10,953	10,881	10,933	11,681
Total Undergraduate	21,974	22,354	23,357	24,476	24,503
Professional, Graduate and Postdoctoral	9,091	9,033	8,793	8,858	9,061
Total Enrollment	31,065	31,387	32,150	33,334	33,564

* *Includes unclassified students.*

Student Enrollment - Fall Head Count, Projected

Projected:	2018	2019
Undergraduate:		
Lower Division*	13,380	13,331
Upper Division	12,682	12,843
Total Undergraduate	26,062	26,174
Professional, Graduate and Postdoctoral	8,876	8,872
Total Enrollment	34,938	35,046

* *Includes unclassified students.*

Student Enrollment - Fall Full-Time Equivalents (FTE's)

	2013	2014	2015	2016	2017
Undergraduate:					
Lower Division[(a)]	10,315	10,341	11,179	12,082	11,713
Upper Division	9,912	9,989	9,973	10,014	10,765
Total Undergraduate	20,227	20,330	21,152	22,096	22,478
Professional, Graduate and Postdoctoral	8,897	7,251[(b)]	6,997[(b)]	7,192[(b)]	7,389[(b)]
Total Enrollment	29,124	27,581	28,149	29,288	29,867

(a) *Includes unclassified students.*

(b) *Postdoctoral FTE's no longer included.*

Geographic Distribution of Fall 2017 Student Body

Place of Origin	Freshman Class	All Students
Iowa	2,907	19,200
Illinois	1,368	6,117
Minnesota	125	759
Wisconsin	124	582
California	40	440
Missouri	37	274
Texas	23	231
Michigan	17	171
Nebraska	13	172
Colorado	22	150
Other States	183	2,029
Foreign Countries	165	3,407
U.S. Territories	5	32
Total	5,029	33,564

Freshman Applications, Admissions and Enrollments

	Enrolled 2013/14	Enrolled 2014/15	Enrolled 2015/16	Enrolled 2016/17	Enrolled 2017/18
Applications	21,644	24,097	26,222	28,525	27,736
Acceptance	17,363	19,506	21,171	23,996	23,864
% Accepted	80.2%	80.9%	80.7%	84.1%	86.0%
Enrolled	4,460	4,666	5,241	5,643	5,029
% Enrolled to Accepted	25.7%	23.9%	24.8%	23.5%	21.1%
Mean ACT Score	25.2	25.2	25.4	25.6	25.6

Faculty and Staff

As of May 1, 2017, the University employed 17,513 full-time employees, 3,865 part-time and temporary employees, and 3,228 student employees. The numbers represent full-time equivalents (FTE's) and not head-counts.

Faculty by rank for the 2016-17 academic year, as of November 1, 2016:

Rank	Total	Number Tenured	Percent Tenured
Professor[a]	748	748	100.00%
Associate Professor[a]	451	431	95.57
Assistant Professor[a]	329	0	--
Instructor[a]	0	0	--
Lecturer[b]	574	0	--
Associate[b]	196	0	--
Assistant in Instruction[b]	34	0	--
Total	2,332	1,179	50.56%

(a) *Tenured and tenure track faculty only.*

(b) *Non-tenure track faculty.*

Labor Contracts

The University of Iowa merit employees are covered by four American Federation of State, County and Municipal Employees ("AFSCME") state-wide bargaining units:

Unit	Number of Employees As of September 1, 2017
Blue Collar	1,570
Clerical	1,282
Security	88
Technical	1,649
Total	4,589

Bargaining unit employees at the University and other Board of Regents institutions are covered, along with similar employees of other state agencies, under a single state-wide collective bargaining agreement between AFSCME and the State of Iowa.

The contract for fiscal years 2018 (begins July 1, 2017) and 2019 provide for an increase of one percent (1.0%) on July 1, 2017 (FY 2018) and one percent (1.0%) on July 1, 2018 (FY 2019).

The Service Employees International Union ("SEIU") represents the University of Iowa's tertiary health care professional and scientific employees bargaining unit:

Unit	Number of Employees As of September 1, 2017
Tertiary Health Care	3,641

The tertiary health care unit employees at the University also negotiate with the Board of Regents, State of Iowa. The bargaining unit was first organized and went into effect July 1, 1999. These employees received a two percent (2.0%) percent increase on July 1, 2017 for fiscal year 2018. The UIHC-employee component of this agreement is essentially funded by UIHC generated revenues.

The University of Iowa graduate assistant bargaining unit is represented by UE/COGS:

Unit	Number of Employees As of September 1, 2017
Graduate Assistants	2,090

Graduate Assistant bargaining unit employees at the University are covered under a single collective bargaining agreement between UE/COGS and the Board of Regents, State of Iowa. The contract for fiscal years 2018 (begins July 1, 2017) and 2019 provides for a minimum stipend paid under the terms of the contract increases by one and one-tenth percent (1.1%) in the first year and by one and one-tenth percent (1.1%) in the second year. The university also provides for one hundred percent (100%) tuition scholarship based upon resident tuition in the College of Liberal Arts & Sciences and the College of Education, with a 50% contribution of mandatory fees.

Employee Pensions

Teachers Insurance and Annuity Association

Substantially all permanent employees of the University participate in Teachers Insurance and Annuity Association (TIAA), a national organization used to fund pension benefits for educational institutions. Under this defined contribution plan, the University and plan participants make annual contributions to TIAA to purchase individual annuities equivalent to retirement benefits earned. The University's required and actual contribution to TIAA was approximately $116,957,000 for the year ended June 30, 2017 (unaudited).

Iowa Public Employees' Retirement System

The University also contributes to the Iowa Public Employees' Retirement System (IPERS), a state-wide multiple-employer cost sharing, defined benefit public employee retirement system administered by the State of Iowa. The University recognizes a liability equal to its proportionate share of the IPERS net pension liability. As of June 30, 2016, the University recognized a net pension liability of $53,461,000 for its 1.0820964% proportionate share of the IPERS net pension liability. The University's contribution requirement to IPERS for the fiscal year ended June 30, 2017 was $9,931,000 (unaudited).

Other Postemployment Benefits

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45), which addresses how state and local governments must account for and report their obligations related to post-employment healthcare and other non-pension benefits (referred to as Other Post Employment Benefits or "OPEB").

The University has engaged an actuary to provide biennial actuarial valuation reports. Under GASB 45 such costs must be accounted for on an accrual basis. The University must report an annual OPEB cost based on actuarially determined amounts that, if paid on an ongoing basis, will provide sufficient resources to pay these benefits.

As of June 30, 2017 (unaudited), the actuarial accrued liability (AAL) for benefits was $90.6 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $90.6 million. The annual required contribution of the employer (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess). The current ARC of $32.3 million is 2.9% of fiscal year 2017 annual payroll (unaudited). The University currently plans to continue to finance retiree healthcare benefits on a pay-as-you-go basis from internal University monies.

Outstanding Debt of the University

The University has the following long-term debt outstanding as of October 4, 2017, adjusted to include the Bonds and exclude the Series 2009 Bonds.

Academic Building Revenue Bonds:	Outstanding
$15,200,000 Refunding Series S.U.I. 2005; dated April 1, 2005; final maturity July 1, 2020	$ 1,880,000
$9,945,000 Series S.U.I. 2010; dated April 1, 2010; final maturity July 1, 2033	9,025,000
$26,830,000 Series S.U.I. 2012; dated November 1, 2012; final maturity July 1, 2033	25,030,000
$18,780,000 Refunding Series S.U.I. 2013; dated September 1, 2013, final maturity July 1, 2024	12,820,000
$30,100,000 Series S.U.I. 2013A; dated October 1, 2013, final maturity July 1, 2036	28,980,000
$27,500,000 Series S.U.I. 2014; dated June 1, 2014, final maturity July 1, 2035	25,235,000
$24,560,000 Series S.U.I. 2014A; dated November 1, 2014, final maturity July 1, 2035	22,715,000
$14,055,000 Series S.U.I. 2015; dated November 1, 2015, final maturity July 1, 2036	13,525,000
$19,785,000 Refunding Series S.U.I. 2016; dated June 1, 2016; final maturity July 1, 2028	18,445,000
$23,640,000 Refunding Series S.U.I. 2016A; dated August 1, 2016; final maturity July 1, 2030	22,225,000
Total	$179,880,000

The Academic Building Revenue Bonds are secured by and payable solely from gross student fees and charges collected by the University and institutional income received by the University.

Athletic Facilities Revenue Bonds*:	Outstanding
$19,775,000 Series S.U.I. 2010; dated October 1, 2010; final maturity July 1, 2036	$ 17,225,000
$20,885,000 Refunding Series S.U.I. 2015; dated April 1, 2015; final maturity July 1, 2031	19,035,000
$19,315,000 Refunding Series S.U.I. 2015A; dated June 1, 2015; final maturity July 1, 2030	17,650,000
$12,130,000 Refunding Series S.U.I. 2015B (Taxable) dated September 1, 2015; final maturity July 1, 2031	10,825,000
$21,135,000 Refunding Series S.U.I. 2015C (Taxable); dated November 1, 2015; final maturity July 1, 2031	18,755,000
$19,755,000 Refunding Series S.U.I. 2015D (Taxable); dated November 1, 2015; final maturity July 1, 2031	17,525,000
The Current Financings: **$31,685,000 Series S.U.I. 2017A;** **dated November 1, 2017; final maturity July 1, 2037**	**31,685,000**
$22,075,000 Refunding Series S.U.I. 2017A; **dated November 1, 2017; final maturity July 1, 2035**	**22,075,000**
Total	$154,775,000

* *Excludes the Series 2009 Bonds.*

The Athletic Facilities Revenue Bonds are payable from net revenues of the system of Athletic Facilities and from student fees.

Center for University Advancement Revenue Bonds:	Outstanding
$9,595,000 Refunding Series S.U.I. 2004; dated July 1, 2004; final maturity July 1, 2019	$1,605,000

The Center for University Advancement Revenue Bonds are payable from net revenues of the Center for University Advancement.

Dormitory Revenue Bonds:	Outstanding
$20,015,000 Refunding Series S.U.I. 2010; dated March 1, 2010; final maturity July 1, 2021	$ 8,085,000
$5,120,000 Refunding Series S.U.I. 2011; dated April 1, 2011; final maturity July 1, 2020	1,890,000
$16,340,000 Refunding, Series S.U.I. 2012; dated June 28, 2012; final maturity July 1, 2024	10,175,000
$29,000,000 Series S.U.I. 2012A; dated August 1, 2012; final maturity July 1, 2033	24,350,000
$27,935,000 Series S.U.I. 2014; dated February 1, 2014; final maturity July 1, 2034	24,570,000
$34,680,000 Series S.U.I. 2015; dated September 1, 2015; final maturity July 1, 2040	34,680,000
$34,450,000 Series S.U.I. 2016; dated October 1, 2016; final maturity July 1, 2041	34,450,000
$28,485,000 Series S.U.I. 2017; dated March 1, 2017; final maturity July 1, 2042	28,485,000
Total	$166,685,000

The Dormitory Revenue Bonds are secured by and payable solely from the net rents, profits and income from the operation of the Dormitory and Dining System of the University.

Hospital Revenue Bonds:	Outstanding
$30,000,000 Series S.U.I. 2010; dated November 1, 2010; final maturity September 1, 2036	$ 25,125,000
$26,800,000 Series S.U.I. 2011; dated October 1, 2011; final maturity September 1, 2032	21,800,000
$20,355,000 Refunding Series S.U.I. 2011A; dated November 1, 2011; final maturity September 1, 2028	14,255,000
$190,000,000 Series S.U.I. 2012; dated October 1, 2012; final maturity September 1, 2038	169,100,000
$29,000,000 Refunding Series S.U.I. 2016; dated May 1, 2016; final maturity September 1, 2027	26,975,000
$23,860,000 Refunding Series S.U.I. 2016A; dated June 1, 2016; final maturity September 1, 2028	22,265,000
Total	$279,520,000

The Hospital Revenue Bonds are payable solely from gross income and funds received by the University's Hospital System, excluding State appropriations to the University or the Hospital System.

<u>Iowa Memorial Union Revenue Bonds</u>:	<u>Outstanding</u>
$6,420,000 Refunding Series S.U.I. 2014; dated May 1, 2014; final maturity July 1, 2025	$4,920,000

The Iowa Memorial Union Revenue Bonds are payable from net revenues of the Iowa Memorial Union System, including student fees.

<u>Parking System Revenue Bonds</u>:	<u>Outstanding</u>
$6,255,000 Refunding Series S.U.I. 2009; dated July 1, 2009; final maturity July 1, 2019	$ 1,420,000
$12,010,000 Refunding Series S.U.I. 2013; dated January 1, 2013; final maturity July 1, 2025	8,340,000
$25,000,000 Series S.U.I. 2013A; dated March 1, 2013; final maturity July 1, 2040	23,640,000
$20,000,000 Series S.U.I. 2014; dated April 1, 2014; final maturity July 1, 2040	18,870,000
Total	$52,270,000

The Parking System Revenue Bonds are payable from net rents, profits and income derived from the operation of the Parking System of The State University of Iowa.

<u>Recreational Facilities Revenue Bonds</u>:	<u>Outstanding</u>
$18,650,000 Refunding Series S.U.I. 2017; dated January 1, 2017; final maturity July 1, 2034	$17,955,000
$20,625,000 Refunding Series S.U.I. 2017A; dated March 1, 2017; final maturity July 1, 2034	20,625,000
$20,685,000 Refunding Series S.U.I. 2017B; dated July 1, 2017; final maturity July 1, 2034	20,685,000
Total	$59,265,0000

The Recreational Facilities Revenue Bonds are payable solely from revenue from Recreational Student Fees and net revenues of the Recreational Facilities System.

<u>Telecommunications Facilities Revenue Bonds</u>:	<u>Outstanding</u>
$25,000,000 Series S.U.I. 2009; dated December 1, 2009; final maturity July 1, 2036	$20,905,000
$11,830,000 Series S.U.I. 2011; dated April 1, 2011; final maturity July 1, 2032	9,565,000
Total	$30,470,000

The Telecommunications Facilities Revenue Bonds are payable solely from net revenues of the Telecommunications System and any Telecommunications System Student Fees that may be charged.

Utility System Revenue Bonds:	Outstanding
$19,010,000 Refunding Series S.U.I. 2009; dated September 1, 2009; final maturity November 1, 2019	$ 3,080,000
$25,000,000 Series S.U.I. 2010; dated June 1, 2010; final maturity November 1, 2035	20,620,000
$10,195,000 Refunding Series S.U.I. 2011; dated August 1, 2011; final maturity November 1, 2022	5,910,000
$25,000,000 Series S.U.I. 2012; dated April 1, 2012, final maturity November 1, 2037	21,830,000
$13,620,000 Refunding Series S.U.I. 2013; dated June 1, 2013, final maturity November 1, 2024	10,605,000
$17,905,000 Refunding Series S.U.I. 2014; dated May 1, 2014; final maturity November 1, 2026	15,420,000
$25,000,000 Series S.U.I. 2015; dated June 1, 2015; final maturity November 1, 2040	24,325,000
$14,830,000 Refunding Series S.U.I. 2015A; dated December 1, 2015; final maturity November 1, 2027	13,840,000
$19,285,000 Refunding Series S.U.I. 2016; dated March 1, 2016; final maturity November 1, 2028	17,830,000
$17,015,000 Refunding Series S.U.I. 2016A; dated October 1, 2016; final maturity November 1, 2029	17,015,000
Total	$150,475,000

The Utility System Revenue Bonds are payable solely from Net Revenues of the Utility System and any Utility System Student Fees that may be charged.

Bond-Financed Lease Obligations

The University is obligated under leases between the Board and the University of Iowa Facilities Corporation (the "Corporation"), an Iowa nonprofit corporation, to make lease payments sufficient to pay debt service on the following Corporation Bonds:

College of Public Health Revenue Bonds:	Outstanding
$20,925,000 Series 2010; dated March 1, 2010; final maturity June 1, 2030	$15,235,000

The bonds were issued to finance a portion of the costs of constructing and equipping the College of Public Health Academic Building. The lease is payable from general operating revenues of the University.

John and Mary Pappajohn Biomedical Discovery Building Project Revenue Bonds:	Outstanding
$28,000,000 Series 2011; dated August 1, 2011; final maturity June 1, 2037	$24,080,000
$27,000,000 Series 2012; dated August 1, 2012; final maturity June 1, 2038	23,850,000
Total	$47,930,000

The bonds were issued to finance a portion of the cost of constructing and equipping of the John and Mary Pappajohn Biomedical Discovery Building. The lease is payable from general operating revenues of the University.

Medical Education and Biomedical Research Facility Project Revenue Bonds:	Outstanding
$15,315,000 Refunding Series 2008; dated June 1, 2008; final maturity June 1, 2020	$ 4,325,000
$14,820,000 Refunding Series 2009; dated May 1, 2009; final maturity June 1, 2020	4,445,000
$4,075,000 Refunding Series 2009A; dated November 1, 2009; final maturity June 1, 2020	1,280,000
$5,555,000 Refunding Series 2011; dated October 1, 2011; final maturity June 1, 2023	2,995,000
Total	$13,045,000

The bonds were issued to finance a portion of the cost of a new College of Medicine Medical Education and Biomedical Research Facility. The lease is payable from general operating revenues of the University.

Old Capitol Town Center Revenue Bonds:	Outstanding
$7,970,000 Refunding Series 2014; dated May 1, 2014; final maturity June 1, 2025	$ 5,905,000
$18,675,000 Refunding Series 2015; dated April 1, 2015; final maturity June 1, 2031	16,835,000
Total	$22,740,000

The bonds were issued to finance the construction and equipping of office space and classrooms in the Old Capitol Town Center building. The lease is payable from general operating revenues of the University.

Roy J. and Lucille A. Carver Biomedical Research Building Project Revenue Bonds:	Outstanding
$7,350,000 Refunding Series 2010; dated June 1, 2010; final maturity June 1, 2028	$ 5,045,000
$12,555,000 Refunding Series 2012; dated March 1, 2012; final maturity June 1, 2028	9,335,000
$22,795,000 Refunding Series 2012A; dated May 1, 2012; final maturity June 1, 2030	17,775,000
Total	$32,155,000

The bonds were issued to finance the construction and equipping of the Roy J. and Lucille A. Carver Biomedical Research Building. The lease is payable from general operating revenues of the University.

Lease and Loan Agreements

The Board of Regents, on behalf of the University, has entered into a Master Lease Agreement whereby the University, Iowa State University of Science and Technology, and the University of Northern Iowa may from time to time finance real and personal property over a three to ten-year term on an annual appropriation lease basis. As of October 4, 2017, the University has $28,618,771 outstanding under the Master Lease Agreement.

Investment of University Funds

The cash of the University as of June 30, 2017 (unaudited) was FDIC insured or covered by the State Sinking Fund in accordance with the Code of Iowa. The bank and book balances were $274,913,000 and $257,673,000, respectively.

In accordance with Iowa Code 262.14(3), University balances are invested to preserve principal, ensure liquidity sufficient for anticipated needs, and maintain purchasing power of investable assets while obtaining a reasonable return for a prudent level of risk. It is the intention that all investment pools be broadly diversified among asset classes as much as possible. Diversification by the number of individual securities, industry, economic sector, and within governmental issues is viewed as desirable. Iowa Code Section 12B.10 provides a framework of permitted investments including investments authorized for the Iowa Public Employee Retirement System, further defined in Iowa Code Section 97B.7A, that provides for investments in assets of every kind of property and investment which persons of prudence, discretion, and intelligence acquire or retain for their own account. However, short-term operating funds consisting of cash which is needed to meet underlying cash requirements of the institutions have investment restrictions that limit effective maturities (weighted average life) to 63 months. As of June 30, 2017 (unaudited), the total market value of University investments was $1,795,526,000.

Financial Statements

The University's Fiscal Year ends on June 30. The University's financial statements are presented on the accrual basis of accounting. The Statements of Revenues, Expenses and Changes in Net Assets for the Fiscal Years ending June 30, 2012 through 2016 are presented on the following page. (The University's audited financial statements for the year ended June 30, 2017 are not yet available). These statements have been audited by the State of Iowa Office of Auditor of State. The Office of Auditor of State has not been asked to make any additional review and has not consented to the use of its report in this Official Statement.

THE STATE UNIVERSITY OF IOWA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For Fiscal Years Ended June 30, 2012 through 2016
(in 000s)

	2012	2013	2014	2015	2016
OPERATING REVENUES					
Student tuition and fees, net of scholarship allowance	$ 357,076	$ 374,773	$ 382,136	$ 377,837	$ 379,141
Federal grants and contracts	341,181	320,585	280,673	276,235	275,047
State and other governmental grants and contracts	12,761	13,653	18,118	15,491	15,498
Nongovernmental grants and contracts	34,874	34,210	49,126	42,219	53,150
Patient services, net of adjustments	1,319,642	1,356,530	1,461,969	1,611,592	1,789,411
Sales and services of educational departments	103,758	108,291	102,949	98,938	108,375
Interest on student loans	623	763	702	714	709
Auxiliary enterprises, net of scholarship allowance	175,223	175,299	179,465	180,636	197,017
Other operating revenues	45,893	24,895	44,208	31,688	41,240
Total Operating Revenues	2,391,031	2,408,999	2,519,346	2,635,350	2,859,588
OPERATING EXPENSES					
Instruction	336,587	335,972	349,814	352,679	337,258
Research	290,066	287,370	297,059	294,655	332,210
Public service	69,612	80,060	81,910	87,622	93,171
Academic support	137,860	163,080	167,424	164,642	181,398
Patient services	1,165,412	1,189,980	1,281,003	1,343,804	1,508,948
Student services	30,209	31,131	32,024	36,504	35,708
Institutional support	74,824	78,580	64,216	75,059	54,484
Operation and maintenance of plant	78,289	74,863	78,999	75,431	78,174
Scholarships and fellowships	29,162	28,726	30,833	30,516	30,234
Depreciation and amortization	160,079	167,827	171,609	182,762	196,888
Auxiliary enterprises	165,067	157,475	166,654	172,792	182,133
Other operating expenses	4,344	398	24,256	42,286	44,563
Total Operating Expenses	2,541,511	2,595,462	2,745,801	2,858,752	3,075,169
Operating Income (Loss)	(150,480)	(186,463)	(226,455)	(223,402)	(215,581)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	231,959	229,634	238,097	247,258	247,258
Federal grants and contracts	-	-	15,661	17,081	17,310
Investment income, net of investment expenses	56,729	61,192	131,766	18,567	43,730
Gifts	68,377	74,090	83,459	82,034	88,939
Interest expense	(32,134)	(36,235)	(35,457)	(33,319)	(31,378)
Gain (loss) on disposal of capital assets	(1,356)	(5,435)	(11,285)	(2,141)	(5,573)
Net Nonoperating Revenues (Expenses)	323,575	323,246	422,241	329,480	360,286
Income Before Other Revenues	173,095	136,783	195,786	106,078	144,705
OTHER REVENUES					
Capital appropriations, State	10,501	19,888	21,440	18,282	19,383
Capital contributions and grants	20,177	9,164	8,428	4,951	15,694
FEMA reimbursement for capital costs, net of expenses	15,851	24,344	63,506	140,106	74,162
Net Other Revenues	46,529	53,396	93,374	163,339	109,239
Increase in Net Position	219,624	190,179	289,160	269,417	253,944
NET POSITION					
Net position, beginning of year	2,865,497	3,100,158 *	3,278,686 *	3,526,178 *	3,798,693 *
Net position, end of year	$ 3,085,121	$ 3,290,337	$ 3,567,846	$ 3,795,595	$ 4,052,637

** As restated.*

Source: Audited Financial Statements of the University.

RISK FACTORS

Construction Risk – The Series 2017 Bonds

Construction of any project is subject to the risks of cost overruns, non-completion and delays due to a variety of factors, including, among other things, site difficulties, necessary design changes or final detailing, labor strife, delays in and shortages of materials, weather conditions, fire and casualty. Any delay in the completion of the Project could materially adversely affect the timely receipt of revenues from the project. To reduce construction risks, the University has entered into a construction management contract with M.A. Mortenson Company, Iowa City, Iowa. In the event of a cost overrun, a construction contingency has been included in the plans. However, no assurances can be given that the contingency is adequate to provide for any or all changes which the University might find desirable for the Project. The Board covenants and agrees with the purchasers and holders of the Series 2017 Bonds that the principal proceeds of the sale of the Series 2017 Bonds, any additional bonds issued for the Project, gifts and other funds legally available for the Project shall be devoted to and used with due diligence for the completion of the Project.

Limited Use of the System

The revenue producing elements of the System are Carver-Hawkeye Arena, which is used among other things for intercollegiate basketball, volleyball and wrestling competition; Kinnick Stadium, which is used among other things for intercollegiate football; the Roy G. Karro Athletics Hall of Fame; and athletic fields. Due to the limited possible uses of the System, in the event that revenue from attendance at events held at System facilities declines, it may be necessary for the Board to increase Student Fees to satisfy the covenant to maintain Net Revenues.

Factors Affecting the Financial Performance of the System

Re-payment of the Bonds is subject to a variety of risks. The Bonds are payable solely from the Net Revenues of the System. No representation or assurance can be given that the System will realize Net Revenues in amounts sufficient to make payments with respect to the Bonds. One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the System's operations and financial performance to an extent that cannot be determined at this time.

Changes in Coaching Personnel

While the University is confident the Athletics Department is capable of attracting and retaining qualified coaching replacements, changes in the football and basketball coaching personnel at the University could adversely affect the football and basketball programs both athletically and academically. This, in turn, could adversely affect the operations and financial results of the System. The head football coach is under contract through January 31, 2026 and the head basketball coach is under contract through June 30, 2020.

Lack of Success of Men's Football and Basketball Programs

The men's football program is the most significant contributor of revenues for the System, and a decline in the success of this program, or the failure to attain the level of athletic success expected by fans and alumni, could adversely affect the revenues of the System. A decline in success could be attributable to any number of factors, including adverse weather conditions, the inability to attract and retain talented players, and the on-field and off-field actions, performance or popularity of the team. A decline in the success of the men’s basketball program could also adversely affect the revenues of the System.

No certainty can be provided regarding the level of future ticket sales and suite sale proceeds. General and local economic conditions may affect the ability of the System to generate sufficient revenues from ticket sales and suite sale proceeds, as may future competition from other stadiums, arenas, facilities, theatres and venues in the region. The University's football team competes against other forms of entertainment to attract spectators and supports. Should other forms of entertainment, including other sporting teams, become more popular with the public, the ability of the Project to generate Net Revenues could be adversely affected.

In addition revenues generated by parking, food and beverage concessions, merchandise, novelties, and signage and advertising will fluctuate depending on the number of tickets sold and attendance at games.

Changes in Composition of Big 10 Conference

Future changes to the Big 10 Conference school alignment and/or revenue sharing arrangements could adversely affect the System in unforeseeable ways. The effect of other future changes in conference membership cannot be determined at this time.

Compliance with NCAA and Big 10 Conference Rules

In the conduct of its athletics programs, the University is bound by various rules and regulations imposed by the NCAA and the Big 10 Conference. The University bears the primary responsibility for the administration of rules and regulations, for investigation of known or alleged rules and regulations violations at its institution, and for taking prompt and effective corrective actions where any documented violations have occurred. In the event that NCAA or Big 10 Conference rules are violated by the University, the athletic program coaches and staff, or the student-athletes, it is possible that sanctions could be imposed, including sanctions with adverse monetary or other consequences to the athletic programs of the University. Such sanctions could have a material adverse effect on the financial performance of the System.

Changes to Current Revenues

The Big 10 Conference schools share in significant annual distributions of funds pursuant to a television broadcast rights contract. No assurance can be given that those revenues will continue in future years. Any reduction in the level or projected growth of such revenues may have an adverse effect on the financial performance of the System.

Changes to Current Expenses

The ability of the System to generate Net Revenues is dependent on a variety of cost factors. Any change to salaries and benefits, supplies, advertising, non-conference game guarantees, recruiting, security, travel, utilities or other reasonable, necessary and customary operating expenses associated with the System will affect Net Revenues.

Damage to or Destruction of the Stadium or Arena

Kinnick Stadium and Carver-Hawkeye Arena are insured by policies of casualty and property damage insurance or self-insurance. There can be no assurance that the net proceeds received from those insurance policies will be sufficient to rebuild Kinnick Stadium or Carver-Hawkeye Arena in the event of damage or destruction. In addition, there is no assurance that insurers will have the financial ability to pay for the covered losses. Use of another facility during reconstruction could adversely affect the System's ability to generate Net Revenues.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, and secondary marketing practices in connection with a particular Bond or Bonds issue are suspended or terminated. Additionally, prices of bonds or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

Ratings Loss

Moody's Investors Services, Inc. ("Moody's") and S&P Global Ratings ("S&P) have assigned ratings of "Aa2" and "AA-", respectively, to each series of the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's or S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

General Economic Factors

On August 5, 2011, S&P lowered its long-term sovereign credit rating of the United States of America to "AA+." On August 2, 2011, Moody's confirmed the "Aaa" ratings of U.S. Government bonds and assigned a negative outlook. The consequences of a downgrade to the debt of the United States are difficult to predict, but could have negative repercussions for the national and global economies and might involve a disruption in capital markets and trigger downgrades of other securities. The Bonds are not secured by or payable from the United States government. However, the Board has significant holdings in a broad range of investments, and market fluctuations could materially affect the value of those investments. Disruptions of the credit market could limit the Board's ability to borrow to fund capital expenditures or cause such borrowing to be more expensive.

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the Board nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See "THE BONDS - Book Entry System."

Other Factors

An investment in the Bonds involves an element of risk. To identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Pending Federal Tax Legislation/Loss of Tax Exemption

From time to time, legislative proposals are pending in Congress that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds, or possibly affect the ability of bondholders to treat interest on the bonds as exempt from federal income taxation. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds.

As discussed under the heading "TAX EXEMPTION" herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the Board or the University in violation of its covenants in the Bond Resolutions.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

LITIGATION

The Board and the University are not aware of any threatened or pending litigation affecting the validity of the Bonds, or the University's ability to meet its financial obligations.

RATINGS

Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York and S&P Global Ratings ("S&P"), 55 Water Street, New York, New York have assigned ratings of "Aa2" and "AA-", respectively, to each series of the Bonds. The ratings reflect only the opinion of Moody's or S&P. Any explanation of the significance of the ratings may be obtained only from Moody's or S&P.

There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn if, in the judgment of Moody's or S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The Board has retained Springsted Incorporated, Public Sector Advisors, of Saint Paul, Minnesota ("Springsted"), as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing this Official Statement, Springsted has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement, and Springsted has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Springsted is not a public accounting firm and has not been engaged by the Board to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. Springsted is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Springsted is under common ownership with Springsted Investment Advisors, Inc. ("SIA"), an investment adviser registered in the states where services are provided. SIA may provide investment advisory services to the Board from time to time in connection with the investment of proceeds from the Bonds as well as advice with respect to portfolio management and investment policies for the Board. SIA pays Springsted, as municipal advisor, a referral fee from the fees paid to SIA by the Board.

LEGALITY

The Bonds are subject to approval as to certain matters by Ahlers & Cooney, P.C., as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

TAX EXEMPTION

In the opinion of Ahlers & Cooney, P.C., Bond Counsel, subject to continuing compliance by the Board and the University with certain tax covenants, under existing statutes, regulations, rulings, and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining "adjusted current earnings" for purposes of computing the federal alternative minimum tax imposed on corporations.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain restrictions on the use and investment of proceeds of the Bonds and causes certain federal income tax consequences to owners of the Bonds. A brief summary of certain provisions of the Code follows. A prospective purchaser of the Bonds should consult his or her tax advisor with respect to applicability of various adverse federal tax consequences that result from ownership of tax-exempt bonds by certain classes of taxpayers.

Prospective purchasers of the Bonds should be aware that (i) with respect to certain financial institutions (as defined in Section 265(b)(5) of the Code), Section 265(b)(1) of the Code denies a deduction for the entire portion of the interest expense of such financial institution allocable to interest on the Bonds (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (iii) interest on the Bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code, (iv) passive investment income including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the Taxable year and if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, (v) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, and (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Bonds.

In order to maintain the exemption from federal income taxes of interest on the Bonds and for no other purpose, the Board covenants in the Bond Resolutions to comply with the provisions of the Code. Until and unless, and except to the extent in the opinion of Bond Counsel, the following are not necessary to maintain the tax-exempt status of the Bonds, the Board covenants, represents and warrants with respect to the Bonds to submit in a timely manner all reports, accounting and information to the Internal Revenue Service, to take whatever action is necessary within its power to assure the continued tax exemption on the Bonds, and to take whatever action is necessary within its power to comply with the applicable law and regulations in order to maintain tax exemption with respect to the Bonds.

The Bond Resolutions may be amended without the consent of any owner of the Bonds for the sole purpose of taking action necessary to maintain tax exemption with respect to the Bonds under applicable federal law or regulations.

Bond Counsel is further of the opinion that, under existing laws of the State of Iowa and the current rules of the Iowa Department of Revenue and Finance, the interest on the Bonds will not be subject to the taxes imposed by Division II, "Personal Net Income Tax" and Division III, "Business Tax on Corporations" of Chapter 422 of the Iowa Code, but the interest thereon will be subject to the franchise tax imposed by Division V, "Financial Institutions" of Chapter 422 of the Iowa Code. Interest on the Bonds will be required to be included in "adjusted current earnings" to be used in computing "state alternative minimum taxable income" of corporations and financial institutions for purposes of Sections 422.33 and 422.60 of the Iowa Code, as amended.

From time to time, legislative proposals are pending in Congress or the Iowa General Assembly that would, if enacted, alter or amend one or more of the tax matters described herein in certain respects or would adversely affect the market value of the Bonds, or possibly affect the ability of bondholders to treat interest on the Bonds as exempt from federal income taxation. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds.

There are many events which could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Internal Revenue Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, legislative or regulatory proposals affecting state and local government securities, and changes in judicial interpretation of existing law.

Section 103 of the Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Board has covenanted to comply with certain restrictions designed to assure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in federal gross income, possibly from the date of issuance of the Bonds. The opinions of Bond Counsel assume compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of interest on the Bonds.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondowner's federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondowner or the Bondowner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other tax consequences.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Board described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the Service is likely to treat the Board as the "taxpayer," and the Bondowners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the Board may have different or conflicting interests from the Bondowners. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign Boards doing business in the United States, S Boards with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

TAX TREATMENT OF ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Series 2017A Bonds maturing on July 1 in the years 2034 and 2035 is less than the principal amount thereof (the "Discounted Bonds"). The difference between the principal amount payable at maturity of the Discounted Bonds and the initial public offering price of such Discounted Bonds, assuming a substantial amount is first sold at such price (the "Offering Price"), will be treated as "original issue discount." With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the Offering Price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest which is excludable from the gross income of the owner of such Discounted Bond for federal and Iowa income tax purposes to the same extent as current interest, and will not be treated as taxable capital gain upon payment of such Discounted Bond upon maturity.

The original issue discount on each of the Discounted Bonds is treated as accruing daily over the term of such Discounted Bond on the basis of a constant yield compounded at the end of each six-month period (or shorter period from the date of original issue). The amount of original issue discount accruing during such period will be added to the owner's tax basis for the Discounted Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discounted Bonds (including sale, redemption or payment at maturity). An owner of a Discounted Bond who disposes of it prior to maturity should consult such owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discounted Bond prior to maturity.

Owners who purchase Discounted Bonds in the initial public offering but at a price different than the Offering Price or who do not purchase Discounted Bonds in the initial public offering should consult their tax advisors with respect to the tax consequences of the ownership of such Discounted Bonds.

Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued original issue discount on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

ORIGINAL ISSUE PREMIUM

An amount equal to the excess of the purchase price of the Bonds over the principal amount payable at maturity of the Series 2017 Bonds maturing on July 1 in the years 2018 through 2031, the July 1, 2033 Term Bond, July 1 in the years 2034 through 2037, and the Series 2017A Bonds maturing on July 1 in the years 2018 through 2032 constitutes amortizable bond premium that may not be deducted for federal income tax purposes. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the Bond's yield to maturity. As bond premium is amortized, the purchaser's basis in such Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This reduction will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on the sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bond at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the federal, state and local tax consequences of owning such Bond.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

UNDERWRITING

The Series 2017 Bonds

Piper Jaffray & Co. in Minneapolis, Minnesota (the "Purchaser") has agreed to purchase the Series 2017 Bonds for a purchase price of $32,801,105.09 (representing the principal amount of $31,685,000.00, plus a reoffering premium of $1,256,541.60 and less the underwriter's compensation of $140,436.51), plus accrued interest of $40,809.38. The public offering prices of all the Series 2017 Bonds may be changed from time to time by the Series 2017 Purchaser.

The Series 2017A Bonds

Wells Fargo Bank, National Association in Charlotte, North Carolina(the "Purchaser") has agreed to purchase the Series 2017A Bonds for a purchase price of $22,686,084.75 (representing the principal amount of $22,075,000.00, plus a reoffering premium of $783,932.00 and less the underwriter's compensation of $172,847.25), plus accrued interest of $27,593.75. The public offering prices of all the Series 2017A Bonds may be changed from time to time by the Series 2017A Purchaser.

CERTIFICATION

The Board has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The Purchaser will be furnished with a certificate signed by the Executive Director of the Board and the University Chief Financial Officer and Treasurer of the University stating they have examined each document and that, as of the respective date of each and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

I have reviewed the information contained within this Official Statement, prepared on behalf of the University by Springsted Incorporated. This Official Statement does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements herein, in light of the facts and circumstances under which they are made, not misleading.

The State University of Iowa

By, /s/ Mr. Terry Johnson
University Chief Financial Officer and Treasurer

Board of Regents, State of Iowa

By, /s/ Keith Saunders
Interim Executive Director

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PROPOSED FORMS OF LEGAL OPINIONS

AHLERS COONEY
ATTORNEYS

Ahlers & Cooney, P.C.
Attorneys at Law
100 Court Avenue, Suite 600
Des Moines, Iowa 50309-2231
Phone: 515-243-7611
Fax: 515-243-2149
www.ahlerslaw.com

November 16, 2017

We have acted as bond counsel in connection with the issuance by the Board of Regents, State of Iowa (the "Issuer") of $31,685,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2017, dated November 1, 2017, in the denomination of $5,000 or integral multiples thereof (the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the resolution of the Issuer adopted on October 18, 2017 authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the forgoing, we are of the opinion, under existing law as of the date hereof, as follows:

1. The Issuer has the corporate power to adopt and perform the Resolution and issue the Bonds.

2. The Resolution has been duly authorized and executed by the Issuer and the Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer. The Resolution creates a valid lien on the Net Revenues of the Athletic Facilities System (the "System") received by The State University of Iowa (the "University"), pledged by the Resolution for the security of the Bonds, as such terms are defined in the Resolution.

The lien on the Bonds ranks on a parity as to the pledge of revenues with respect to the Outstanding Bonds previously issued, and any Additional Bonds, of which the right to issue is reserved upon conditions set forth in the Resolution, as such terms are defined in the Resolution. The Bonds will not constitute an indebtedness of the State of Iowa (the "State") within the meaning of any constitutional or statutory limitation and shall not constitute or give rise to a charge against the general credit or taxing power of the State.

3. The Bonds have been duly authorized, issued and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

4. Under existing law, regulations, published rulings and judicial decisions interest on the Bonds is (i) not includable in gross income for federal income tax purposes, (ii) not an item of tax preference for purposes of the individual and corporate alternative minimum taxes, and (iii) required to be included in determining "adjusted current earnings" to be used in computing the "alternative minimum taxable income" of corporations for purposes of Sections 55 and 59A of the Internal Revenue Code of 1986, as amended (the "Code"). The opinion set forth above is subject to the condition that the Issuer comply with the requirements of the Code which must be complied with subsequent to the issuance of the Bonds in order for the interest on the Bonds to be, and continue to be, excluded from gross income for federal income tax purposes. Interest on the Bonds may become includable in gross income for federal income tax purposes in the event the Issuer fails to comply with certain covenants in the Resolution relating to the use and investment of proceeds of the Bonds and compliance with the applicable provisions of the Code.

5. Under existing laws, regulations, published rulings and judicial decisions interest on the Bonds is (i) exempt from the taxes imposed by Division II (Personal Net Income Tax) and Division III (Business Tax on Corporations) of Iowa Code Chapter 422, as amended and (ii) subject to the taxes imposed by Division V (Taxation of Financial Institutions) of Iowa Code Chapter 422, as amended. Interest on the Bonds is required to be included in determining "adjusted current earnings" to be used in computing the "state alternative minimum taxable income" of corporations and financial institutions for purposes of Iowa Code Section 422.33 and 422.60, as amended.

We have not been engaged to or undertaken to review the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Resolution are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

The opinions expressed herein are given as of the date hereof and are based on an analysis of existing laws as of the date hereof. We assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

AHLERS & COONEY, P.C.

Ahlers & Cooney, P.C.
Attorneys at Law
100 Court Avenue, Suite 600
Des Moines, Iowa 50309-2231
Phone: 515-243-7611
Fax: 515-243-2149
www.ahlerslaw.com

November 16, 2017

We have acted as bond counsel in connection with the issuance by the Board of Regents, State of Iowa (the "Issuer") of $22,075,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2017A, dated as of November 1, 2017, in the denomination of $5,000 or integral multiples thereof (the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the resolution of the Issuer adopted on October 18, 2017 authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law as of the date hereof, as follows:

1. The Issuer has the corporate power to adopt and perform the Resolution and issue the Bonds.

2. The Resolution has been duly authorized and executed by the Issuer and the Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer. The Resolution creates a valid lien on the Net Revenues of the Athletic Facilities System (the "System") received by The State University of Iowa (the "University"), pledged by the Resolution for the security of the Bonds, as such terms are defined in the Resolution.

The lien on the Bonds ranks on a parity as to the pledge of revenues with respect to the Outstanding Bonds previously issued and any Additional Bonds, of which the right to issue is reserved upon conditions set forth in the Resolution, as such terms are defined in the Resolution. The Bonds will not constitute an indebtedness of the State of Iowa (the "State") within the meaning of any constitutional or statutory limitation and shall not constitute or give rise to a charge against the general credit or taxing power of the State.

3. The Bonds have been duly authorized, issued and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

4. Under existing law, regulations, published rulings and judicial decisions interest on the Bonds is (i) not includable in gross income for federal income tax purposes, (ii) not an item of tax preference for purposes of the individual and corporate alternative minimum taxes, and (iii) required to be included in determining "adjusted current earnings" to be used in

computing the "alternative minimum taxable income" of corporations for purposes of Sections 55 and 59A of the Internal Revenue Code of 1986, as amended (the "Code"). The opinion set forth above is subject to the condition that the Issuer comply with the requirements of the Code which must be complied with subsequent to the issuance of the Bonds in order for the interest on the Bonds to be, and continue to be, excluded from gross income for federal income tax purposes. Interest on the Bonds may become includable in gross income for federal income tax purposes in the event the Issuer fails to comply with certain covenants in the Resolution relating to the use and investment of proceeds of the Bonds and compliance with the applicable provisions of the Code.

5. Under existing laws, regulations, published rulings and judicial decisions interest on the Bonds is (i) exempt from the taxes imposed by Division II (Personal Net Income Tax) and Division III (Business Tax on Corporations) of Iowa Code Chapter 422, as amended and (ii) subject to the taxes imposed by Division V (Taxation of Financial Institutions) of Iowa Code Chapter 422, as amended. Interest on the Bonds is required to be included in determining "adjusted current earnings" to be used in computing the "state alternative minimum taxable income" of corporations and financial institutions for purposes of Iowa Code Section 422.33 and 422.60, as amended.

We have not been engaged to or undertaken to review the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Resolution are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

The opinions expressed herein are given as of the date hereof and are based on an analysis of existing laws as of the date hereof. We assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

AHLERS & COONEY, P.C.

CONTINUING DISCLOSURE CERTIFICATES

The Series 2017 Bonds

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Board of Regents, State of Iowa (the "Issuer"), in connection with the issuance of $31,685,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2017 (the "Bonds") dated November 1, 2017. The Bonds are being issued pursuant to a Resolution of the Issuer approved on October 18, 2017 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean financial information or operating data of the type included in the final Official Statement for each fiscal year provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).

"Official Statement" shall mean the Issuer’s Official Statement dated October 25, 2017.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Iowa.

"University" shall mean The State University of Iowa.

SECTION 3. Provision of Annual Financial Information.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than two hundred seventy (270) days after the end of the Issuer's fiscal year (presently June 30th), commencing with information for the 2016/2017 fiscal year, provide to the National Repository an Annual Financial Information filing which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the University may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) each year file the Annual Financial Information with the National Repository; and

(ii) (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

SECTION 4. Content of Annual Financial Information. The Issuer's Annual Financial Information filing for the University shall contain or incorporate by reference the following:

(a) The last available audited financial statements of the University for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the audited financial statements for the preceding years are not available by the time the Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.

(b) A table, schedule or other information of the type contained in the final Official Statement under the captions "ATHLETIC FACILITIES SYSTEM," "THE STATE UNIVERSITY OF IOWA", and "LITIGATION".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;

(7) Modifications to rights of Holders of the Bonds, if material;

(8) Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;

(9) Defeasances of the Bonds;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes on the Bonds;

(12) Bankruptcy, insolvency, receivership or similar event of the Issuer;

(13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: 16th day of November, 2017

BOARD OF REGENTS, STATE OF IOWA

By: ________________________________

Interim Executive Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer:	Board of Regents, State of Iowa
Name of Bond Issue:	$31,685,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2017
Dated Date of Issue:	November 1, 2017

NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Bonds. The Issuer anticipates that the Annual Financial Information will be filed by ____________________.

Dated: __________ day of _______________, __________.

Board of Regents, State of Iowa

By: ____________________________________
Its: ____________________________________

The Series 2017A Bonds

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Board of Regents, State of Iowa (the "Issuer"), in connection with the issuance of $22,075,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2017A (the "Bonds") dated November 1, 2017. The Bonds are being issued pursuant to a Resolution of the Issuer approved on October 18, 2017 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean financial information or operating data of the type included in the final Official Statement for each fiscal year provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).

"Official Statement" shall mean the Issuer's Official Statement dated October 25, 2017.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Iowa.

"University" shall mean The State University of Iowa.

SECTION 3. Provision of Annual Financial Information.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than two hundred seventy (270) days after the end of the Issuer's fiscal year (presently June 30th), commencing with information for the 2016/2017 fiscal year, provide to the National Repository an Annual Financial Information filing which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the University may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) each year file the Annual Financial Information with the National Repository; and

(ii) (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

SECTION 4. Content of Annual Financial Information. The Issuer's Annual Financial Information filing for the University shall contain or incorporate by reference the following:

(a) The last available audited financial statements of the University for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the audited financial statements for the preceding years are not available by the time the Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.

(b) A table, schedule or other information of the type contained in the final Official Statement under the captions "ATHLETIC FACILITIES SYSTEM," "THE STATE UNIVERSITY OF IOWA", and "LITIGATION".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;

(7) Modifications to rights of Holders of the Bonds, if material;

(8) Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;

(9) Defeasances of the Bonds;

(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) Rating changes on the Bonds;

(12) Bankruptcy, insolvency, receivership or similar event of the Issuer;

(13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: 16th day of November, 2017.

BOARD OF REGENTS, STATE OF IOWA

By: ________________________________

Interim Executive Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: Board of Regents, State of Iowa

Name of Bond Issue: $22,075,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2017A

Dated Date of Issue: November 1, 2017

NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Bonds. The Issuer anticipates that the Annual Financial Information will be filed by ____________________.

Dated: __________ day of _______________, __________.

Board of Regents, State of Iowa

By: ______________________________________
Its: ______________________________________

EXCERPTS FROM THE BOND RESOLUTIONS

The Series 2017 Bonds

A RESOLUTION providing for the sale and authorizing the issuance of Athletic Facilities Revenue Bonds, Series S.U.I. 2017, in the amount of $31,685,000 for the purpose of improving, remodeling, repairing, furnishing, equipping, and building additions to Kinnick Stadium, funding a debt service reserve fund, and paying the costs of issuance

ARTICLE ONE

DEFINITIONS

That as used herein the following terms shall have the following meanings unless the context otherwise clearly requires:

"Act" means Iowa Code Chapter 262.

"Additional Bonds" means any System revenue bonds issued on a parity with the Athletic Facility Revenue Bonds in accordance with the provisions of this Resolution and the Prior Bond Resolutions.

"Authorized Denominations" shall mean $5,000 or any integral multiple thereof.

"Annual Debt Service Requirement" means the amount of principal of the Bonds and Parity Bonds coming due at maturity or upon mandatory sinking fund redemption and the amount of interest payable on the Bonds and Parity Bonds during a Fiscal Year, provided that the principal and interest on Bonds coming due on July 1 shall be considered as a requirement of the Fiscal Year ending on June 30 immediately preceding each July 1.

"Beneficial Owner" shall mean the person in whose name such Bond is recorded as the beneficial owner of a Bond by a Participant on the records of such Participant or such person's subrogee.

"Board" or "Issuer" means the Board of Regents, State of Iowa.

"Bond" or "Bonds," unless otherwise indicated means the $31,685,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2017 (the "Series 2017 Bonds") of the Board issued pursuant to this Resolution.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"Closing Certificate" means the certificate of the Board, executed by its President and Executive Director or Deputy Executive Director, which shall identify each series of Parity Bonds outstanding on the date of delivery of the Bonds and which shall identify the officials authorized to authenticate the Bonds.

"Code" means the Internal Revenue Code of 1986 and the Regulations thereunder, as amended.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate executed by the Issuer and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof and authorized and approved by the provisions set forth in this Resolution as if fully set forth herein.

"Depository Bonds" shall mean the Bonds as issued in the form of one global certificate for each maturity, registered in the Registration Books maintained by the Registrar in the name of DTC or its nominee.

"DTC" shall mean The Depository Trust Company, New York, New York, a limited purpose trust company, or any successor book-entry securities depository appointed for the Bonds.

"Executive Director" shall mean the Executive Director, Deputy Executive Director, or Interim Executive Director, as the case may be.

"Financial Officer" means the Chief Financial Officer and Treasurer of the University, or such officer as may hereafter assume the duties of such office.

"Fiscal Year" shall mean the twelve-month period beginning on July 1 of each year and ending on the last day of June of the following year, or any other consecutive twelve-month period adopted by the Board or by law as the official accounting period of the System. Requirements of a Fiscal Year as expressed in this Resolution shall exclude any payment of principal or interest falling due on the first day of the Fiscal Year and include any payment of principal or interest falling due on the first day of the succeeding Fiscal Year, except to the extent of any conflict with the terms of the Outstanding Bonds while the same remain outstanding.

"Gift Income" shall mean gifts and bequests made to the University for the Project or similar purposes.

"Gross Revenues" means, with respect to the System, all rents, profits and income derived directly from the operation of the System, including Student Fees, but does not include other revenues accruing to the programs of the University utilizing the System, all as determined in accordance with generally accepted accounting principles and shall include the investment earnings on the moneys held in various funds established under this Resolution or the Prior Bond Resolutions.

"Holder" or "Owner" of Bonds or "Bondholder" means the registered owner of any Bond issued pursuant to this Resolution.

"Independent Auditor" shall mean an independent firm of Certified Public Accountants or the Auditor of State.

"Issuer" and "Board" shall mean the Board of Regents, State of Iowa.

"Net Revenues" means, with respect to the System, Gross Revenues less Operating Expenses.

"Operating Expenses" or "Current Expenses" means salaries, wages, cost of maintenance and operation, material and supplies and insurance, as well as all other items as are normally included under recognized accounting practices, but shall not include payment of interest on or principal of the Bonds, Parity Bonds or other obligations, allowances for general University overhead expenses or capital expenditures, replacements, improvements or for depreciation in the value of physical properties or for any reserves therefor.

"Original Purchaser" shall mean Piper Jaffray & Co. of Minneapolis, Minnesota.

"Other Income" shall mean net rents, profits and income, which has not been pledged for other purposes, arising from any similar building, facility, area or improvement under the control and management of the Board.

"Outstanding Bonds" means the Athletic Facilities Revenue Bonds, Series S.U.I. 2010, dated October 1, 2010, in the amount of $19,775,000, of which $17,225,000 remain outstanding and remain a lien on the Net Revenues of the System ("Series S.U.I. 2010 Bonds"); Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015, dated April 1, 2015, in the amount of $20,885,000, of which $19,035,000 remain outstanding and remain a lien on the Net Revenues of the System ("Series S.U.I. 2015 Bonds"); Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015A, dated June 1, 2015, in the amount of $19,315,000, of which $17,650,000 remain outstanding and remain a lien on the Net Revenues of the System ("Series S.U.I. 2015A Bonds"); Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015B (Taxable), dated September 1, 2015, in the amount of $12,130,000, of which $10,825,000 remain outstanding and remain a lien on the Net Revenues of the System ("Series S.U.I. 2015B Bonds"); Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015C (Taxable), dated November 1, 2015, in the amount of $21,135,000, of which $18,755,000 remain outstanding and remain a lien on the Net Revenues of the System ("Series S.U.I. 2015C Bonds"); Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015D (Taxable), dated November 1, 2015, in the amount of $19,755,000, of which $17,525,000 remain outstanding and remain a lien on the Net Revenues of the System ("Series S.U.I. 2015D Bonds").

"Parity Bonds" or "bonds ranking on a parity" means the Outstanding Bonds and Additional Bonds issued under the conditions and restrictions set forth in Article Seven of this Resolution, sharing equally and ratably in the Net Revenues received by the University.

"Participants" means those broker-dealers, banks and other financial institutions for which DTC holds Bonds as securities depository.

"Paying Agent" shall mean the Treasurer of the University, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein as Issuer's agent to provide for the payment of principal of and interest on the Bonds as the same shall become due.

"Permitted Investments" shall mean those investments authorized in Section 3.02 of this Resolution.

"Prior Bond Resolutions" means, collectively, the resolutions authorizing the issuance and providing the means of payment thereof with respect to the Outstanding Bonds, adopted by the Board on September 16, 2010, March 11, 2015, June 4, 2015, August 5, 2015, and October 22, 2015.

"Project" means improving, remodeling, repairing, furnishing, equipping, and building additions to Kinnick Stadium.

"Project Fund" means the fund created pursuant to Article Four of this Resolution.

"Rebate Fund," if any, means the fund so defined in and established pursuant to the Tax Exemption Certificate.

"Registrar" means the Treasurer of The State University of Iowa in Iowa City, Iowa, serving as bond registrar, transfer agent and paying agent for the Bonds hereby authorized pursuant to this Resolution, and any successor designated pursuant to a supplemental resolution of the Board in accordance with the provisions of this Resolution to serve in such capacities.

"Representation Letter" means the Blanket Representation Letter from the Issuer and the Paying Agent and Registrar to DTC, with respect to the Bonds.

"Reserve Fund" shall mean the fund established by this Resolution required to be maintained at the Reserve Fund Requirement pursuant to Section 3.01 of this Resolution.

"Reserve Fund Requirement" means an amount equal to the lesser of (a) the maximum Annual Debt Service Requirement on the Bonds; (b) 10% of the stated principal amount of the Bonds; or (c) 125% of the average annual principal and interest coming due on the Bonds. For purposes of this definition: (1) "issue price" shall be substituted for "stated principal amount" for issues with original issue discount or original issue premium of more than a de minimus amount and (2) stated principal amount shall not include any portion of an issue refunded or advance refunded by a subsequent issue.

"Revenue Fund" means the fund created pursuant to Section 3.01 of this Resolution into which Gross Revenues of the System must be deposited.

"Series 2017 Bonds" means the Athletic Facilities Revenue Bonds, Series S.U.I. 2017, dated November 1, 2017, in the amount of $31,685,000.

"Sinking Fund" means the fund created pursuant to Section 3.01 of this Resolution.

"Student Fees" means the fees and charges established and collected from the students of the University for the use and availability of the System or any part of the System.

"System Fund" means the fund created pursuant to Section 3.01 of this Resolution.

"System" or "Athletic Facilities System" means the system of athletic and recreational buildings and facilities including without limitation a field house commonly known and referred to as the Carver-Hawkeye Arena used among other things for intercollegiate basketball and wrestling competition, and a stadium commonly known and referred to as Kinnick Stadium used among other things for intercollegiate football competition, operated, controlled, maintained and managed by the Board at the University, together with all properties of every nature hereinafter owned by the Board comprising part of or used as a part of the System, including Roy G. Karro Athletics Hall of Fame, all future additions and extensions thereto, all real and personal property, and all appurtenances, contracts, leases, franchises and other intangibles regardless of how acquired or obtained.

"Tax Exemption Certificate" means the Tax Exemption Certificate executed by the Executive Director of the Board and the Chief Financial Officer and Treasurer of the University and delivered at the time of issuance and delivery of the Series 2017 Bonds authorized hereby, the provisions of which are incorporated herein as if fully set forth in this Resolution.

"Treasurer" shall mean the Treasurer of the University or such other officer as shall succeed to the same duties and responsibilities with respect to the recording and payment of the Bonds issued hereunder.

"University" means The State University of Iowa located at the City of Iowa City, Iowa.

ARTICLE THREE

PROVISIONS RELATING TO

NET REVENUES AND APPLICATION THEREOF

Section 3.01. Revenue Fund. The provisions in the Prior Bond Resolutions, whereby there was created and is to be maintained a Revenue Fund, and for the payment into said fund from the future Net Revenues of the System such portion thereof as will be sufficient to meet the principal and interest of the Outstanding Bonds, and maintaining a reserve therefor, are hereby ratified and confirmed, and all such provisions inure to and constitute the security for the payment of the principal and interest on the Bonds hereby authorized to be issued; provided, however, that the amounts to be set aside and paid into the Revenue Fund during the Fiscal Year from the earnings shall be sufficient to pay the principal and interest due each year, not only on the Outstanding Bonds, but also the principal and interest of the Bonds herein authorized to be issued and to maintain a reserve therefor. Section 3.01 of the Prior Bond Resolutions is hereby ratified, confirmed, adopted and incorporated herein as a part of this Resolution. Consistent with the above Prior Bond Resolutions, proceeds of the Bonds or other funds may be invested in Permitted Investments.

Nothing in this Resolution shall be construed to impair the rights vested in the Outstanding Bonds. The amounts herein required to be paid into the various funds named in this Section shall be inclusive of payments required in respect to the Outstanding Bonds. The provisions of the Prior Bond Resolutions authorizing the Outstanding Bonds and the provisions of this Resolution are to be construed wherever possible so that the same will not be in conflict. In the event such construction is not possible, the provisions of the resolution first adopted shall prevail until such time as the bonds authorized by the resolution have been paid in full or otherwise satisfied as therein provided at which time the provisions of this Resolution shall prevail.

At such time as the Outstanding Bonds are paid and so long as the Bonds or Parity Bonds remain outstanding and unpaid or are discharged and satisfied in the manner provided in this Resolution and the Prior Bond Resolutions, the entire income and revenues of the System shall be deposited and collected in a fund to be known as the Revenue Fund, and shall be disbursed only as follows:

(a) Operating Expenses. Money in the Revenue Fund shall first be disbursed to pay Operating Expenses of the System and thereafter shall be deposited in the Sinking Fund.

(b) Sinking Fund. Money in the Revenue Fund shall next be deposited into a separate fund to pay the principal and interest requirements of the Fiscal Year on the Bonds and Parity Bonds. The fund shall be known as the Athletic Facilities Revenue Bond and Interest Sinking Fund (the "Sinking Fund"). The required amount to be deposited in the Sinking Fund during the Fiscal Year shall be the amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding Bonds and Parity Bonds plus the amount necessary to pay in full the installment of principal coming due on such Bonds on the next succeeding principal payment date until the full amount of such installment is on hand. The University may, but is not required to, transfer Other Income and/or Gift Income into the Sinking Fund, and such moneys, if transferred into the Sinking Fund, shall, at the discretion of the University, reduce the amount of Net Revenue required to be deposited into the Sinking Fund. If at any time there is a failure to pay into the Sinking Fund the full amount above stipulated, which deficiencies are not remedied by transfers from the Reserve Fund or the System Fund, then an amount equivalent to the deficiency shall be set apart and paid into the Sinking Fund from Net Revenues as soon as available which shall be in addition to the amounts otherwise required to be so set apart and paid into the Sinking Fund. If for any reason the amount on hand in the Sinking Fund exceeds the required amount, the excess shall forthwith be withdrawn and paid into the Reserve Fund. Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds and Parity Bonds as the same shall become due and payable.

(c) Reserve Fund. Money in the Revenue Fund shall next be disbursed to maintain a debt service reserve in an amount equal to the Reserve Fund Requirement. Such fund shall be known as the Athletic Facilities Revenue Bond Debt Service Reserve Fund (the "Reserve Fund"), which shall be maintained as long as the Bonds herein authorized or bonds ranking on a parity therewith remain outstanding. Upon the issuance of any Parity Bonds there shall be deposited in the Debt Service Reserve Fund an amount which, together with the amount then on deposit in the Debt Service Reserve Fund, is equal to the Debt Service Reserve Requirement; provided, however, that when the amount on deposit in the Reserve Fund is equal to the Reserve Fund Requirement, no further deposits shall be made into the Reserve Fund except to maintain such level, and when the amount on deposit in the Reserve Fund is greater than the balance required above, such additional amounts shall be withdrawn and paid into the System Fund. Money in the Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the Bonds and Parity Bonds for which there are insufficient funds shall be available in the Sinking Fund.

(d) Athletic Facilities System Fund. Pursuant to the Prior Bond Resolutions, there was created the Athletic Facilities System Fund (the "System Fund") which shall be maintained as long as the Bonds or Parity Bonds remain outstanding. The Board shall deposit all Net Revenue not required to be deposited into the Sinking Fund or the Reserve Fund into the System Fund.

All moneys deposited in the System Fund shall be (a) transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds or Parity Bonds, or (b) transferred and credited to the Reserve Fund whenever any deficiency may exist in the Reserve Fund or whenever necessary to replace funds transferred from the Reserve Fund to the Sinking Fund. Until so used, moneys credited to the System Fund may be used:

(1) to pay principal of and interest (including reasonable reserves therefor) on any other obligations which by their terms shall be payable from the Net Revenues, but subordinate to the Bonds or Parity Bonds, and which have been issued for the purposes of extensions and improvements to the System or to retire the Bonds or Parity Bonds in advance of maturity, or to pay for extraordinary repairs or replacements to the System; or

(2) for any lawful University purpose related to the System or related to intercollegiate or intramural athletics or student fee supported recreation or activities.

Section 3.02. Investment of Funds.

All moneys held in the Sinking Fund, the Reserve Fund and the Revenue Fund shall constitute trust funds. All moneys held in the several separate funds referred to in this Resolution, except the Sinking Fund and the Reserve Fund, may be invested in the manner permitted by Iowa Code Sections 12B.10, 12B.10A, or 12C.9, or any successor statute thereto. With respect to the Sinking Fund and the Reserve Fund, moneys in such Funds may be invested only in direct obligations of the United States Government (or obligations of United States Government agencies) or deposited in financial institutions which are members of the Federal Deposit Insurance Corporation and the deposits in which are insured thereby and all such deposits exceeding the maximum amount insured from time to time by FDIC or its successor in any one financial institution shall be continuously secured by a valid pledge of direct obligations of the United States Government (or obligations of United States Government agencies) having an equivalent market value or in compliance with the State Sinking Fund under Iowa Code Chapter 12C, or otherwise provided by law. Alternatively, such moneys in the Sinking Fund or Reserve Fund may be invested in tax-exempt bonds or obligations of any state or political subdivision thereof which are rated by Moody's Investors Service or S&P Global Ratings at a rating classification equal to or better than the rating carried by the Bonds or, in the case of short-term obligations, a rating of MIG-1, SP-1 or better. All such interim investments shall mature before the date on which the moneys are required for the purposes for which said fund was created or otherwise as herein provided but in no event maturing in more than five years in the case of the Reserve Fund. The provisions of this Section shall not be construed to require the Issuer to maintain separate bank accounts for the funds described in Article 3 of this Resolution; except the Sinking Fund and the Reserve Fund shall be maintained in a separate account but may be invested in conjunction with other funds of the Board but designated as a trust fund on the books and records of the Board.

All interest, income and revenues derived from any such investments of the Project Fund shall be deposited in the Revenue Fund and all interest, income and revenues derived from any such investments of the funds shall be credited to the Revenue Fund. Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective fund was created.

With respect to the Series 2017 Bonds, the Board further covenants and agrees to keep such accounting and other records as may be necessary to enable it to comply with the requirements of the Tax Exemption Certificate. Any other provisions of this Resolution to the contrary notwithstanding, funds on deposit in any fund or account in connection with the Bonds which are required by the Tax Exemption Certificate to be invested at a restricted yield shall be invested and accounted for separately from all other funds.

The provisions of this Section shall not be construed to require the Issuer to maintain separate accounts for the funds created by this Section.

Section 3.03. Disposition of Bond Proceeds; Series 2017 Bonds - Arbitrage Not Permitted. The Issuer reasonably expects and covenants that no use will be made of the proceeds from the issuance and sale of the Series 2017 Bonds issued hereunder which will cause any of the Series 2017 Bonds to be classified as arbitrage bonds within the meaning of Section 148(a) and (b) of the Internal Revenue Code of the United States, and that throughout the term of the Bonds it will comply with the requirements of the statute and regulations issued thereunder.

To the best knowledge and belief of the Issuer, there are no facts or circumstances that would materially change the foregoing statements or the conclusion that it is not expected that the proceeds of the Series 2017 Bonds will be used in a manner that would cause the Series 2017 Bonds to be arbitrage bonds. Without limiting the generality of the foregoing, the Issuer hereby agrees to comply with the provisions of the Tax Exemption Certificate and the provisions of the Tax Exemption Certificate are hereby incorporated by reference as part of this Resolution. The Treasurer is hereby directed to make and insert all calculations and determinations necessary to complete the Tax Exemption Certificate in all respects and to execute and deliver the Tax Exemption Certificate at issuance of the Series 2017 Bonds to certify as to the reasonable expectations and covenants of the Issuer at that date.

The Issuer covenants that it will treat as Yield Restricted any proceeds of the Series 2017 Bonds remaining unexpended after three years from the issuance and any other funds required by the Tax Exemption Certificate to be so treated. If any investments are held with respect to the Bonds and Parity Bonds, the Issuer shall treat the same for the purpose of restricted yield as held in proportion to the original principal amounts of each issue of tax exempt bonds.

The Issuer covenants that it will exceed any investment yield restriction provided in this Resolution only in the event that it shall first obtain an opinion of recognized bond counsel that the proposed investment action will not cause the Series 2017 Bonds to be classified as arbitrage bonds under Section 148(a) and (b) of the Internal Revenue Code or regulations issued thereunder.

The Issuer covenants that it will proceed with due diligence to spend the proceeds of the Series 2017 Bonds for the purpose set forth in this Resolution. The Issuer further covenants that it will make no change in the use of the proceeds available for the construction of facilities or change in the use of any portion of the facilities constructed from proceeds of the Series 2017 Bonds or the Outstanding Bonds by persons other than the Issuer or the general public unless it has obtained an opinion of bond counsel or a revenue ruling that the proposed project or use will not be of such character as to cause interest on any of the Bonds not to be exempt from federal income taxes in the hands of holders other than substantial users of the project, under the provisions of Section 142(a) of the Internal Revenue Code of the United States, related statutes and regulations.

Section 3.04. Additional Covenants, Representations and Warranties of the Issuer. The Issuer certifies and covenants with the purchasers and holders of the Series 2017 Bonds from time to time outstanding that the Issuer through its officers, (a) will make such further specific covenants, representations and assurances as may be necessary or advisable; (b) comply with all representations, covenants and assurances contained in the Tax Exemption Certificate, which Tax Exemption Certificate shall constitute a part of the contract between the Issuer and the owners of the Bonds; (c) consult with bond counsel (as defined in the Tax Exemption Certificate); (d) pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Series 2017 Bonds; (e) file such forms, statements and supporting documents as may be required and in a timely manner; and (f) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Issuer in such compliance.

ARTICLE FOUR

APPLICATION OF PROCEEDS OF SALE OF BONDS

Section 4.01. Bond Proceeds.

(a) Custody and Application of Bond Proceeds. The Bond proceeds shall be applied as follows:

(i) An amount equal to accrued interest and premium, if any, shall be deposited in the Sinking Fund for application to the first payment of interest on the Bonds.

(ii) An amount sufficient to meet the Reserve Fund Requirement shall be deposited in the Reserve Fund.

(iii) The balance of the proceeds shall be deposited into the Project Fund to be held in trust and expended therefrom to be applied to the costs of the Project and to the payment of costs of issuance.

Any amounts on hand in the Project Fund shall be available for the payment of the principal of or interest on the Bonds at any time the Sinking Fund is insufficient. The Project Fund shall be repaid at the earliest opportunity. Any balance on hand in the Project Fund and not immediately required for its purposes may be invested consistent with limitations provided by law, the Internal Revenue Code and this Resolution.

All interest, income and revenues derived from any investment of moneys in the Project Fund shall be credited to the Project Fund.

(b) Disposition of Balance of Funds. Within sixty (60) days after the completion of the Project and after all costs in connection therewith shall have been paid, the architects in charge of supervising the Project shall certify to the Board the fact that such work has been completed according to the plans and specifications therefor and that all costs have been paid and thereafter if any funds remain in the Project Fund, they shall be transferred to the Revenue Fund.

Section 4.02. Covenant to Complete the Project. The Board covenants and agrees with the purchasers and holders of the Bonds herein authorized that the principal proceeds of the sale of the Bonds, the Athletic Facilities Revenue Bonds, the Additional Bonds, gifts and other funds legally available for the Project shall be devoted to and used with due diligence for the completion of the Project.

ARTICLE FIVE

ADDITIONAL COVENANTS OF THE BOARD

The Board hereby covenants and agrees as follows:

Section 5.01. Authority for Bonds. That it is duly authorized under the laws of the State of Iowa and under all other applicable provisions of law to create and issue the bonds herein provided for and to pledge and apply the Net Revenues of the System as herein provided; that all corporate and other action on its part for the creation and issuance of the bonds has been duly taken; that said bonds when issued and in the hands of the holders thereof will be valid and enforceable obligations of the Board according to the import thereof; that this Resolution is and will remain a valid resolution to secure the payment of said bonds and that the Board has complete and lawful authority and power to acquire, construct, complete, equip, operate, enlarge, maintain, control and manage the System as herein provided.

Section 5.02. Right to Use and Occupancy and Agreement not to Encumber. That it hereby warrants that it has a valid and existing right to the use and occupancy of the System at the University in perpetuity and the State of Iowa has indefeasible title in fee simple to the sites of all athletic and recreational building and facilities constituting a part of the System referred to in this Resolution and including those to be constructed from the proceeds of bonds issued pursuant to this Resolution; that, except as otherwise provided in this Resolution, it will not sell, lease, mortgage, abandon or in any manner dispose of any building or facilities constituting any part of the System, including any and all extensions, improvements and additions that may be made thereto, until all the Bonds and Parity Bonds shall have been paid in full, both principal and interest, or unless and until provisions shall have been made for the payment of said bonds and interest thereon in full; and that it will within three months after the same shall accrue pay and discharge, or cause to be paid and discharged, all lawful claims and demands of mechanics, laborers and others which if unpaid might by law become liens upon the facilities or the sites thereof, according to the intent of this Resolution.

Section 5.03. Payment of Principal and Interest. That it will duly and punctually pay or cause to be paid the principal sum and the interest accruing on said principal on the Bonds and Parity Bonds, at the dates and places and in the manner provided in said bonds according to the terms thereof and as provided in this Resolution.

Section 5.04. Taxes. That it will pay and discharge all taxes, assessments and governmental charges which shall be lawfully imposed upon the facilities, provided, however, that the Board shall not be required to pay any such tax, assessment, charge or claim so long as the Board in good faith and by appropriate legal proceedings shall contest the validity thereof or its enforceability as a lien, and provided further that any such delay occasioned thereby shall not subject the facilities or any part thereof to forfeiture or sale.

Section 5.05. Construction of Project and Operation of the System. That following the issuance of the Bonds herein authorized and the Parity Bonds, it will cause the Project for the account of which said Bonds are issued to be constructed with all reasonable dispatch; that subject to the right of abandonment as permitted and provided in Article Six of this Resolution it will at all times from income made available for such purpose maintain, preserve and keep the System and all additions and betterments thereto and every part and parcel thereof in good repair, working order and operating condition; that it will continuously operate the System on a revenue producing basis, and that it will use and apply the income from the System only as provided in Article Three of this Resolution.

Section 5.06. Maintenance of Student Fees and Net Revenues. The Board hereby covenants and agrees that the Net Revenues of the System shall at all times be maintained to produce amounts sufficient to pay the principal of and interest on the Bonds and Parity Bonds when due, and that because of possible errors in any attempt to forecast accurately the number of students who will attend the University in future years and to foresee correctly the nature and extent of the usage which will be made of the System, the Board shall comply with Section 5.09 to assure prompt payment of the principal of and interest on the Bonds and Parity Bonds.

Section 5.07. Records and Audit Reports. That so long as any of the bonds authorized to be issued under the terms of this Resolution or bonds ranking on a parity therewith remain outstanding and unpaid it will keep proper and separate books of accounts and records in which full, true and correct entries will be made of all dealings and transactions relating to the properties, business and financial affairs relating to the System, in the manner provided by the Prior Bond Resolutions. Copies of the quarterly reports and of the annual audits therein required to be made shall be promptly mailed to the original purchaser or purchasers of the bonds herein authorized and to any bondholder who may request the same.

Section 5.08. Insurance. The Board covenants and agrees that it will keep the System, including all equipment thereof, continuously insured under a policy or policies of a reasonable insurance company or companies authorized and qualified under the laws of the State of Iowa or of a program of self-insurance of a kind and in an amount which normally would be carried by private companies engaged in a similar kind of business. In the event of any damage to or destruction of any portion of the System, the proceeds of any insurance shall be used to repair, reconstruct, or replace the damaged or destroyed portion of the System; provided, that the Board may determine not to repair, reconstruct or replace such damaged or destroyed portion if (i) the Net Revenues will not be reduced below the level at which the same are required to be maintained by this Resolution and (ii) all revenue-producing stadiums, field houses, arenas and similar facilities of the University which are then used for intercollegiate football, basketball and wrestling competition are included in the System. If the funds received from such insurance policies are insufficient for the repair, reconstruction or replacement of such damaged or destroyed property, and unless the Board determines not to repair, reconstruct or replace such damaged or destroyed property as provided in the immediately preceding sentence, then all costs of such repair, reconstruction or replacement in excess of available insurance proceeds shall be paid by the Board out of funds legally available for such purpose.

Section 5.09. Annual Budget. The Board covenants that, so long as any of the Bonds or Parity Bonds remain outstanding, it will cause the University to prepare and submit to the Board for its approval on or prior to June 30 of each year, a budget for the System for the next Fiscal Year. Each such budget, as finally approved by the Board, must indicate that the Net Revenues during such Fiscal Year (together with available income from the investment thereof and funds on deposit or credited to the System Fund) will be equal to at least the sum of (a) 125% of the Annual Debt Service Requirement for such Fiscal Year plus (b) 100% of the amount required to remedy any deficiencies (including deficiencies caused by transfers of funds) in the Debt Service Reserve Fund for all bonds and Parity Bonds then outstanding and any Additional Bonds proposed to be issued during such Fiscal Year, or the Board shall promptly adjust and revise rates, fees, rentals, charges or Student Fees so that, in the opinion of the Board entered in its official records, the amount of money to be produced by the Net Revenues during the next Fiscal Year, taking into account such adjustments and revisions, will equal at least the sum of (a) 125% of such Annual Debt Service Requirement for all bonds and Parity Bonds then outstanding and any Additional Bonds proposed to be issued during such Fiscal Year plus (b) 100% of the amount required to remedy any deficiencies (including deficiencies caused by transfers of funds) in the Debt Service Reserve Fund. Student Fees may be reduced by the Board from time to time so long as any such reduction does not cause the Net Revenues to be reduced below the level at which they are required to be maintained under the terms of this Resolution.

If, in any Fiscal Year, the Net Revenues shall have been insufficient to meet the requirements of this Resolution or of any resolution providing for the issuance of Parity Bonds, then the Board shall forthwith employ a qualified consultant to prepare a report on the Net Revenues and to recommend such changes and revisions to rates, fees, rentals and charges as may be necessary to meet the requirements of this or any such subsequent resolution.

Section 5.10. No Competing University Facilities. The Board covenants and agrees that it will not construct, establish, acquire, maintain or operate any competing facility for the conduct of intercollegiate football, basketball or wrestling competition of the University unless such facility is included as a part of the System and the Student Fees and the Net Revenues to be derived from the operation of the System will not by the inclusion of such facility be reduced below the level at which the same are required to be maintained under the terms of this Resolution.

Section 5.11. Bondholders Remedies. Under no circumstances shall any Bonds issued under the terms of this Resolution be or become or be construed to constitute a debt of or a charge against the State of Iowa within the purview of any constitutional or statutory limitation or provision. No taxes, appropriations or other funds of the State of Iowa appropriated to the University may be pledged for or used to pay such Bonds or the interest thereon, but any such Bonds shall be payable from and secured solely and only as to both principal and interest from the Net Revenues of the System as hereinbefore defined and provided, and may be payable from, but not secured by, proceeds of Other Income and Gift Income received by the University. Any owner or owners of any Bonds issued pursuant to this Resolution or of any bonds ranking on a parity therewith may enforce the terms and covenants of any of such bonds and this Resolution by a proceeding either in law or in equity by suit, action or mandamus to enforce and compel the performance of the duties required by the law pursuant to which said Bonds are being issued and the terms of this Resolution, and the Board hereby consents to be made a party in any such suit or action.

ARTICLE SIX

ABANDONMENT OF FACILITIES

Section 6.01. Conditions Under Which Facilities May be Abandoned. Anything in this Resolution to the contrary notwithstanding, the Board may at any time and from time to time permanently abandon the use of any of the buildings or facilities constituting the System if the Board determines that the age or physical condition of the building or facility proposed to be abandoned does not permit the economical operation thereof.

Section 6.02. Evidence of Right of Abandonment. All findings and determinations required to be made under this Article Six shall be evidenced by a resolution adopted by the Board.

ARTICLE SEVEN

ADDITIONAL BONDS

Section 7.01. Parity Bonds. The Bonds and Parity Bonds shall not be entitled to priority or preference, one over the other, in the application of Net Revenues of the System, regardless of the time or times of the issuance of such bonds, it being the intention that there shall be no priority among the Bonds and Parity Bonds regardless of the fact that they may have been actually issued and delivered at different times. The Board covenants and agrees that so long as any of the Athletic Facilities Revenue Bonds are outstanding and unpaid no Additional Bonds or other bonds, notes or obligations payable from the Net Revenues of the System will be issued except upon the basis of such Additional Bonds, notes or obligations being subject to the priority and security for payment of any of the Athletic Facilities Revenue Bonds and other Parity Bonds which are then outstanding and to the priority of the bonds then outstanding under the terms of this Resolution; provided, however, that (i) nothing in this Section shall preclude the Board from issuing additional series of Athletic Facilities Revenue Bonds without satisfying the terms and conditions of subparagraph (1) below, and (ii) the Board hereby reserves the right and privilege of issuing Additional Bonds from time to time payable from the Net Revenues of the System and ranking on a parity with the Bonds and Parity Bonds as may be then outstanding, subject to the conditions and restrictions hereinafter set forth:

(1) Additional Bonds ranking on a parity with the Bonds and Parity Bonds may be issued from time to time for the purpose of paying the cost of acquiring, purchasing or constructing buildings for use as athletic and recreational buildings and facilities, or additions to such buildings or facilities, reconstructing, completing, equipping, improving, repairing or remodeling athletic or recreational buildings or additions thereto or facilities therefor, or acquiring property therefor, or for refunding any bonds issued for account of the System, but only if there shall have first been procured and filed with the Executive Director of the Board a statement by an independent certified public accountant not in the regular employ of the Board or of the University reciting the opinion based upon necessary investigations that the Net Revenues of the System for the then last completed fiscal year (together with available income from the investment thereof and funds on deposit or credited to the System Fund) with adjustments as hereinafter provided, were equal to at least 125% of the maximum Annual Debt Service Requirement for both principal of and interest on the bonds then outstanding and the bonds then proposed to be issued in any fiscal year prior to the longest maturity of any of the then outstanding bonds; provided, that the Net Revenues of the System for the last completed fiscal year may be adjusted by the Financial Officer to so as to give effect to any changes then enacted by the Board in the rates, fees, rentals, charges or Student Fees imposed at or prior to the time of the issuance of any such Additional Bonds, but which revised rates, fees, rentals or charges were not in effect on the first day of the then immediately preceding fiscal year as though such charges were then in effect. For purposes of this Section, "last completed Fiscal Year" means the most recently completed Fiscal Year for which audited financial statements prepared by a certified public accountant are issued and available, but in no event a Fiscal Year which ended more than eighteen months prior to the date of issuance of the Additional Bonds.

(2) Without complying with subsection 1 of this section, the Board may issue Additional Bonds for the purpose of refunding any of the Bonds or Parity Bonds if the Board shall have adopted a resolution finding such a refunding is in the best interest of the University and if prior to issuance thereof:

(i) a certificate of the Treasurer of the University is delivered to the Board stating that the refunding will result in a present value debt service savings and that debt service on the refunding bonds will not exceed debt service on the refunded bonds during any fiscal year by more than 10%; and

(ii) there is delivered to the Board an Opinion of Bond Counsel stating that upon the issuance of the refunding bonds to refund the Bonds or Parity Bonds and the application of the proceeds thereof, the bonds to be refunded will no longer be outstanding.

(3) Bonds issued to refund any of the Bonds or Parity Bonds shall not be subject to the restrictions contained in subsections 1 or 2 of this section provided the bonds being refunded shall mature or be called for redemption within three months of the date of such refunding and no other funds are available to pay such maturing bonds, but otherwise any refunding bonds ranking on a parity shall only be issued subject to said restrictions, and in computing the maximum principal and interest due in any year principal and interest on the bonds being refunded shall be excluded and principal and interest on the refunding bonds shall be utilized.

The interest payment dates for any Additional Bonds shall be semiannually on January 1 and July 1 of each year and the principal maturities of such additional bonds shall be on July 1 of the year in which any such principal is scheduled to become due. Such Additional Bonds may be made callable by the Board prior to maturity on such date or dates and on such terms and may be made payable at such place or places and of such denominations as the Board from time to time determine.

ARTICLE EIGHT

MODIFICATION AND AMENDMENT OF THE RESOLUTION

Section 8.01. <u>Resolution a Contract</u>. The provisions of this Resolution shall constitute a contract between the Board and the holders of the Bonds and Parity Bonds as may from time to time be outstanding and after the issuance of any of said bonds, no change, variation or alteration of any kind of the provisions of this Resolution may be made in any manner except as provided in this Article until such time as all of said bonds issued hereunder and interest thereon shall have been paid in full.

Section 8.02. <u>Amendment With and Without Consent of Bondholders</u>.

(A) Without notice to or the consent of any owners or holders of the Bonds or Parity Bonds, this Resolution may be amended (i) to make such changes as are necessary in the opinion of nationally recognized municipal bond counsel to maintain the tax exempt status of the interest on the Series 2017 Bonds or Parity Bonds then outstanding, (ii) to add to the covenants and agreements of, and limitations and restrictions upon, the Board in this Resolution other covenants, agreements, limitations and restrictions to be observed by the Board, (iii) to cure any ambiguity or omission or to cure, correct or supplement any defective provision of this Resolution or otherwise to amend or supplement the resolution in such manner as shall not impair the security hereof or adversely affect the bondholders; (iv) to subject to this Resolution additional revenues, properties or collateral; (v) to obtain from Moody's Investors Service, Inc. and/or S&P Global Ratings the rating or ratings for the Series 2017 Bonds or Parity Bonds customarily assigned by such rating agency or agencies to comparable securities of the Board. An amendment for the purpose specified in this paragraph shall not be considered the modification of the terms of payment of principal of or interest on the Series 2017 Bonds or Parity Bonds, or the imposition of any conditions with respect to such payment, within the meaning of subparagraph (d) of the next succeeding paragraph.

(B) The holders of three-fourths in principal amount of the Bonds and Parity Bonds at any time outstanding (not including in any case any bonds which may then be held or owned by or for the account of the Board, but including such refunding bonds as may be issued for the purpose of refunding any of the bonds herein authorized if such refunding bonds shall not then be owned by the Board) shall have the right from time to time to consent to and approve the adoption by the Board of a resolution or resolutions modifying or amending any of the terms or provisions contained in this Resolution; provided, however, that this Resolution may not be so modified or amended in such manner as to:

(a) Make any change in the maturity or redemption term of the Bonds or Parity Bonds.

(b) Make any change in the rate of interest borne by any of the Bonds or Parity Bonds.

(c) Reduce the amount of the principal payable on any Bond or Parity Bond.

(d) Modify the terms of payment of principal of or interest on the Bonds or Parity Bonds, or any of them, or impose any conditions with respect to such payment.

(e) Affect the rights of the holders of less than all of the Bonds or Parity Bonds.

(f) Reduce the percentage of the principal amount of Bonds or Parity Bonds the consent of the holders of which shall be required to effect a further modification.

Section 8.03. <u>Notice of Proposed Amendment</u>. Whenever the Board shall propose to amend or modify this Resolution under the provisions of Section 8.02(B), it shall (1) prior to the publication of the notice hereinafter provided in (2), cause notice of the proposed amendment to be mailed to each of the holders of revenue bonds registered as to principal at the address appearing on the registration books and also to the original purchaser or purchasers of the revenue bonds, and (2) cause notice of the proposed amendment to be published one time in a financial newspaper or journal published in the City of New York, New York. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the Executive Director of the Board for public inspection.

Section 8.04. <u>Evidence of Consent or Approval</u>. Whenever at any time within one year from the date of the publication of said notice there shall be filed with the Executive Director of the Board an instrument or instruments executed by the holders of at least three-fourths in aggregate principal amount of the Bonds and Parity Bonds then outstanding, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice, and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Board may adopt such amendatory resolution and such resolution shall become effective.

If the holders of at least three-fourths in aggregate principal amount of the Bonds and Parity Bonds, at the time of the adoption of such amendatory resolution, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no holder of any bonds whether or not such holder shall have consented to or shall have revoked any consent as in this section provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Board from taking any action pursuant to the provisions thereof.

Any consent given by the holder of a bond pursuant to the provisions of this section shall be irrevocable for a period of six months from the date of such consent and shall be conclusive and binding upon all future holders of the same bond during such period. Such consent may be revoked at any time after six months from the date of such consent by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Executive Director of the Board, but such revocation shall not be effective if the holders of three-fourths in aggregate principal amount of the Bonds or Parity Bonds shall have, prior to the attempted revocation, consented to and approved the mandatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions of this section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount and numbers of the bonds held by any person executing such instrument and the date of his holding the same may be proved by the affidavit of such person or by a certificate executed by any responsible bank or trust company showing that on the date therein mentioned such person had on deposit with such bank or trust company the bonds described in such certificate.

ARTICLE NINE

MISCELLANEOUS

Section 9.01. Headings. Any headings preceding the texts of the several Articles or Sections hereof shall be solely for the convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

Section 9.02. Severability. If any section, paragraph, clause or provision of this Resolution be held invalid, such invalidity shall not affect any of the remaining provisions hereof, and this Resolution shall become effective immediately upon its passage and approval.

Section 9.03. Discharge and Satisfaction of Bonds. The covenants, liens and pledges entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to the Bonds or Parity Bonds, or any of them, in any one or more of the following ways:

(a) By paying the Bonds when the same shall become due and payable; and

(b) By depositing in trust with the Bond Registrar, or with a corporate trustee designated by the Board for the payment of said obligations and irrevocably appropriated exclusively to that purpose an amount in cash or direct obligations of the United States the maturities and income of which shall be sufficient to retire at maturity, or by redemption prior to maturity on a designated date upon which said obligations may be redeemed, such obligations together with the interest thereon to maturity or to the designated redemption date, premiums thereon, if any that may be payable on the redemption of the same; provided that proper notice of redemption has been given in accordance with this Resolution.

Upon such payment or deposit of money or securities, or both, in the amount and manner provided by this Section, all liability of the Issuer with respect to such Bonds or Parity Bonds shall cease, determine and be completely discharged, and the holders thereof shall be entitled only to payment out of the money or securities so deposited.

Section 9.04. Continuing Disclosure. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, and the provisions of the Continuing Disclosure Certificate are hereby approved and incorporated by reference as part of this Resolution and made a part hereof and the Executive Director is hereby authorized to execute and deliver the same at issuance of the Bonds. Notwithstanding any other provision of this Resolution, failure of the Issuer to comply with the Continuing Disclosure Certificate shall not be considered an event of default under this Resolution; however, any holder of the Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under the Continuing Disclosure Certificate. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Section 9.05. Conflicting Resolutions or Orders. All resolutions or orders or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

The Series 2017A Bonds

A RESOLUTION providing for the sale and authorizing the issuance of $22,075,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2017A, for the purpose of advance refunding the $26,000,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2009, and paying the costs of issuance

ARTICLE ONE

DEFINITIONS

That as used herein the following terms shall have the following meanings unless the context otherwise clearly requires:

"Act" means Iowa Code Chapter 262.

"Additional Bonds" means any System revenue bonds issued on a parity with the Athletic Facility Revenue Bonds in accordance with the provisions of this Resolution and the Prior Bond Resolutions.

"Authorized Denominations" shall mean $5,000 or any integral multiple thereof.

"Annual Debt Service Requirement" means the amount of principal of the Bonds and Parity Bonds coming due at maturity or upon mandatory sinking fund redemption and the amount of interest payable on the Bonds and Parity Bonds during a Fiscal Year, provided that the principal and interest on Bonds coming due on July 1 shall be considered as a requirement of the Fiscal Year ending on June 30 immediately preceding each July 1.

"Beneficial Owner" shall mean the person in whose name such Bond is recorded as the beneficial owner of a Bond by a Participant on the records of such Participant or such person's subrogee.

"Board" or "Issuer" means the Board of Regents, State of Iowa.

"Bond" or "Bonds," unless otherwise indicated means the $22,075,000 Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2017A (the "Series 2017A Bonds") of the Board issued pursuant to this Resolution.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"Closing Certificate" means the certificate of the Board, executed by its President and Executive Director or Deputy Executive Director, which shall identify each series of Parity Bonds outstanding on the date of delivery of the Bonds and which shall identify the officials authorized to authenticate the Bonds.

"Code" means the Internal Revenue Code of 1986 and the Regulations thereunder, as amended.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate executed by the Issuer and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof and authorized and approved by the provisions set forth in this Resolution as if fully set forth herein.

"Depository Bonds" shall mean the Bonds as issued in the form of one global certificate for each maturity, registered in the Registration Books maintained by the Registrar in the name of DTC or its nominee.

"DTC" shall mean The Depository Trust Company, New York, New York, a limited purpose trust company, or any successor book-entry securities depository appointed for the Bonds.

"Escrow Agent" shall mean Wells Fargo Bank, National Association, or successor as may be approved pursuant to the Refunding Trust Agreement.

"Escrow Fund" means that certain Escrow Fund created by the Issuer under Section 4.01(a) herein.

"Executive Director" shall mean the Executive Director, Deputy Executive Director, or Interim Executive Director, as the case may be.

"Financial Officer" means the Chief Financial Officer and Treasurer of the University, or such officer as may hereafter assume the duties of such office.

"Fiscal Year" shall mean the twelve-month period beginning on July 1 of each year and ending on the last day of June of the following year, or any other consecutive twelve-month period adopted by the Board or by law as the official accounting period of the System. Requirements of a Fiscal Year as expressed in this Resolution shall exclude any payment of principal or interest falling due on the first day of the Fiscal Year and include any payment of principal or interest falling due on the first day of the succeeding Fiscal Year, except to the extent of any conflict with the terms of the Outstanding Bonds while the same remain outstanding.

"Gift Income" shall mean gifts and bequests made to the University for the Project or similar purposes.

"Gross Revenues" means, with respect to the System, all rents, profits and income derived directly from the operation of the System, including Student Fees, but does not include other revenues accruing to the programs of the University utilizing the System, all as determined in accordance with generally accepted accounting principles and shall include the investment earnings on the moneys held in various funds established under this Resolution or the Prior Bond Resolutions.

"Holder" or "Owner" of Bonds or "Bondholder" means the registered owner of any Bond issued pursuant to this Resolution.

"Issuer" and "Board" shall mean the Board of Regents, State of Iowa.

"Net Revenues" means, with respect to the System, Gross Revenues less Operating Expenses.

"Operating Expenses" or "Current Expenses" means salaries, wages, cost of maintenance and operation, material and supplies and insurance, as well as all other items as are normally included under recognized accounting practices, but shall not include payment of interest on or principal of the Bonds, Parity Bonds or other obligations, allowances for general University overhead expenses or capital expenditures, replacements, improvements or for depreciation in the value of physical properties or for any reserves therefor.

"Original Purchaser" shall mean Wells Fargo Bank, National Association of Charlotte, North Carolina.

"Other Income" shall mean net rents, profits and income, which has not been pledged for other purposes, arising from any similar building, facility, area or improvement under the control and management of the Board.

"Outstanding Bonds" means the Athletic Facilities Revenue Bonds, Series S.U.I. 2010, dated October 1, 2010, in the amount of $19,775,000, of which $17,225,000 remain outstanding and remain a lien on the Net Revenues of the System ("Series S.U.I. 2010 Bonds"); Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015, dated April 1, 2015, in the amount of $20,885,000, of which $19,035,000 remain outstanding and remain a lien on the Net Revenues of the System ("Series S.U.I. 2015 Bonds"); Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015A, dated June 1, 2015, in the amount of $19,315,000, of which $17,650,000 remain outstanding and remain a lien on the Net Revenues of the System ("Series S.U.I. 2015A Bonds"); Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015B (Taxable), dated September 1, 2015, in the amount of $12,130,000, of which $10,825,000 remain outstanding and remain a lien on the Net Revenues of the System ("Series S.U.I. 2015B Bonds"); Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015C (Taxable), dated November 1, 2015, in the amount of $21,135,000, of which $18,755,000 remain outstanding and remain a lien on the Net Revenues of the System ("Series S.U.I. 2015C Bonds"); Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015D (Taxable), dated November 1, 2015, in the amount of $19,755,000, of which $17,525,000 remain outstanding and remain a lien on the Net Revenues of the System ("Series S.U.I. 2015D Bonds").

"Parity Bonds" or "bonds ranking on a parity" means the Outstanding Bonds and Additional Bonds issued under the conditions and restrictions set forth in Article Seven of this Resolution, sharing equally and ratably in the Net Revenues received by the University.

"Participants" means those broker-dealers, banks and other financial institutions for which DTC holds Bonds as securities depository.

"Paying Agent" shall mean the Treasurer of the University, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein as Issuer's agent to provide for the payment of principal of and interest on the Bonds as the same shall become due.

"Permitted Investments" shall mean those investments authorized in Section 3.02 of this Resolution.

"Prior Bond Resolutions" means, collectively, the resolutions authorizing the issuance and providing the means of payment thereof with respect to the Outstanding Bonds, adopted by the Board on September 16, 2010, March 11, 2015, June 4, 2015, August 5, 2015, and October 22, 2015.

"Project" means the advance refunding of the Refunded Bonds.

"Rebate Fund," if any, means the fund so defined in and established pursuant to the Tax Exemption Certificate.

"Refunded Bonds" means the 2018 through 2035 maturities of the $26,000,000 Athletic Facilities Revenue Bonds, Series S.U.I. 2009, dated November 1, 2009.

"Registrar" means the Treasurer of The State University of Iowa in Iowa City, Iowa, serving as bond registrar, transfer agent and paying agent for the Bonds hereby authorized pursuant to this Resolution, and any successor designated pursuant to a supplemental resolution of the Board in accordance with the provisions of this Resolution to serve in such capacities.

"Representation Letter" means the Blanket Representation Letter from the Issuer and the Paying Agent and Registrar to DTC, with respect to the Bonds.

"Reserve Fund" shall mean the fund established by this Resolution required to be maintained at the Reserve Fund Requirement pursuant to Section 3.01 of this Resolution.

"Reserve Fund Requirement" means an amount equal to the lesser of (a) the maximum Annual Debt Service Requirement on the Bonds; (b) 10% of the stated principal amount of the Bonds; or (c) 125% of the average annual principal and interest coming due on the Bonds. For purposes of this definition: (1) "issue price" shall be substituted for "stated principal amount" for issues with original issue discount or original issue premium of more than a de minimus amount and (2) stated principal amount shall not include any portion of an issue refunded or advance refunded by a subsequent issue.

"Revenue Fund" means the fund created pursuant to Section 3.01 of this Resolution into which Gross Revenues of the System must be deposited.

"Series 2017A Bonds" means the Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2017A, dated November 1, 2017, in the amount of $22,075,000.

"Sinking Fund" means the fund created pursuant to Section 3.01 of this Resolution.

"Student Fees" means the fees and charges established and collected from the students of the University for the use and availability of the System or any part of the System.

"System Fund" means the fund created pursuant to Section 3.01 of this Resolution.

"System" or "Athletic Facilities System" means the system of athletic and recreational buildings and facilities including without limitation a field house commonly known and referred to as the Carver-Hawkeye Arena used among other things for intercollegiate basketball and wrestling competition, and a stadium commonly known and referred to as Kinnick Stadium used among other things for intercollegiate football competition, operated, controlled, maintained and managed by the Board at the University, together with all properties of every nature hereinafter owned by the Board comprising part of or used as a part of the System, including Roy G. Karro Athletics Hall of Fame, all future additions and extensions thereto, all real and personal property, and all appurtenances, contracts, leases, franchises and other intangibles regardless of how acquired or obtained.

"Tax Exemption Certificate" means the Tax Exemption Certificate executed by the Executive Director of the Board and the Chief Financial Officer and Treasurer of the University and delivered at the time of issuance and delivery of the Series 2017A Bonds authorized hereby, the provisions of which are incorporated herein as if fully set forth in this Resolution.

"Treasurer" shall mean the Treasurer of the University or such other officer as shall succeed to the same duties and responsibilities with respect to the recording and payment of the Bonds issued hereunder.

"University" means The State University of Iowa located in the City of Iowa City, Iowa.

"Yield Restricted" shall mean required to be invested at a yield that is not materially higher than the yield on the Bonds under section 148(a) of the Internal Revenue Code or regulations issued thereunder.

ARTICLE THREE

PROVISIONS RELATING TO

NET REVENUES AND APPLICATION THEREOF

Section 3.01. Revenue Fund. The provisions in the Prior Bond Resolutions, whereby there was created and is to be maintained a Revenue Fund, and for the payment into said fund from the future Net Revenues of the System such portion thereof as will be sufficient to meet the principal and interest of the Outstanding Bonds, and maintaining a reserve therefor, are hereby ratified and confirmed, and all such provisions inure to and constitute the security for the payment of the principal and interest on the Bonds hereby authorized to be issued; provided, however, that the amounts to be set aside and paid into the Revenue Fund during the Fiscal Year from the earnings shall be sufficient to pay the principal and interest due each year, not only on the Outstanding Bonds, but also the principal and interest of the Bonds herein authorized to be issued and to maintain a reserve therefor. Section 3.01 of the Prior Bond Resolutions is hereby ratified, confirmed, adopted and incorporated herein as a part of this Resolution. Consistent with the above Prior Bond Resolutions, proceeds of the Bonds or other funds may be invested in Permitted Investments.

Nothing in this Resolution shall be construed to impair the rights vested in the Outstanding Bonds. The amounts herein required to be paid into the various funds named in this Section shall be inclusive of payments required in respect to the Outstanding Bonds. The provisions of the Prior Bond Resolutions authorizing the Outstanding Bonds and the provisions of this Resolution are to be construed wherever possible so that the same will not be in conflict. In the event such construction is not possible, the provisions of the resolution first adopted shall prevail until such time as the bonds authorized by the resolution have been paid in full or otherwise satisfied as therein provided at which time the provisions of this Resolution shall prevail.

At such time as the Outstanding Bonds are paid and so long as the Bonds or Parity Bonds remain outstanding and unpaid or are discharged and satisfied in the manner provided in this Resolution and the Prior Bond Resolutions, the entire income and revenues of the System shall be deposited and collected in a fund to be known as the Revenue Fund, and shall be disbursed only as follows:

(a) Operating Expenses. Money in the Revenue Fund shall first be disbursed to pay Operating Expenses of the System and thereafter shall be deposited in the Sinking Fund.

(b) Sinking Fund. Money in the Revenue Fund shall next be deposited into a separate fund to pay the principal and interest requirements of the Fiscal Year on the Bonds and Parity Bonds. The fund shall be known as the Athletic Facilities Revenue Bond and Interest Sinking Fund (the "Sinking Fund"). The required amount to be deposited in the Sinking Fund during the Fiscal Year shall be the amount necessary to pay in full the installment of interest coming due on the next interest payment date on the then outstanding Bonds and Parity Bonds plus the amount necessary to pay in full the installment of principal coming due on such Bonds on the next succeeding principal payment date until the full amount of such installment is on hand. The University may, but is not required to, transfer Other Income and/or Gift Income into the Sinking Fund, and such moneys, if transferred into the Sinking Fund, shall, at the discretion of the University, reduce the amount of Net Revenue required to be deposited into the Sinking Fund. If at any time there is a failure to pay into the Sinking Fund the full amount above stipulated, which deficiencies are not remedied by transfers from the Reserve Fund or the System Fund, then an amount equivalent to the deficiency shall be set apart and paid into the Sinking Fund from Net Revenues as soon as available which shall be in addition to the amounts otherwise required to be so set apart and paid into the Sinking Fund. If for any reason the amount on hand in the Sinking Fund exceeds the required amount, the excess shall forthwith be withdrawn and paid into the Reserve Fund. Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Bonds and Parity Bonds as the same shall become due and payable.

(c) Reserve Fund. Money in the Revenue Fund shall next be disbursed to maintain a debt service reserve in an amount equal to the Reserve Fund Requirement. Such fund shall be known as the Athletic Facilities Revenue Bond Debt Service Reserve Fund (the "Reserve Fund"), which shall be maintained as long as the Bonds herein authorized or bonds ranking on a parity therewith remain outstanding. Upon the issuance of any Parity Bonds there shall be deposited in the Debt Service Reserve Fund an amount which, together with the amount then on deposit in the Debt Service Reserve Fund, is equal to the Debt Service Reserve Requirement; provided, however, that when the amount on deposit in the Reserve Fund is equal to the Reserve Fund Requirement, no further deposits shall be made into the Reserve Fund except to maintain such level, and when the amount on deposit in the Reserve Fund is greater than the balance required above, such additional amounts shall be withdrawn and paid into the System Fund. Money in the Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the Bonds and Parity Bonds for which there are insufficient funds shall be available in the Sinking Fund.

(d) Athletic Facilities System Fund. Pursuant to the Prior Bond Resolutions, there was created the Athletic Facilities System Fund (the "System Fund") which shall be maintained as long as the Bonds or Parity Bonds remain outstanding. The Board shall deposit all Net Revenue not required to be deposited into the Sinking Fund or the Reserve Fund into the System Fund. All moneys deposited in the System Fund shall be (a) transferred and credited to the Sinking Fund whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds or Parity Bonds, or (b) transferred and credited to the Reserve Fund whenever any deficiency may exist in the Reserve Fund or whenever necessary to replace funds transferred from the Reserve Fund to the Sinking Fund. Until so used, moneys credited to the System Fund may be used:

(1) to pay principal of and interest (including reasonable reserves therefor) on any other obligations which by their terms shall be payable from the Net Revenues, but subordinate to the Bonds or Parity Bonds, and which have been issued for the purposes of extensions and improvements to the System or to retire the Bonds or Parity Bonds in advance of maturity, or to pay for extraordinary repairs or replacements to the System; or

(2) for any lawful University purpose related to the System or related to intercollegiate or intramural athletics or student fee supported recreation or activities.

Section 3.02. Investment of Funds.

All moneys held in the Sinking Fund, the Reserve Fund and the Revenue Fund shall constitute trust funds. All moneys held in the several separate funds referred to in this Resolution, except the Sinking Fund and the Reserve Fund, may be invested in the manner permitted by Iowa Code Sections 12B.10, 12B.10A, or 12C.9, or any successor statute thereto. With respect to the Sinking Fund and the Reserve Fund, moneys in such Funds may be invested only in direct obligations of the United States Government (or obligations of United States Government agencies) or deposited in financial institutions which are members of the Federal Deposit Insurance Corporation and the deposits in which are insured thereby and all such deposits exceeding the maximum amount insured from time to time by FDIC or its successor in any one financial institution shall be continuously secured by a valid pledge of direct obligations of the United States Government (or obligations of United States Government agencies) having an equivalent market value or in compliance with the State Sinking Fund under Iowa Code Chapter 12C, or otherwise provided by law. Alternatively, such moneys in the Sinking Fund or Reserve Fund may be invested in tax-exempt bonds or obligations of any state or political subdivision thereof which are rated by Moody's Investors Service or S&P Global Ratings at a rating classification equal to or better than the rating carried by the Bonds or, in the case of short-term obligations, a rating of MIG-1, SP-1 or better. All such interim investments shall mature before the date on which the moneys are required for the purposes for which said fund was created or otherwise as herein provided but in no event maturing in more than five years in the case of the Reserve Fund. The provisions of this Section shall not be construed to require the Issuer to maintain separate bank accounts for the funds described in Article 3 of this Resolution; except the Sinking Fund and the Reserve Fund shall be maintained in a separate account but may be invested in conjunction with other funds of the Board but designated as a trust fund on the books and records of the Board.

All interest, income and revenues derived from any such investments of the funds shall be credited to the Revenue Fund. Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective fund was created.

With respect to the Series 2017A Bonds, the Board further covenants and agrees to keep such accounting and other records as may be necessary to enable it to comply with the requirements of the Tax Exemption Certificate. Any other provisions of this Resolution to the contrary notwithstanding, funds on deposit in any fund or account in connection with the Bonds which are required by the Tax Exemption Certificate to be invested at a restricted yield shall be invested and accounted for separately from all other funds.

The provisions of this Section shall not be construed to require the Issuer to maintain separate accounts for the funds created by this Section.

Section 3.03. Disposition of Bond Proceeds; Series 2017A Bonds - Arbitrage Not Permitted. The Issuer reasonably expects and covenants that no use will be made of the proceeds from the issuance and sale of the Series 2017A Bonds issued hereunder which will cause any of the Series 2017A Bonds to be classified as arbitrage bonds within the meaning of Section 148(a) and (b) of the Internal Revenue Code of the United States, and that throughout the term of the Bonds it will comply with the requirements of the statute and regulations issued thereunder.

To the best knowledge and belief of the Issuer, there are no facts or circumstances that would materially change the foregoing statements or the conclusion that it is not expected that the proceeds of the Series 2017A Bonds will be used in a manner that would cause the Series 2017A Bonds to be arbitrage bonds. Without limiting the generality of the foregoing, the Issuer hereby agrees to comply with the provisions of the Tax Exemption Certificate and the provisions of the Tax Exemption Certificate are hereby incorporated by reference as part of this Resolution. The Treasurer is hereby directed to make and insert all calculations and determinations necessary to complete the Tax Exemption Certificate in all respects and to execute and deliver the Tax Exemption Certificate at issuance of the Series 2017A Bonds to certify as to the reasonable expectations and covenants of the Issuer at that date.

The Issuer covenants that it will treat as Yield Restricted any proceeds of the Series 2017A Bonds remaining unexpended after three years from the issuance and any other funds required by the Tax Exemption Certificate to be so treated. If any investments are held with respect to the Bonds and Parity Bonds, the Issuer shall treat the same for the purpose of restricted yield as held in proportion to the original principal amounts of each issue of tax exempt bonds.

The Issuer covenants that it will exceed any investment yield restriction provided in this Resolution only in the event that it shall first obtain an opinion of recognized bond counsel that the proposed investment action will not cause the Series 2017A Bonds to be classified as arbitrage bonds under Section 148(a) and (b) of the Internal Revenue Code or regulations issued thereunder.

The Issuer covenants that it will proceed with due diligence to spend the proceeds of the Series 2017A Bonds for the purpose set forth in this Resolution. The Issuer further covenants that it will make no change in the use of the proceeds available for the construction of facilities or change in the use of any portion of the facilities constructed from proceeds of the Series 2017A Bonds or the Outstanding Bonds by persons other than the Issuer or the general public unless it has obtained an opinion of bond counsel or a revenue ruling that the proposed project or use will not be of such character as to cause interest on any of the Bonds not to be exempt from federal income taxes in the hands of holders other than substantial users of the project, under the provisions of Section 142(a) of the Internal Revenue Code of the United States, related statutes and regulations.

Section 3.04. Additional Covenants, Representations and Warranties of the Issuer. The Issuer certifies and covenants with the purchasers and holders of the Series 2017A Bonds from time to time outstanding that the Issuer through its officers, (a) will make such further specific covenants, representations and assurances as may be necessary or advisable; (b) comply with all representations, covenants and assurances contained in the Tax Exemption Certificate, which Tax Exemption Certificate shall constitute a part of the contract between the Issuer and the owners of the Bonds; (c) consult with bond counsel (as defined in the Tax Exemption Certificate); (d) pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Series 2017A Bonds; (e) file such forms, statements and supporting documents as may be required and in a timely manner; and (f) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the Issuer in such compliance.

ARTICLE FOUR

APPLICATION OF PROCEEDS OF SALE OF BONDS

Section 4.01. Bond Proceeds.

(a) Custody and Application of Bond Proceeds. The Bond proceeds shall be applied as follows:

(i) An amount equal to accrued interest and premium, if any, shall be deposited in the Sinking Fund for application to the first payment of interest on the Bonds;

(ii) An amount sufficient to pay costs of issuance shall be used to cover all costs of issuance; and

(iii) The balance of the proceeds shall be deposited into an escrow fund with Wells Fargo, National Association, as Escrow Agent under the Refunding Trust Agreement. The Escrow Agent shall 1) hold proceeds in a special and irrevocable trust fund (the "Escrow Fund"), 2) invest proceeds only in cash or direct obligations of the United States, and 3) apply proceeds and earnings only in accordance with the terms and conditions of the Refunding Trust Agreement. All the terms and conditions of the Refunding Trust Agreement are incorporated by reference in this Resolution. The Refunding Trust Agreement is approved and the President or President Pro Tem and Executive Director are authorized and directed to execute the Agreement.

(b) Disposition of Balance of Funds. When the Refunded Bonds have been redeemed, the Treasurer shall certify to the Board that all the Refunded Bonds have been redeemed and that costs have been paid and thereafter if any funds remain in the Escrow Fund, they shall be transferred to the Sinking Fund and the Escrow Fund shall be closed.

ARTICLE FIVE

ADDITIONAL COVENANTS OF THE BOARD

The Board hereby covenants and agrees as follows:

Section 5.01. Authority for Bonds. That it is duly authorized under the laws of the State of Iowa and under all other applicable provisions of law to create and issue the bonds herein provided for and to pledge and apply the Net Revenues of the System as herein provided; that all corporate and other action on its part for the creation and issuance of the bonds has been duly taken; that said bonds when issued and in the hands of the holders thereof will be valid and enforceable obligations of the Board according to the import thereof; that this Resolution is and will remain a valid resolution to secure the payment of said bonds and that the Board has complete and lawful authority and power to acquire, construct, complete, equip, operate, enlarge, maintain, control and manage the System as herein provided.

Section 5.02. Right to Use and Occupancy and Agreement not to Encumber. That it hereby warrants that it has a valid and existing right to the use and occupancy of the System at the University in perpetuity and the State of Iowa has indefeasible title in fee simple to the sites of all athletic and recreational building and facilities constituting a part of the System referred to in this Resolution and including those to be constructed from the proceeds of bonds issued pursuant to this Resolution; that, except as otherwise provided in this Resolution, it will not sell, lease, mortgage, abandon or in any manner dispose of any building or facilities constituting any part of the System, including any and all extensions, improvements and additions that may be made thereto, until all the Bonds and Parity Bonds shall have been paid in full, both principal and interest, or unless and until provisions shall have been made for the payment of said bonds and interest thereon in full; and that it will within three months after the same shall accrue pay and discharge, or cause to be paid and discharged, all lawful claims and demands of mechanics, laborers and others which if unpaid might by law become liens upon the facilities or the sites thereof, according to the intent of this Resolution.

Section 5.03. Payment of Principal and Interest. That it will duly and punctually pay or cause to be paid the principal sum and the interest accruing on said principal on the Bonds and Parity Bonds, at the dates and places and in the manner provided in said bonds according to the terms thereof and as provided in this Resolution.

Section 5.04. Taxes. That it will pay and discharge all taxes, assessments and governmental charges which shall be lawfully imposed upon the facilities, provided, however, that the Board shall not be required to pay any such tax, assessment, charge or claim so long as the Board in good faith and by appropriate legal proceedings shall contest the validity thereof or its enforceability as a lien, and provided further that any such delay occasioned thereby shall not subject the facilities or any part thereof to forfeiture or sale.

Section 5.05. Construction of Project and Operation of the System. That following the issuance of the Bonds herein authorized and the Parity Bonds, it will cause the Project for the account of which said Bonds are issued to be constructed with all reasonable dispatch; that subject to the right of abandonment as permitted and provided in Article Six of this Resolution it will at all times from income made available for such purpose maintain, preserve and keep the System and all additions and betterments thereto and every part and parcel thereof in good repair, working order and operating condition; that it will continuously operate the System on a revenue producing basis, and that it will use and apply the income from the System only as provided in Article Three of this Resolution.

Section 5.06. Maintenance of Student Fees and Net Revenues. The Board hereby covenants and agrees that the Net Revenues of the System shall at all times be maintained to produce amounts sufficient to pay the principal of and interest on the Bonds and Parity Bonds when due, and that because of possible errors in any attempt to forecast accurately the number of students who will attend the University in future years and to foresee correctly the nature and extent of the usage which will be made of the System, the Board shall comply with Section 5.09 to assure prompt payment of the principal of and interest on the Bonds and Parity Bonds.

Section 5.07. Records and Audit Reports. That so long as any of the bonds authorized to be issued under the terms of this Resolution or bonds ranking on a parity therewith remain outstanding and unpaid it will keep proper and separate books of accounts and records in which full, true and correct entries will be made of all dealings and transactions relating to the properties, business and financial affairs relating to the System, in the manner provided by the Prior Bond Resolutions. Copies of the quarterly reports and of the annual audits therein required to be made shall be promptly mailed to the original purchaser or purchasers of the bonds herein authorized and to any bondholder who may request the same.

Section 5.08. Insurance. The Board covenants and agrees that it will keep the System, including all equipment thereof, continuously insured under a policy or policies of a reasonable insurance company or companies authorized and qualified under the laws of the State of Iowa or of a program of self-insurance of a kind and in an amount which normally would be carried by private companies engaged in a similar kind of business. In the event of any damage to or destruction of any portion of the System, the proceeds of any insurance shall be used to repair, reconstruct, or replace the damaged or destroyed portion of the System; provided, that the Board may determine not to repair, reconstruct or replace such damaged or destroyed portion if (i) the Net Revenues will not be reduced below the level at which the same are required to be maintained by this Resolution and (ii) all revenue-producing stadiums, field houses, arenas and similar facilities of the University which are then used for intercollegiate football, basketball and wrestling competition are included in the System. If the funds received from such insurance policies are insufficient for the repair, reconstruction or replacement of such damaged or destroyed property, and unless the Board determines not to repair, reconstruct or replace such damaged or destroyed property as provided in the immediately preceding sentence, then all costs of such repair, reconstruction or replacement in excess of available insurance proceeds shall be paid by the Board out of funds legally available for such purpose.

Section 5.09. Annual Budget. The Board covenants that, so long as any of the Bonds or Parity Bonds remain outstanding, it will cause the University to prepare and submit to the Board for its approval on or prior to June 30 of each year, a budget for the System for the next Fiscal Year. Each such budget, as finally approved by the Board, must indicate that the Net Revenues during such Fiscal Year (together with available income from the investment thereof and funds on deposit or credited to the System Fund) will be equal to at least the sum of (a) 125% of the Annual Debt Service Requirement for the Bonds and any Parity Bonds for such Fiscal Year plus (b) 100% of the amount required to remedy any deficiencies (including deficiencies caused by transfers of funds) in the Debt Service Reserve Fund for all Bonds and Parity Bonds then outstanding and any Additional Bonds proposed to be issued during such Fiscal Year, or the

Board shall promptly adjust and revise rates, fees, rentals, charges or Student Fees so that, in the opinion of the Board entered in its official records, the amount of money to be produced by the Net Revenues during the next Fiscal Year, taking into account such adjustments and revisions, will equal at least the sum of (a) 125% of such Annual Debt Service Requirement for all Bonds and Parity Bonds then outstanding and any Additional Bonds proposed to be issued during such Fiscal Year plus (b) 100% of the amount required to remedy any deficiencies (including deficiencies caused by transfers of funds) in the Debt Service Reserve Fund. Student Fees may be reduced by the Board from time to time so long as any such reduction does not cause the Net Revenues to be reduced below the level at which they are required to be maintained under the terms of this Resolution.

If, in any Fiscal Year, the Net Revenues shall have been insufficient to meet the requirements of this Resolution or of any resolution providing for the issuance of Parity Bonds, then the Board shall forthwith employ a qualified consultant to prepare a report on the Net Revenues and to recommend such changes and revisions to rates, fees, rentals and charges as may be necessary to meet the requirements of this or any such subsequent resolution.

Section 5.10. No Competing University Facilities. The Board covenants and agrees that it will not construct, establish, acquire, maintain or operate any competing facility for the conduct of intercollegiate football, basketball or wrestling competition of the University unless such facility is included as a part of the System and the Student Fees and the Net Revenues to be derived from the operation of the System will not by the inclusion of such facility be reduced below the level at which the same are required to be maintained under the terms of this Resolution.

Section 5.11. Bondholders Remedies. Under no circumstances shall any Bonds issued under the terms of this Resolution be or become or be construed to constitute a debt of or a charge against the State of Iowa within the purview of any constitutional or statutory limitation or provision. No taxes, appropriations or other funds of the State of Iowa appropriated to the University may be pledged for or used to pay such Bonds or the interest thereon, but any such Bonds shall be payable from and secured solely and only as to both principal and interest from the Net Revenues of the System as hereinbefore defined and provided, and may be payable from, but not secured by, proceeds of Other Income and Gift Income received by the University. Any owner or owners of any Bonds issued pursuant to this Resolution or of any bonds ranking on a parity therewith may enforce the terms and covenants of any of such bonds and this Resolution by a proceeding either in law or in equity by suit, action or mandamus to enforce and compel the performance of the duties required by the law pursuant to which said Bonds are being issued and the terms of this Resolution, and the Board hereby consents to be made a party in any such suit or action.

ARTICLE SIX

ABANDONMENT OF FACILITIES

Section 6.01. Conditions Under Which Facilities May be Abandoned. Anything in this Resolution to the contrary notwithstanding, the Board may at any time and from time to time permanently abandon the use of any of the buildings or facilities constituting the System if the Board determines that the age or physical condition of the building or facility proposed to be abandoned does not permit the economical operation thereof.

Section 6.02. Evidence of Right of Abandonment. All findings and determinations required to be made under this Article Six shall be evidenced by a resolution adopted by the Board.

ARTICLE SEVEN

ADDITIONAL BONDS

Section 7.01. Parity Bonds. The Bonds and Parity Bonds shall not be entitled to priority or preference, one over the other, in the application of Net Revenues of the System, regardless of the time or times of the issuance of such bonds, it being the intention that there shall be no priority among the Bonds and Parity Bonds regardless of the fact that they may have been actually issued and delivered at different times. The Board covenants and agrees that so long as any of the Athletic Facilities Revenue Bonds are outstanding and unpaid no Additional Bonds or other bonds, notes or obligations payable from the Net Revenues of the System will be issued except upon the basis of such Additional Bonds, notes or obligations being subject to the priority and security for payment of any of the Athletic Facilities Revenue Bonds and other Parity Bonds which are then outstanding and to the priority of the bonds then outstanding under the terms of this Resolution; provided, however, that (i) nothing in this Section shall preclude the Board from issuing additional series of Athletic Facilities Revenue Bonds without satisfying the terms and conditions of subparagraph (1) below, and (ii) the Board hereby reserves the right and privilege of issuing Additional Bonds from time to time payable from the Net Revenues of the System and ranking on a parity with the Bonds and Parity Bonds as may be then outstanding, subject to the conditions and restrictions hereinafter set forth:

(1) Additional Bonds ranking on a parity with the Bonds and Parity Bonds may be issued from time to time for the purpose of paying the cost of acquiring, purchasing or constructing buildings for use as athletic and recreational buildings and facilities, or additions to such buildings or facilities, reconstructing, completing, equipping, improving, repairing or remodeling athletic or recreational buildings or additions thereto or facilities therefor, or acquiring property therefor, or for refunding any bonds issued for account of the System, but only if there shall have first been procured and filed with the Executive Director of the Board a statement by an independent certified public accountant not in the regular employ of the Board or of the University reciting the opinion based upon necessary investigations that the Net Revenues of the System for the then last completed fiscal year (together with available income from the investment thereof and funds on deposit or credited to the System Fund) with adjustments as hereinafter provided, were equal to at least 125% of the maximum Annual Debt Service Requirement for both principal of and interest on the Bonds or Parity Bonds then outstanding and the bonds then proposed to be issued in any fiscal year prior to the longest maturity of any of the then outstanding bonds; provided, that the Net Revenues of the System for the last completed fiscal year may be adjusted by the Financial Officer to so as to give effect to any changes then enacted by the Board in the rates, fees, rentals, charges or Student Fees imposed at or prior to the time of the issuance of any such Additional Bonds, but which revised rates, fees, rentals or charges were not in effect on the first day of the then immediately preceding fiscal year as though such charges were then in effect.

For purposes of this Section, "last completed Fiscal Year" means the most recently completed Fiscal Year for which audited financial statements prepared by a certified public accountant are issued and available, but in no event a Fiscal Year which ended more than eighteen (18) months prior to the date of issuance of the Additional Bonds.

(2) Without complying with subsection 1 of this section, the Board may issue Additional Bonds for the purpose of refunding any of the Bonds or Parity Bonds if the Board shall have adopted a resolution finding such a refunding is in the best interest of the University and if prior to issuance thereof:

(i) a certificate of the Treasurer of the University is delivered to the Board stating that the refunding will result in a present value debt service savings and that debt service on the refunding bonds will not exceed debt service on the refunded bonds during any fiscal year by more than 10%; and

(ii) there is delivered to the Board an Opinion of Bond Counsel stating that upon the issuance of the refunding bonds to refund the Bonds or Parity Bonds and the application of the proceeds thereof, the bonds to be refunded will no longer be outstanding.

(3) Bonds issued to refund any of the Bonds or Parity Bonds shall not be subject to the restrictions contained in subsections 1 or 2 of this section provided the bonds being refunded shall mature or be called for redemption within three months of the date of such refunding and no other funds are available to pay such maturing bonds, but otherwise any refunding bonds ranking on a parity shall only be issued subject to said restrictions, and in computing the maximum principal and interest due in any year principal and interest on the bonds being refunded shall be excluded and principal and interest on the refunding bonds shall be utilized.

The interest payment dates for any Additional Bonds shall be semiannually on January 1 and July 1 of each year and the principal maturities of such additional bonds shall be on July 1 of the year in which any such principal is scheduled to become due. Such Additional Bonds may be made callable by the Board prior to maturity on such date or dates and on such terms and may be made payable at such place or places and of such denominations as the Board from time to time determine.

ARTICLE EIGHT

MODIFICATION AND AMENDMENT OF THE RESOLUTION

Section 8.01. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Board and the holders of the Bonds and Parity Bonds as may from time to time be outstanding and after the issuance of any of said bonds, no change, variation or alteration of any kind of the provisions of this Resolution may be made in any manner except as provided in this Article until such time as all of said bonds issued hereunder and interest thereon shall have been paid in full.

Section 8.02. Amendment With and Without Consent of Bondholders.

(A) Without notice to or the consent of any owners or holders of the Bonds or Parity Bonds, this Resolution may be amended (i) to make such changes as are necessary in the opinion of nationally recognized municipal bond counsel to maintain the tax exempt status of the interest on the Series 2017A Bonds or Parity Bonds then outstanding, (ii) to add to the covenants and agreements of, and limitations and restrictions upon, the Board in this Resolution other covenants, agreements, limitations and restrictions to be observed by the Board, (iii) to cure any ambiguity or omission or to cure, correct or supplement any defective provision of this Resolution or otherwise to amend or supplement the resolution in such manner as shall not impair the security hereof or adversely affect the bondholders; (iv) to subject to this Resolution additional revenues, properties or collateral; (v) to obtain from Moody's Investors Service, Inc. and/or S&P Global Ratings the rating or ratings for the Series 2017A Bonds or Parity Bonds customarily assigned by such rating agency or agencies to comparable securities of the Board. An amendment for the purpose specified in this paragraph shall not be considered the modification of the terms of payment of principal of or interest on the Series 2015A Bonds or Parity Bonds, or the imposition of any conditions with respect to such payment, within the meaning of subparagraph (d) of the next succeeding paragraph.

(B) The holders of three-fourths in principal amount of the Bonds and Parity Bonds at any time outstanding (not including in any case any bonds which may then be held or owned by or for the account of the Board, but including such refunding bonds as may be issued for the purpose of refunding any of the bonds herein authorized if such refunding bonds shall not then be owned by the Board) shall have the right from time to time to consent to and approve the adoption by the Board of a resolution or resolutions modifying or amending any of the terms or provisions contained in this Resolution; provided, however, that this Resolution may not be so modified or amended in such manner as to:

(a) Make any change in the maturity or redemption term of the Bonds or Parity Bonds.

(b) Make any change in the rate of interest borne by any of the Bonds or Parity Bonds.

(c) Reduce the amount of the principal payable on any Bond or Parity Bond.

(d) Modify the terms of payment of principal of or interest on the Bonds or Parity Bonds, or any of them, or impose any conditions with respect to such payment.

(e) Affect the rights of the holders of less than all of the Bonds or Parity Bonds.

(f) Reduce the percentage of the principal amount of Bonds or Parity Bonds the consent of the holders of which shall be required to effect a further modification.

Section 8.03. Notice of Proposed Amendment. Whenever the Board shall propose to amend or modify this Resolution under the provisions of Section 8.02(B), it shall (1) prior to the publication of the notice hereinafter provided in (2), cause notice of the proposed amendment to be mailed to each of the holders of revenue bonds registered as to principal at the address appearing on the registration books and also to the original purchaser or purchasers of the revenue bonds, and (2) cause notice of the proposed amendment to be published one time in a financial newspaper or journal published in the City of New York, New York. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the Executive Director of the Board for public inspection.

Section 8.04. Evidence of Consent or Approval. Whenever at any time within one year from the date of the publication of said notice there shall be filed with the Executive Director of the Board an instrument or instruments executed by the holders of at least three-fourths in aggregate principal amount of the Bonds and Parity Bonds then outstanding, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice, and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Board may adopt such amendatory resolution and such resolution shall become effective.

If the holders of at least three-fourths in aggregate principal amount of the Bonds and Parity Bonds, at the time of the adoption of such amendatory resolution, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no holder of any bonds whether or not such holder shall have consented to or shall have revoked any consent as in this section provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Board from taking any action pursuant to the provisions thereof.

Any consent given by the holder of a bond pursuant to the provisions of this section shall be irrevocable for a period of six months from the date of such consent and shall be conclusive and binding upon all future holders of the same bond during such period. Such consent may be revoked at any time after six months from the date of such consent by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Executive Director of the Board, but such revocation shall not be effective if the holders of three-fourths in aggregate principal amount of the Bonds or Parity Bonds shall have, prior to the attempted revocation, consented to and approved the mandatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions of this section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount and numbers of the bonds held by any person executing such instrument and the date of his holding the same may be proved by the affidavit of such person or by a certificate executed by any responsible bank or trust company showing that on the date therein mentioned such person had on deposit with such bank or trust company the bonds described in such certificate.

ARTICLE NINE

MISCELLANEOUS

Section 9.01. Headings. Any headings preceding the texts of the several Articles or Sections hereof shall be solely for the convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

Section 9.02. Severability. If any section, paragraph, clause or provision of this Resolution be held invalid, such invalidity shall not affect any of the remaining provisions hereof, and this Resolution shall become effective immediately upon its passage and approval.

Section 9.03. <u>Discharge and Satisfaction of Bonds</u>. The covenants, liens and pledges entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to the Bonds or Parity Bonds, or any of them, in any one or more of the following ways:

(a) By paying the Bonds when the same shall become due and payable; and

(b) By depositing in trust with the Bond Registrar, or with a corporate trustee designated by the Board for the payment of said obligations and irrevocably appropriated exclusively to that purpose an amount in cash or direct obligations of the United States the maturities and income of which shall be sufficient to retire at maturity, or by redemption prior to maturity on a designated date upon which said obligations may be redeemed, such obligations together with the interest thereon to maturity or to the designated redemption date, premiums thereon, if any that may be payable on the redemption of the same; provided that proper notice of redemption has been given in accordance with this Resolution.

Upon such payment or deposit of money or securities, or both, in the amount and manner provided by this Section, all liability of the Issuer with respect to such Bonds or Parity Bonds shall cease, determine and be completely discharged, and the holders thereof shall be entitled only to payment out of the money or securities so deposited.

Section 9.04. <u>Continuing Disclosure</u>. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, and the provisions of the Continuing Disclosure Certificate are hereby approved and incorporated by reference as part of this Resolution and made a part hereof and the Executive Director is hereby authorized to execute and deliver the same at issuance of the Bonds. Notwithstanding any other provision of this Resolution, failure of the Issuer to comply with the Continuing Disclosure Certificate shall not be considered an event of default under this Resolution; however, any holder of the Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under the Continuing Disclosure Certificate. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Section 9.05. <u>Conflicting Resolutions or Orders</u>. All resolutions or orders or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

THE STATE UNIVERSITY OF IOWA

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED

JUNE 30, 2016

The audited financial statements of the University as of June 30, 2016 are included in this Appendix. (The University's audited financial statements for the year ended June 30, 2017 are not yet available). These statements have been audited by the State of Iowa Office of Auditor of State. The Office of Auditor of State has not been asked to make any additional review and has not consented to the use of its report in this Official Statement.

Independent Auditor's Report

To the Members of the Board of Regents, State of Iowa:

Report on the Financial Statements

We have audited the accompanying Statement of Net Position, and the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows, of the State University of Iowa, Iowa City, Iowa, (University of Iowa) and its aggregate discretely presented component units as of and for the years ended June 30, 2016 and 2015, and the related Notes to Financial Statements, which collectively comprise the University of Iowa's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University of Iowa Research Foundation, the State University of Iowa Foundation and Affiliate and the University of Iowa Health System discussed in Note 1, which represent 100% of the assets, net position and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to those financial statements, is based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the State University of Iowa Foundation and Affiliate were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University of Iowa's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of Iowa's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Iowa and its aggregate discretely presented component units as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years ended June 30, 2016 and 2015 in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in Note 1, the financial statements of the University of Iowa are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of the University of Iowa. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2016 and 2015 and the changes in its financial position and its cash flows for the years ended June 30, 2016 and 2015 in conformity with U.S. generally accepted accounting principles.

As discussed in Note 15 to the financial statements, the University of Iowa restated noncurrent investments and deposits held in custody for others after it was discovered an elimination entry had not been recorded for fiscal years 2015 and 2014 for the amount of investments of Musser-Davis Land Company whose net position is recorded as a wholly owned subsidiary. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the University's Proportionate Share of Net Pension Liability, Schedule of University Contributions and the Schedule of Funding Progress by Valuation Date on pages 7 through 17 and 76 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Introduction and Highlights Section and the Message from University Chief Financial Officer and Treasurer, Terry L. Johnson, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

Our report on the University of Iowa's internal control over financial reporting and other tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters required by Government Auditing Standards will be issued under separate cover. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

December 12, 2016

Management's Discussion and Analysis

The cornerstone of the Iowa City arts community, Hancher Auditorium, made its stunning return in September of 2016.

INTRODUCTION

The following discussion and analysis of the University of Iowa's financial statements presents an overview of the University's financial activities for the years ended June 30, 2016 and 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements and related footnotes that follow.

FINANCIAL HIGHLIGHTS

The University's financial position remained strong at June 30, 2016, with assets of $6,284 million and liabilities of $2,255 million as compared to June 30, 2015 assets of $6,019 million and liabilities of $2,217 million. Net position, the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, increased by $253.9 million (6.7%) from July 1, 2015 to June 30, 2016. The increase from June 30, 2014 to June 30, 2015 was $260.3 million (7.4%).

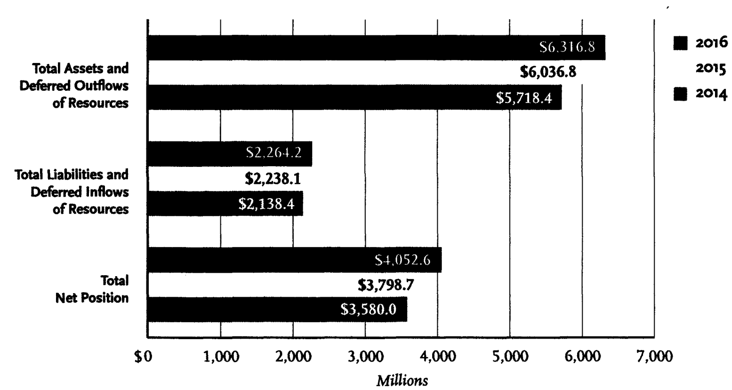
The change in net position reports the financial results during the fiscal year by measuring the relationship between revenues and expenses. It is important to note that public universities such as the University of Iowa generally report an operating loss, as the financial reporting model classifies state appropriations, investment income and gifts as nonoperating revenues. Operating revenues are received for providing goods and services to the various students, customers and constituencies of the University. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided.

During a review of the University's records for investments and deposits held in custody for others, it was discovered that an elimination entry had not been recorded for the amount of the investments held for Musser-Davis Land Company, whose net position is recorded as an investment in wholly owned subsidiary. The elimination entry for fiscal years 2015 and 2014 reduces noncurrent investments and deposits held in custody for others by $42,170,000 and $62,772,000 respectively. Additionally, due to Musser-Davis Land Company preparing their financial statements on a modified cash basis of accounting, the investments are carried at cost basis and, therefore, the difference between fair value and cost basis was not recognized in the University's net position. This adjustment for fiscal years 2015 and 2014 reduced deposits held in custody for others and increased investment income by $3,098,000 and $12,240,000, respectively. See Note 15 for additional information.

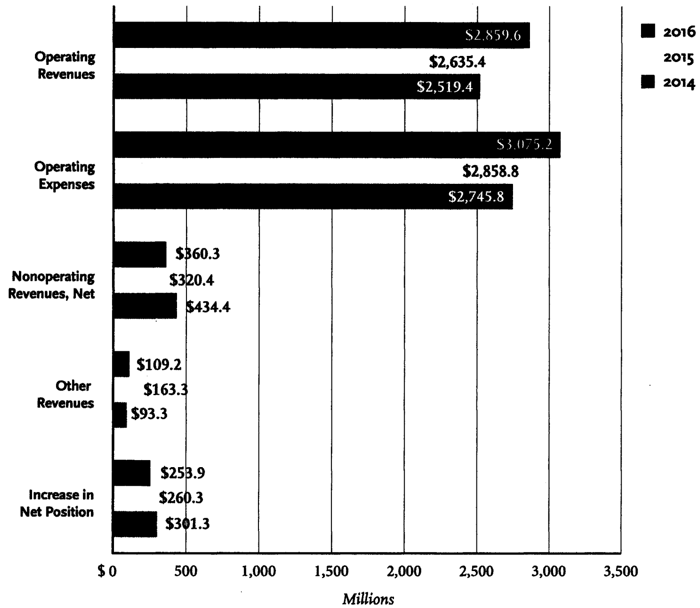
GASB Statement No. 68 Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 2014 was restated by $41.68 million to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2014 financial statement amounts for the net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the pension information needed to restate the amounts was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year. See Note 15 for additional information.

The following charts compare Total Assets and Deferred Outflows of Resources, Total Liabilities and Deferred Inflows of Resources, and Total Net Position at June 30, 2016, 2015, and 2014 and the components of changes in Net Position at June 30, 2016, 2015 and 2014.

STATEMENT OF NET POSITION



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION



USING THIS ANNUAL REPORT

The University's annual report consists of three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These statements provide information on the University as a whole and present a long-term and short-term view of the University's activities.

THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position present the financial position of the University at the end of the fiscal year and report the University's net position and changes in them during the current fiscal year, respectively. Net position, the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, is one indicator of the current financial condition of the University, while the change in net position over time determines whether the financial health of the University is improving. To assess the overall health of the University, non-financial factors are relevant as well. Such factors include student enrollment, patient volumes, the University's ability to attract and retain qualified faculty and staff and the overall condition of the University's buildings and infrastructure.

These statements are reported under the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid.

The following table summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for the years ended June 30, 2016, 2015 and 2014.

NET POSITION, END OF YEAR (in millions)

	2016	Restated 2015	Restated 2014
Assets			
Current assets	$819.0	$848.7	$776.9
Capital assets, net	3,647.0	3,294.9	2,921.9
Other noncurrent assets	1,818.1	1,875.2	2,016.7
Total Assets	6,284.1	6,018.8	5,715.5
Deferred Outflows of Resources	32.7	18.0	2.9
Liabilities			
Current liabilities	707.6	704.4	690.2
Noncurrent liabilities	1,547.3	1,513.0	1,441.5
Total Liabilities	2,254.9	2,217.4	2,131.7
Deferred Inflows of Resources	9.3	20.7	6.7
Net Position			
Net invesetment in capital assets	2,368.6	2,041.1	1,777.5
Restricted	453.4	452.7	438.8
Unrestricted	1,230.6	1,304.9	1,363.7
Total Net Position	$4,052.6	$3,798.7	$3,580.0

The following table summarizes the University's revenues, expenses and changes in net position for the years ended June 30, 2016, 2015 and 2014.

REVENUES, EXPENSES AND CHANGES IN NET POSITION
(in millions)

	2016	Restated 2015	Restated 2014
Operating Revenues:			
Tuition and fees, net of scholarship allowances	$379.1	$377.8	$382.1
Grants and contracts	343.7	333.9	347.9
Patient services, net of allowances	1,789.4	1,611.6	1,462.0
Sales and services of educational departments	108.4	98.9	102.9
Auxiliary enterprises, net of scholarship allowances	197.0	180.6	179.6
Other operating revenue	42.0	32.6	44.9
Total Operating Revenues	2,859.6	2,635.4	2,519.4
Operating Expenses:			
Instruction	337.3	352.7	349.8
Research	332.2	294.7	297.1
Academic support	181.4	164.6	167.4
Patient services	1,508.9	1,343.8	1,281.0
Depreciation and amortization	196.9	182.7	171.6
Auxiliary enterprises	182.1	172.8	166.7
Other operating expenses	336.4	347.5	312.2
Total Operating Expenses	3,075.2	2,858.8	2,745.8
Operating (Loss)	(215.6)	(223.4)	(226.4)
Nonoperating Revenues (Expenses):			
State appropriations	247.3	247.3	238.1
Grants and contracts	17.3	17.1	15.7
Investment income, net of investment expenses	43.7	9.4	144.0
Gifts	89.0	82.0	83.4
Interest expense	(31.4)	(33.3)	(35.5)
Loss on disposal of capital assets	(5.6)	(2.1)	(11.3)
Net Nonoperating Revenues (Expenses)	360.3	320.4	434.4
Income Before Other Revenues	144.7	97.0	208.0
Other Revenues:			
Capital appropriations, State	19.4	18.3	21.4
Capital contributions and grants	15.7	4.9	8.4
FEMA reimbursement for capital costs, net of expenses	74.1	140.1	63.5
Net Other Revenues	109.2	163.3	93.3
Increase in Net Position	253.9	260.3	301.3
Net position, beginning of year	3,798.7	3,538.4	3,278.7
Net position, end of year	$4,052.6	$3,798.7	$3,580.0

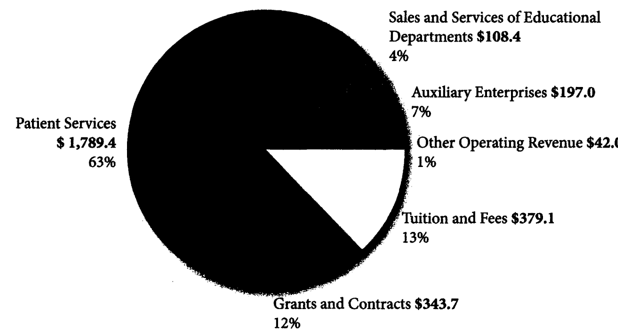
The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in net position for the fiscal year ended June 30, 2016 of $253.9 million (6.7%). During the fiscal year ended June 30, 2016, the University increased operating revenues and operating expenses by 8.5% and 7.6%, respectively. The net result from operating revenues and expenses is an operating loss of 7.5% compared to 8.5% last year. However, after factoring in state appropriations, investment income, gifts and other revenues, the University increased net position by $253.9 million for the year ended June 30, 2016.

During the fiscal year ended June 30, 2016, net nonoperating revenues (expenses) increased by 12.5%.

OPERATING REVENUES

For the fiscal years (FY) ended June 30, 2016, 2015 and 2014, operating revenues totaled $2,860 million, $2,635 million and $2,519 million, respectively. Operating revenues increased $224.2 million (8.5%) over FY 2015 revenues. The increase is primarily from patient services, auxiliary enterprises, and grants and contracts. The following is a graphic illustration of revenues by source which are used to fund the University's operating activities for the year ended June 30, 2016.

FY 2016 OPERATING REVENUES $2,859.6 million

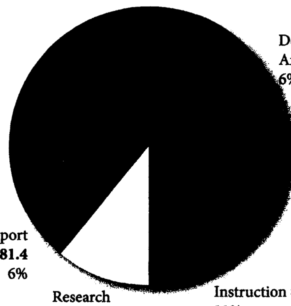


In the most recent National Science Foundation, Higher Education Research and Development survey (2014), the University of Iowa ranked 53rd among public and private universities combined in terms of federally financed expenditures for research and development. Grants, contracts and other sponsored agreements operating revenue exceeded $343 million in FY 2016, $333 million in FY 2015 and $347 million in FY 2014.

OPERATING EXPENSES

For the fiscal years ended June 30, 2016, 2015 and 2014, operating expenses totaled $3,075 million, $2,859 million and $2,746 million, respectively. Operating expenses increased $216.4 million (7.6%) over FY 2015 expenses. The increase is primarily from patient services, research, academic support, and depreciation. The following is a graphic illustration of the University's operating expenses for the year ended June 30, 2016.

FY 2016 OPERATING EXPENSES $ 3,075.2 million



Other operating expenses include Public Service (2016, $93 million; 2015, $88 million), Student Services (2016, $36 million; 2015, $36 million), Institutional Support (2016, $54 million; 2015, $75 million), Operation and Maintenance of Plant (2016, $78 million; 2015, $75 million), Scholarships and Fellowships (2016, $30 million; 2015, $31 million), and Other (2016, $45 million; 2015, $42 million).

NONOPERATING REVENUES AND EXPENSES

Nonoperating revenues and expenses netted a positive $360.3 million for the fiscal year ended June 30, 2016 and $320.4 million for the fiscal year ended June 30, 2015.

The following table summarizes the University's nonoperating revenues and expenses for the years ended June 30, 2016, 2015 and 2014.

NONOPERATING REVENUES (EXPENSES) (in millions)

	2016	Restated 2015	Restated 2014
Nonoperating Revenues (Expenses)			
State appropriations	$247.3	$247.3	$238.1
Grants and contracts	17.3	17.1	15.7
Investment income, net of investment expenses	43.7	9.4	144.0
Gifts	89.0	82.0	83.4
Interest expense	(31.4)	(33.3)	(35.5)
Loss on disposal of capital assets	(5.6)	(2.1)	(11.3)
Net Nonoperating Revenues (Expenses)	$360.3	$320.4	$434.4

State appropriations did not change from the prior year in the fiscal year ended June 30, 2016. Grants and contracts revenue increased by $0.2 million (1.2%), investment income increased by $34.3 million (364.9%) and gifts increased by $7.0 million (8.5%) in the fiscal year ended June 30, 2016.

OTHER REVENUES AND EXPENSES

Not included, by definition, as nonoperating revenues and expenses are state appropriations for capital projects, contributions and grants for capital projects and reimbursement from FEMA for capital costs, net of expenses. The other revenues and expenses decreased from net revenue of $163.3 million for the fiscal year ended June 30, 2015 to $109.2 million for the fiscal year ended June 30, 2016, a decrease of $54.1 million, or 33.1%. Capital appropriations, contributions, and grants increased from $23.2 million for the fiscal year ended June 30, 2015 to $35.1 million for the fiscal year ended June 30, 2016, an increase of $11.9 million, or 51.3%. For the fiscal years ended June 30, 2016 and 2015, $74.1 million and $140.1 million, respectively, was recognized in FEMA reimbursement for capital costs, net of expenses, a decrease of $66.0 million, or 47.1%. The net revenue is intended to fund flood-related expenses.

After insurance recoveries, FEMA has agreed to reimburse the University at 90% of actual cost of approved project work orders. All FEMA related activity is reported in Other Revenues. In fiscal year 2016, the University received $74.1 million in FEMA reimbursements towards flood-related costs expended ($85.5 million for capital costs and $11.4 million for expenses).

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information regarding the University's cash receipts and disbursements during the fiscal year. This provides an assessment of the University's ability to generate net cash flows and meet obligations as they come due. See Note 1 for a description of reporting changes that have occurred with cash and cash equivalents.

The following table summarizes the University's cash flow for the fiscal years ended June 30, 2016, 2015 and 2014.

CASH FLOWS FOR THE YEAR (in millions)

	2016	Restated 2015	Restated 2014
Cash provided (used) by:			
Operating activities	$78.8	($89.8)	($51.4)
Noncapital financing activities	343.9	332.2	326.7
Capital and related financing activities	(498.3)	(436.0)	(298.4)
Investing activities	81.2	173.4	17.1
Net change in cash and cash equivalents	5.6	(20.2)	(6.0)
Cash and cash equivalents, beginning of year	211.8	232.0	238.0
Cash and cash equivalents, end of year	$217.4	$211.8	$232.0

The University's overall liquidity increased during the year, with a net increase in cash and cash equivalents of $5.6 million. The increase is primarily due to receipts for patient services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following table summarizes the University's capital assets, net of depreciation and amortization, as of June 30, 2016, 2015 and 2014.

CAPITAL ASSETS, NET OF DEPRECIATION AND AMORTIZATION
(in millions)

	2016	2015	2014
Nondepreciable/nonamortizable			
Land	$64.5	$65.3	$63.1
Construction in progress	695.3	728.9	585.3
Intangibles in development	7.8	6.2	15.6
Art & historical collections	26.3	26.2	25.0
Library materials	328.1	314.2	299.0
Depreciable/amortizable			
Land improvements, net	4.7	5.3	5.6
Infrastructure, net	267.4	273.3	272.0
Buildings, net	1,973.6	1,604.2	1,395.4
Equipment, net	230.4	218.9	219.3
Intangibles, net	48.9	52.4	41.6
Total Capital Assets, Net	$3,647.0	$3,294.9	$2,921.9

The University of Iowa is currently in construction on numerous major, impactful projects. A leading contributor to the current construction workload is the UIHC Children's Hospital ($360.2 million) which will be opening for patients by the end of 2016. The last of the 2008 flood recovery projects, Hancher Auditorium ($175 million) and Voxman School of Music Building ($152 million) replacement facilities, both opened in time for the 2016 fall semester. Other projects scheduled to wrap up in 2016 include the interior renovations and modernization of the 1973-built College of Dentistry Building budgeted at $48 million as well as the John and Mary Pappajohn Biomedical Discovery Building – Fit-Out Central Vivarium Space ($24 million).

Construction work continues on the Catlett Residence Hall ($95.0 million), a new 1,050 bed residence and dining hall that will open in the fall of 2017. The Seamans Center for the Engineering Arts and Sciences - South Annex Addition ($37.1 million) is scheduled to be completed in the fall of 2017 while improvements to UIHC's Heart and Vascular Center will be completed in the summer of 2017. Several other projects commenced construction this year including the new Pharmacy Building ($96.3 million), renovation of the Eckstein Medical Research Building labs ($9.1 million), the Pediatric Specialty Clinic Expansion ($11.3 million), and reconstruction of approximately 400 feet of the Currier Steam Tunnel near Burge Hall ($5.6 million).

Several projects are currently under design or study including a $33.5 million building for the Department of Psychological and Brain Sciences (within the College of Liberal Arts and Sciences), a project to reconstruct the Kinnick Stadium North End Zone ($89.9 million) and replace the existing turf, and a renovation of the Gerdin Athletic Learning Center including the build-out of the 3rd floor ($6.3 million). Utility projects underway include the installation of a reverse osmosis system at the Water Plant to address regulatory and reliability needs ($5.8 million), commencement of the remaining phase to replace the steam distribution system on Grand Avenue, and an expansion of the steam capacity at the main Power Plant.

Additionally, the University is currently in the planning stage for a new Museum of Art to replace the flood damaged facility, as well as a project to renovate sections of the College of Nursing building to support program needs. UIHC projects include an expansion of the existing Iowa River Landing medical facility that has been very successful relieving congestion at the central UIHC complex and several projects to upgrade space vacated due to the opening of the Children's Hospital.

Additional information about the University's capital assets is presented in Note 4 to the financial statements.

Debt

As of June 30, 2016, the University had $1,313.1 million in outstanding bonds, notes and capital leases, a decrease of $11.2 million from the prior year. Debt principal payments of $63.9 million and interest payments of $35.2 million were made during the fiscal year ended June 30, 2016.

The following table summarizes outstanding debt by type as of June 30, 2016, 2015 and 2014.

BONDS, NOTES AND CAPITAL LEASES
(in millions)

	2016	2015	2014
Revenue bonds	$1,252.9	$1,254.7	$1,257.7
Notes	40.7	49.1	52.4
Capital leases	19.5	20.5	20.4
Total Debt Outstanding	$1,313.1	$1,324.3	$1,330.5

During the fiscal year ended June 30, 2016, $48.8 million of new revenue bonds were issued. The revenue bond proceeds were $14.1 million for Academic Buildings and $34.7 million for Residence Services. The University carries an Aa1 institutional bond rating from Moody's and an AA rating from Standard & Poor's. UIHC carries a rating of AA2 and AA-. Additional information related to the University's noncurrent liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University of Iowa continues to have significant appeal to prospective students. This is attributable, in great part, to the University's high academic standards and its national reputation as a best buy in undergraduate education. The University continues to draw a high percentage of students from outside the state of Iowa, most notably from the state of Illinois. In addition, international and transfer undergraduate enrollment continues to increase. The University is pleased to report it has the most diversified student body in its history. Total first-time first-year undergraduate enrollment for the 2016-2017 academic term is 5,643, which is up 7.7% over the prior year. Total enrollment for fall 2016 is 33,334, the highest enrollment in the University's history. It is forecasted that these trends will continue with strong enrollment demand at the University of Iowa, despite overall high school graduation demographics remaining flat within the state of Iowa.

The University continues to be one of the nation's top research-intensive universities with grant and contract research awards to the University exceeding $400 million per year for the past 8 years. The recent completion of new research labs, continuation of hiring highly productive faculty within focused clusters, and infrastructure improvements will enable the University's researchers to be more productive and better positioned to compete for external grants and contracts as new sponsored research opportunities emerge. Particular emphasis is on developing stronger partnerships with industry leading to improved marketability of intellectual capital generated by UI faculty and staff.

As economic conditions continue to improve in the United States and around the globe, the University is experiencing benchmark or better returns in its operating, intermediate and long term investment pools. The University will continue to employ its long-term investment strategy to maximize total returns, at an appropriate level of risk. The Board of Regents investment advisor is a partner in this process to ensure prudently managed and well diversified investment portfolios.

The University of Iowa Hospitals & Clinics (UIHC) continues to be recognized as one of the nation's best, and has achieved successful operating results for fiscal year 2016 with an operating margin of 6.9%. According to *U.S. News & World Report,* UIHC has been included again as one of the top hospitals in the United States in its annual "best hospitals" rankings. Fifteen programs were ranked in the top 50 in the country. Of the fifteen, seven are in adult specialties and eight are in pediatric specialty areas. The University of Iowa Health Care is rated by *U.S. News & World Report* as the #1 hospital in the state of Iowa and it continues to report robust patient census data and strong financial performance overall. Iowa's future doctors are in a great learning environment attributable to outstanding medical faculty and exposure to a high complexity case mix at UIHC.

The state economy continues to report stable revenue growth over the prior year. The October 2016 projection from the state's revenue estimating committee projects current year state tax receipts to be 5.4% above FY 2016 actual receipts. FY 2018 receipts are estimated to be 4.1% above the projection for FY 2017.

THE UNIVERSITY OF IOWA

Statement of Net Position

June 30, 2016 (in thousands)

With comparative statement as of June 30, 2015

	2016	Restated 2015
ASSETS		
Current Assets:		
Cash and cash equivalents	$144,959	$133,689
Deposits with trustees	-	52
Investments	186,671	171,627
Accounts receivable, net	340,933	371,923
Notes receivable, net	2,298	2,304
Interest receivable	2,046	1,891
Due from government agencies	85,413	115,834
Inventories	37,399	33,643
Prepaid expenses and other current assets	19,267	17,694
Total current assets	818,986	848,657
Noncurrent Assets:		
Cash and cash equivalents	72,452	78,079
Deposits with trustees	14,772	14,800
Investments	1,675,350	1,713,625
Notes receivable, net	25,968	24,880
Investment in wholly owned subsidiary	29,578	43,867
Capital assets, net	3,647,010	3,294,900
Total noncurrent assets	5,465,130	5,170,151
Total Assets	6,284,116	6,018,808
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	19,872	14,190
Debt refunding loss	12,803	3,795
Total Deferred Outflows of Resources	32,675	17,985
Total Assets and Deferred Outflows of Resources	$6,316,791	$6,036,793
LIABILITIES		
Current Liabilities:		
Accounts payable	$102,629	$115,312
Salaries and wages payable	181,854	165,921
Unpaid claims	30,929	31,641
Unearned revenue	49,201	51,728
Interest payable	16,816	16,467
Long-term debt, current portion	64,714	60,479
Other long-term liabilities, current portion	101,644	94,910
Deposits held in custody for others	159,792	167,950
Total current liabilities	707,579	704,408
Noncurrent Liabilities:		
Accounts payable	42,890	34,871
Long-term debt, noncurrent portion	1,248,375	1,263,774
Other long-term liabilities, noncurrent portion	256,002	214,361
Total noncurrent liabilities	1,547,267	1,513,006
Total Liabilities	2,254,846	2,217,414
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	4,449	14,744
Debt refunding gain	4,486	5,453
Contract and grant deferred inflows	373	489
Total Deferred Inflows of Resources	9,308	20,686
NET POSITION		
Net investment in capital assets	2,368,562	2,041,059
Restricted:		
Nonexpendable:		
Permanent endowment	44,562	46,372
Expendable:		
Research and gifts	80,150	105,909
Student loans	21,357	21,712
Quasi endowments	80,916	75,471
Debt service and capital projects	226,456	203,297
Unrestricted	1,230,634	1,304,873
Total Net Position	4,052,637	3,798,693
Total Liabilities, Deferred Inflows of Resources and Net Position	$6,316,791	$6,036,793

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2016 (in thousands)

With comparative statement for the year ended June 30, 2015

Operating Revenues:	2016	Restated 2015
Student tuition and fees, net of scholarship allowances of $115,306 and $104,136 for the years ended June 30, 2016 and 2015, respectively (pledged as payment on revenue bonds)	$379,141	$377,837
Federal grants and contracts	275,047	276,235
State and other governmental grants and contracts	15,498	15,491
Nongovernmental grants and contracts	53,150	42,219
Patient services, net of write-offs, contractual adjustments and indigent care of $3,014,151 and $2,580,091 for the years ended June 30, 2016 and 2015, respectively (pledged as payment on revenue bonds)	1,789,411	1,611,592
Sales and services of educational departments	108,375	98,938
Interest on student loans	709	714
Auxiliary enterprises, net of scholarship allowances of $9,208 and $9,138 for the years ended June 30, 2016 and 2015, respectively (pledged as payment on revenue bonds)	197,017	180,636
Other operating revenue	41,240	31,688
Total Operating Revenues	**2,859,588**	**2,635,350**
Operating Expenses:		
Instruction	337,258	352,679
Research	332,210	294,655
Public service	93,171	87,622
Academic support	181,398	164,642
Patient services	1,508,948	1,343,804
Student services	35,708	36,504
Institutional support	54,484	75,059
Operation and maintenance of plant	78,174	75,431
Scholarships and fellowships	30,234	30,516
Depreciation and amortization	196,888	182,762
Auxiliary enterprises	182,133	172,792
Other operating expenses	44,563	42,286
Total Operating Expenses	**3,075,169**	**2,858,752**
Operating (Loss)	**(215,581)**	**(223,402)**
Nonoperating Revenues (Expenses):		
State appropriations	247,258	247,258
Federal grants and contracts	17,310	17,081
Investment income, net of investment expenses of $2,231 and $2,421 for the years ended June 30, 2016 and 2015, respectively	43,730	9,425
Gifts	88,939	82,034
Interest expense	(31,378)	(33,319)
Loss on disposal of capital assets	(5,573)	(2,141)
Net Nonoperating Revenues (Expenses)	**360,286**	**320,338**
Income Before Other Revenues	**144,705**	**96,936**
Other Revenues		
Capital appropriations, State	19,383	18,282
Capital contributions and grants	15,694	4,951
FEMA reimbursement for capital costs, net of expenses	74,162	140,106
Net Other Revenues	**109,239**	**163,339**
Increase in Net Position	**253,944**	**260,275**
Net Position		
Net position, beginning of year	**3,798,693**	**3,538,418**
Net position, end of year	**$4,052,637**	**$3,798,693**

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF IOWA

Statement of Cash Flows

For the Year ended June 30, 2016 (in thousands)

With comparative statement for the year ended June 30, 2015

	2016	Restated 2015
Cash Flows From Operating Activities		
Tuition and fees	$380,395	$379,798
Patient receipts	1,822,719	1,545,007
Grants and contracts	369,618	301,691
Payments for salaries and benefits	(1,674,672)	(1,592,213)
Payments for goods and services	(958,806)	(832,601)
Scholarships	(30,234)	(30,516)
Loans issued to students	(6,271)	(5,189)
Collections of loans from students	5,854	4,774
Sales of educational activities	109,080	99,733
Other receipts	41,245	30,654
Auxiliary enterprise receipts	202,028	181,868
Auxiliary enterprise payments	(182,133)	(172,792)
Net Cash (Used) by Operating Activities	78,823	(89,786)
Cash Flows From Noncapital Financing Activities		
State appropriations	247,258	247,258
Grants and contracts	17,310	17,081
Proceeds from noncapital gifts	88,939	82,034
Funds held for others receipts	237,587	279,594
Funds held for others payments	(247,204)	(293,793)
William D. Ford Direct Lending & Plus Loans receipts	155,865	159,762
William D. Ford Direct Lending & Plus Loans made	(155,690)	(159,984)
Other noncapital receipts (payments)	(176)	222
Net Cash Provided by Noncapital Financing Activities	343,889	332,174
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(537,975)	(557,822)
Interest paid on capital debt and leases	(35,153)	(37,893)
Proceeds from sale of capital assets	(1,663)	1,119
Capital appropriations	18,449	18,706
Capital gifts and grants received	561	3,726
Deposits with trustee	80	150
Principal paid on capital debt and leases	(63,927)	(60,977)
Proceeds from capital debt and leases	55,083	55,345
Defeased debt payments	(167,950)	(57,575)
Other capital and related financing receipts	234,239	199,246
Net Cash (Used) by Capital and Related Financing Activities	(498,256)	(435,975)
Cash Flows From Investing Activities		
Interest and dividends on investments	27,961	27,389
Proceeds from sale and maturities of investments	670,083	1,095,615
Purchase of investments	(616,857)	(949,639)
Net Cash Provided by Investing Activities	81,187	173,365
Net Decrease in Cash and Cash Equivalents	5,643	(20,222)
Cash and Cash Equivalents, beginning of year	211,768	231,990
Cash and Cash Equivalents, end of year	$217,411	$211,768
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and cash equivalents in current assets	$144,959	$133,689
Noncurrent cash and cash equivalents	72,452	78,079
Total Cash and Cash Equivalents	$217,411	$211,768
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:		
Operating (loss)	($215,581)	($223,402)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation and amortization expense	196,888	182,762
Changes in operating assets and liabilities:		
Accounts receivable, net	33,754	(64,911)
Interest receivable	(92)	(512)
Inventories	(3,756)	(4,745)
Prepaid expenses and other current assets	(1,575)	(3,620)
Due from government agencies, net of receivable from State for capital appropriations	31,355	(39,162)
Notes receivable, net	(1,082)	(282)
Accounts payable	(5,364)	16,310
Salaries and wages payable	15,933	6,002
Unpaid claims liability	(712)	5,044
Other long-term liabilities	5	(1,612)
Unearned revenue	(2,527)	7,995
Contract and grant deferred inflows	(116)	404
Pension liability	14,802	(8,705)
Pension related deferred outflows	(5,681)	(8,494)
Pension related deferred inflows	(10,294)	14,744
Other postemployment benefits other than pension liability	25,951	21,818
Compensated absences	9,054	3,856
Early retirement benefits	(2,139)	6,724
Net Cash (Used) by Operating Activities	$78,823	($89,786)
Significant Noncash Transactions:		
Assets acquired under capital leases	$ -	$1,022
Assets acquired by gift	$15,133	$1,225
Net unrealized gain (loss) on investment	$10,383	($50,166)

The accompanying notes are an integral part of these financial statements.

THE STATE UNIVERSITY OF IOWA FOUNDATION AND AFFILIATE

Consolidated Statement of Financial Position
June 30, 2016 (in thousands)
With comparative statement as of June 30, 2015

ASSETS	2016	2015
Cash and cash equivalents	$28,015	$46,114
Receivables:		
Pledges, at net present value, less allowance for losses	114,812	110,346
Other receivables and prepaids	228	18
	115,040	110,364
Investments:		
Carried at fair value		
U.S. Government and governmental agency securities	3,847	3,975
Corporation stocks, primarily common stocks	7,169	6,189
Managed separate investment accounts, primarily equity securities	1,086,331	1,044,423
Assets in living trusts, testamentary trusts and gift annuities	61,088	65,883
Beneficial interest in perpetual trusts	12,534	12,831
	1,170,969	1,133,301
Other:		
Real estate	6,010	6,123
Cash value of life insurance	6,599	5,975
Other	936	937
	13,545	13,035
Property leasehold interest and equipment, net	18,353	18,933
Total Assets	$1,345,922	$1,321,747

LIABILITIES AND NET ASSETS	2016	2015
Liabilities:		
Accounts payable and accrued expenses	$4,419	$2,218
Annuity and life income obligations	24,725	27,000
Capital lease obligation	2,345	3,070
Amounts held on behalf of others	94,211	99,391
	125,700	131,679
Net Assets:		
Unrestricted	30,912	30,224
Temporarily restricted	553,362	577,229
Permanently restricted	635,948	582,615
	1,220,222	1,190,068
Total Liabilities and Net Assets	$1,345,922	$1,321,747

The accompanying notes are an integral part of these financial statements.

THE STATE UNIVERSITY OF IOWA FOUNDATION AND AFFILIATE

Consolidated Statement of Activites
For the year ended June 30, 2016 (in thousands)

With comparative statement for the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	**2016 Total**	**2015 Total**
Support and revenue:					
Total contributions raised	$480	$86,194	$52,921	$139,595	$115,931
Change in value of life income gifts	-	1,671	(654)	1,017	(1,610)
Subtotal	**480**	**87,865**	**52,267**	**140,612**	**114,321**
Less amounts attributed to others	-	(4,599)	(412)	(5,011)	(5,124)
Total contributions and change in value of life income gifts	**480**	**83,266**	**51,855**	**135,601**	**109,197**
Investment income (expense):					
Interest and dividends	2,296	2,378	-	4,674	4,220
Asset based management and service fees	12,016	(11,834)	-	182	208
Change in fair value of investments	2,100	(5,897)	-	(3,797)	32,670
Subtotal	**16,412**	**(15,353)**	-	**1,059**	**37,098**
Less amounts attributed to others	-	1,578	-	1,578	(2,127)
Total investment income	**16,412**	**(13,775)**	-	**2,637**	**34,971**
Other revenue:					
Other, primarily fundraising service revenue	10,455	6,013	-	16,468	12,979
Less amounts attributed to others	-	(337)	-	(337)	(385)
Total other revenue	**10,455**	**5,676**	-	**16,131**	**12,594**
Net assets released from restrictions and changes in donor restrictions	97,556	(99,034)	1,478	-	-
Total support and revenue	124,903	(23,867)	53,333	154,369	156,762
Transfers to and Expenses of The State University of Iowa and Affiliates					
Student support	25,766	-	-	25,766	24,595
Faculty support	16,787	-	-	16,787	15,296
Research	22,454	-	-	22,454	18,333
Facilities and equipment	14,881	-	-	14,881	21,083
Program support	16,090	-	-	16,090	14,184
Fundraising	7,797	-	-	7,797	6,920
Management and service fees	2,731	-	-	2,731	2,900
Subtotal	**106,506**	-	-	**106,506**	**103,311**
Less amounts attributed to others	(8,950)	-	-	(8,950)	(7,761)
Total	**97,556**	-	-	**97,556**	**95,550**
Expenses of The State University of Iowa Foundation and Affiliate:					
Operating Expenses	26,659	-	-	26,659	24,554
Total expenses	**124,215**	-	-	**124,215**	**120,104**
Change in net assets	**688**	**(23,867)**	**53,333**	**30,154**	**36,658**
Net assets, beginning	30,224	577,229	582,615	1,190,068	1,153,410
Net assets, ending	**$30,912**	**$553,362**	**$635,948**	**1,220,222**	**$1,190,068**

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

With every room tuned to acoustic perfection, the new Voxman Music Building, which opened in October, is an incredible resource for Iowa's musicians.

Note 1—Organization and Summary of Significant Accounting Policies

ORGANIZATION

The State University of Iowa (University), located in Iowa City, Iowa, is a coeducational university owned and operated by the State of Iowa (State) under the supervision of the Board of Regents, State of Iowa (Board of Regents). The University was established by the First General Assembly on February 25, 1847, and has been in continuous operation since classes began in 1855.

The University is classified as a state instrumentality under Internal Revenue Code Section 115 and its income is exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). These statements present the University as a whole. These GASB Statements establish standards for external financial reporting for public colleges and universities and require that resources be classified for accounting and reporting purposes into four net position categories:

- **Net investment in capital assets**—Capital assets, net of accumulated depreciation and amortization and reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets.

- **Restricted, nonexpendable**—Net position subject to externally imposed constraints in which the donors or other outside sources have stipulated as a condition that the principal is to be retained in perpetuity. Such assets include the University's permanent endowments.
- **Restricted, expendable**—Net position whose use by the University is subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time.
- **Unrestricted**—Net position not subject to externally imposed constraints which may be used by the governing board to meet current obligations for any purpose. Unrestricted net position is derived from student tuition and fees, state appropriations, and sales and services of auxiliary enterprises and are generally designated for academic, research and capital programs or to meet contractual obligations of the University.

When an expense is incurred in which both unrestricted and restricted net position are available, the University's policy is to first apply the expense against the restricted, and then toward the unrestricted net position.

FINANCIAL REPORTING ENTITY

The University's financial statements include schools, colleges and departments, the University of Iowa Hospitals & Clinics (UIHC), the Iowa Medical Mutual Insurance Company (IMMIC, a captive insurance company) and certain affiliated operations determined to be a part of the University's financial reporting entity. The University has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the University are such that exclusion would cause the University's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. The GASB classification of these entities for the University's financial reporting purposes does not affect their respective legal or organizational relationships with the University. As required by United States generally accepted accounting principles as prescribed by the GASB, these financial statements present the University and its component units. These component units are included in the University's reporting entity because of the significance of their operational or financial relationships with the University. These component units are separate legal entities from the University, but are so intertwined with the University they are, in substance, the same as the University.

Blended Component Units

The Iowa Measurement Research Foundation, Miller Endowment, Incorporated and University of Iowa Research Park Corporation are included in the reporting entity as blended component units. These legally separate entities are included in the University's financial reporting entity because of the nature of their relationship to the University.

The Iowa Measurement Research Foundation (IMRF) was formed in 1970 under the provisions of the Iowa Nonprofit Corporation Act. The primary purpose of the Foundation is to advance and extend knowledge in the field of educational measurement by providing financial assistance to the University of Iowa and its College of Education for promising research and educational projects in furtherance of this purpose.

Miller Endowment, Incorporated was established December 18, 1995 pursuant to the will and codicil of F. Wendell Miller. The will and codicil appointed the presidents of Iowa State University and the State University of Iowa as coexecutors of the Miller Estate and co-trustees of the Miller Endowment Trust, a charitable trust, and further directed that the two universities be equal beneficiaries of the income from said trust. The will and codicil also directed the trustees to have the right and discretion to create a charitable corporation, to be "Miller Endowment, Incorporated", to own, administer and control the affairs and property of the trust. This corporation has been organized under Chapter 504A of the Code of Iowa and Section 501(C)(3) of the Internal Revenue Code. During fiscal year 1998, the assets of the trust were officially transferred to Miller Endowment, Incorporated. Since the net revenues and assets of the corporation are solely for the equal benefit of the two universities, one half of the value of the corporation's transactions has been blended into the University's operations.

The University of Iowa Research Park Corporation (Corporation) is a not-for-profit corporation and a component unit of the University of Iowa (University). The Corporation leases from the State of Iowa approximately 185 acres of land located in the University of Iowa Research Park. The land subject to this lease is designated as the University of Iowa Research Park and is platted as a subdivision of Coralville, Iowa. Under terms of its master lease with the State of Iowa, the Corporation subleases parcels of the University of Iowa Research Park to businesses (or to private developers working on behalf of businesses) wishing to locate close to the University and its research assets.

The Corporation's revenues derive primarily from the proceeds of its leases to tenant companies or developers and from an annual special purpose appropriation from the State of Iowa.

Discretely Presented Component Units

The State University of Iowa Foundation and Affiliate (Foundation), the University of Iowa Research Foundation, and the University of Iowa Health System are included in the reporting entity as discretely presented component units. These legally separate entities are included in the University's financial reporting entity because of the nature of their relationship to the University.

The State University of Iowa Foundation and Affiliate (Foundation) is a legally separate, tax-exempt component unit of the University. The Foundation's financial statements include its affiliated organization, the University of Iowa Facilities Corporation, wholly controlled by the Foundation. Additional information regarding the University of Iowa Facilities Corporation is provided in the footnote Investments in Subsidiaries (Foundation). The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. Although the University does not control the Foundation or the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the years ended June 30, 2016 and 2015 the Foundation distributed to the University or expended on behalf of the University $97,556,000 and $95,550,000, respectively, for both restricted and unrestricted purposes.

The Foundation is a nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Statements for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

The Foundation acts as an agent for other organizations benefiting the University. Since the Foundation is not considered to be financially interrelated to these organizations, as defined by SFAS No. 136, the total amount of funds held on behalf of these organizations has been reflected as a liability in the Consolidated Statement of Financial Position (Amounts held on behalf of others). The Foundation does not have variance power to redirect the assets held for others and the funds are generally payable on demand. In the Statement of Activities, the Foundation reports the gross amounts of support, revenue and expenses with the amount raised and expended on behalf of these organizations shown as a reduction in the gross amounts of support, revenue and expenses.

Assets held on behalf of these organizations include remainder interests in trusts, pledges and investments, which are for the benefit of the University. The following table identifies these legally separate, tax-exempt organizations.

Amounts Held on Behalf of Others: (in thousands):	2016	2015
Iowa Law School Foundation	$77,950	$81,392
Iowa Scholarship Fund	8,620	9,678
University of Iowa Alumni Association	6,586	7,032
Student Publications Incorporated	1,055	1,289
Total	$94,211	$99,391

Although the University is the exclusive beneficiary of the Foundation, the Foundation is independent of the University in all respects. The Foundation is not a subsidiary or affiliate of the University and is not directly or indirectly controlled by the University. Moreover, the assets of the Foundation are the exclusive property of the Foundation and do not belong to the University. The University is not accountable for, and does not have ownership of, any of the financial and capital resources of the Foundation. The University does not have the power or authority to mortgage, pledge, or encumber the assets of the Foundation. The Board of Directors of the Foundation is entitled to make all decisions regarding the business and affairs of the Foundation, including, without limitation, distributions made to the University. Third parties dealing with the University should not rely upon the financial statements of the Foundation for any purpose without consideration of all of the foregoing conditions and limitations.

Complete financial statements for the Foundation can be obtained from The University of Iowa Foundation, One West Park Road, P.O. Box 4550, Iowa City, Iowa 52244-4550, Attn: Controller.

The University of Iowa Research Foundation (UIRF) – a 501(c)(3) corporation – commercializes University of Iowa (University) developed technologies and inventions through licensing and new venture formation, and manages the subsequent revenue stream. UIRF's primary functions are:

- Licensing: finding suitable partners for commercialization of University technologies and inventions;
- New Ventures: identifying and helping develop new high growth University technology spinout companies suitable for licensing UIRF technologies;
- Intellectual Property (IP) Management: protecting University inventions through patents and copyrights, advising on IP terms for Clinical Trials and Sponsored Research, and executing out-going material transfer agreements.

The UIRF is a private nonprofit corporation tied to the University and was created in 1975 as the designated manager for these inventions and selected University intellectual properties. UIRF aspires to maximize public benefit through commercial use of University technologies, excellence in commercialization, and long term sustainability. The intention of the UIRF is to effectively manage University intellectual property to successful outcomes including: champion the commercialization of selected University inventions for public benefit and for return on investment, catalyze economic development and an entrepreneurial culture in Iowa, build the vitality and sustainability of the University and the community through technology commercialization, and serve the research mission for continued innovation.

The University owns inventions made by faculty, staff, or students during the course of the inventor's employment by or in association with the University, or if the invention was enabled by significant use of University resources, and as a consequence of federal law, the Bayh-Dole Act. The UIRF may take an ownership stake in any intellectual property or materials owned by the University. All inventions arising from federal research support must be disclosed to the UIRF and must be reported to the associated funding agencies.

The UIRF takes ownership of selected inventions through assignment from the inventor(s) based on University Intellectual Property Policy. For these inventions, the UIRF exercises the right and the obligation to manage the intellectual property, with activities and authorities that include: performing market and intellectual property opportunity analysis; filing patent applications and managing the patent portfolio; seeking licensees for inventions; receiving and distributing earnings derived from the license(s); monitoring licensee performance; and enforcing intellectual property rights. Note that the UIRF retains ownership of intellectual property (i.e., patents are not "sold"), and instead licenses the use there-of.

University of Iowa Health System (UIHS) was incorporated under the provisions of the Iowa Nonprofit Corporation Act on December 2, 1994. UIHS was formed to support the clinical, academic, and research programs of the University of Iowa College of Medicine (UICOM) and the University of Iowa Hospitals and Clinics (UIHC).

UIHS does not have members with voting rights. Upon dissolution, any remaining assets will be transferred to the University of Iowa, or its successor, if in existence. Otherwise the assets may be transferred by the board of directors to various entities exclusively for public purposes in accordance with the articles of incorporation for UIHS.

UIHS has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with UIHS are such that exclusion would cause UIHS' financial statements to be misleading or incomplete. Government Accounting Standards Board (GASB) has set forth the criteria to be considered in determining financial accountability. The GASB classification of these entities for UIHS financial reporting purposes does not affect their respective legal or organizational relationship with UIHS.

These financial statements present UIHS and its component units. These component units are included in the UIHS reporting entity because of the significance of their operational or financial relationship with UIHS. These component units are separate legal entities from UIHS, but are so intertwined with UIHS, they are, in substance, the same as UIHS. Below are the blended component units of UIHS:

- University of Iowa Community Medical Services, Inc. (UICMS) is a for-profit wholly owned subsidiary, which was formed in 1995 and began operations in 1996. UICMS provides a full spectrum of practice management and consulting services. UICMS has a for-profit wholly owned subsidiary, University of Iowa Community Homecare, Inc. (UICH), which was also formed in 1995 and began operations in 1996. UICH is a full-service home infusion and medical equipment services provider.
- UI HealthWorks, L.L.C. (UIHW) is a wholly owned subsidiary, which was formed and began operations in 1998. UIHW provides a comprehensive array of workers' health services.
- Pediatric Associates of the University of Iowa Children's Hospital, LLC (PAUICH) is a wholly owned subsidiary, which was purchased and formed in 2014. PAUICH has been organized as a physician specialty practice providing pediatric services to communities served by UIHS.
- Iowa City Cancer Treatment Center, LLC (ICCTC) – a wholly owned subsidiary, which was purchased on May 1, 2015. ICCTC is organized as a physician specialty practice providing radiation oncology services in the Iowa City area.

BASIS OF ACCOUNTING

For financial reporting purposes, the University is considered a special-purpose government engaged only in Business Type Activity as defined in GASB Statement No. 35 Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities. Accordingly, the financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis of accounting. As a result, revenues are recognized when earned, expenses are recorded when an obligation is incurred and all significant intra-agency transactions have been eliminated.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Net Position and Statement of Cash Flows, cash and cash equivalents are reported in accordance with Board of Regents, State of Iowa policy Chapter 2., section 4.C.ix (http://www.iowaregents.edu/plans-and-policies/board-policy-manual/22-business-procedures/%23Investment%20Policy), which states in part: to appropriately reflect the Board's overall investment strategy and as outlined in the GASB Statement No. 9 Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, paragraph 11), that all funds held by external investment managers, as defined in section 2.2.4.C.iv of the Board's investment policy, shall be reported on the audited financial statements of the Regent institutions as investments. Investments purchased by the institutions through Board authorized brokerage firms that meet the definition of cash equivalents, investments with original purchase dates to maturity of three months or less shall be reported on the audited financial statements of the Regent institutions as cash equivalents.

INVESTMENTS (UNIVERSITY)

Investments are reported at fair value in accordance with GASB Statement No. 31 Accounting and Financial Reporting for Certain Investments and for External Investment Pools, GASB Statement No. 34 Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, and GASB Statement No. 72 Fair Value Measurement and Application. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position. Please see Note 2 for further discussion.

INVESTMENTS (FOUNDATION)

Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation elected to report the fair value of alternative investments, comprised of hedge funds and private capital funds, included in managed separate investment accounts using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the Foundation management based on various factors including considering contributions and withdrawals to the fund and monitoring unaudited interim reporting provided by the fund related to investment returns to calculate NAV as of June 30. Absent donor restrictions, unrealized gains and losses on investments are reported in unrestricted net assets.

PLEDGES RECEIVABLE (FOUNDATION)

Pledges receivable are recorded at the net present value of estimated cash flows based on appropriate rates commensurate with the risks involved, 5 percent for pledges held at June 30, 2016, less an allowance for doubtful pledges. Conditional promises to give are not included as support until the conditions are met. The provision for losses on doubtful pledges is an adjustment to contributions at the time the pledge is made equal to 2.5 percent of gross pledges. Pledges written off totaled $953,000 and $422,000 for the years ended June 30, 2016 and 2015, respectively.

INVENTORIES

Inventories, primarily expendable materials and supplies held for consumption, are valued using the lower of cost or market, with cost determined on the first-in, first-out or weighted average basis.

CAPITAL ASSETS

Purchased capital assets estimated to have a useful life greater than one year are stated at cost at the date of acquisition. Donated capital assets acquired prior to FY 2016, are reported at estimated fair value at the time of acquisition. In accordance with GASB Statement No. 72 Fair Value Measurement and Application, donated capital assets acquired after FY 2015 are reported at their acquisition value at the date of acquisition. Acquisition value is defined as the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The capitalization thresholds for capital assets are as follows:

- Purchased equipment $5,000
- Leased capital equipment $50,000
- Intangible assets, non-UIHC $500,000
- Intangible assets, UIHC $5,000
- Art assets $5,000

Library materials (including perpetual electronic subscriptions) for the Main Library and Law Library are capitalized as a collection and adjusted annually to account for additions, withdrawals, etc. Routine repair and maintenance costs are expensed as incurred. Interest costs are capitalized on University construction projects when the interest cost during the construction period exceeds the interest earned on the investment of debt proceeds. Depreciation and amortization of capital assets is calculated using the straight-line method over the estimated useful lives (five to fifty years) of the respective assets.

WHOLLY OWNED SUBSIDIARY (UNIVERSITY)

The University owns all of the outstanding stock of Musser-Davis Land Company (acquired by gift) and reports such ownership as a wholly owned subsidiary. The Company's operations consist primarily of leasing mineral rights to others and planting seedlings to be harvested by others. The Company's fiscal year ends December 31 and its financial statements are presented on a modified cash basis of accounting. As of December 31, 2015, assets (including investments of $41,207,000) totaled $43,078,000, liabilities were $0 and net assets were $43,078,000. As of December 31, 2014, assets (including investments of $72,170,000) totaled $73,867,000, liabilities were $0 and net assets were $73,867,000. During the month of June 2016, Musser-Davis Land Company distributed $13,500,000 to the Roy J. and Lucille A. Carver College of Medicine for support of capital projects. Consequently, as of June 30, 2016, assets (including investments of $27,707,000) totaled $29,578,000, liabilities were $0 and net assets were $29,578,000. During the month of June 2015, Musser-Davis Land Company distributed $30,000,000 to the Roy J. and Lucille A. Carver College of Medicine for support of capital projects. Consequently, as of June 30, 2015, assets (including investments of $42,170,000) totaled $43,867,000, liabilities were $0 and net assets were $43,867,000.

INVESTMENT IN SUBSIDIARY (FOUNDATION)

The University of Iowa Facilities Corporation (Corporation) is an affiliate of the Foundation because the Foundation elects the Corporation's Board of Directors. The Corporation is organized to assist the Foundation in its programs which support the University. The Corporation accomplishes this objective by acquiring and holding property for the benefit and use of the University. The Corporation may incur debt obligations, either through the issuance of bonds or incurring commercial mortgages, for the purchase of properties. Simultaneously, the Corporation leases these buildings to the University. The lease agreements provide for the University to service the debt and pay for expenses related to the facilities. The leases also provide for the Corporation to convey title of the facilities to the University at the end of each lease term when the debt agreements are fully amortized.

Since the Corporation has not and will not have an economic interest in the outstanding bonds, the asset and the related debt and revenue and expenses related to the asset are not recorded on the financial statements of the Corporation. The asset and the related debt and revenue and expenses related to the asset are recorded as a segment of the University and included within the University's financial statements.

The Corporation also acquires and holds real estate, which will ultimately be deeded to the University after a period of time. These assets are recorded on the Corporation's books.

The assets and net income (loss) of the subsidiary described above is not material to the financial statements and the Foundation uses the equity method of accounting for its investment in the controlled corporation.

BOND ISSUANCE COSTS, DISCOUNTS, AND PREMIUMS

Bond issuance costs are expensed in the year the bonds are sold. Bond discounts and premiums are deferred and amortized over the life of the bonds using the effective interest rate method.

UNEARNED REVENUE

Unearned revenue includes advance tickets sales, student tuition related to next fiscal year and amounts received from leases, grants and contracts that have not yet been earned.

COMPENSATED ABSENCES PAYABLE

University employees accumulate vacation and sick leave under the provisions of Chapters 70A and 262 of the Code of Iowa. It is the policy of the State to liquidate these accrued benefits under specific circumstances. The State pays for accrued vacation at 100% of the employee's hourly rate upon retirement, death, or termination and, with certain exceptions, for accrued sick leave at 100% of the hourly rate to a maximum of $2,000 upon retirement. The liability for accrued compensated absences as reported in the Statement of Net Position is based on the current rates of pay.

REFUNDABLE ALLOWANCES ON STUDENT LOANS

Refundable allowances on student loans consist of federal capital contributions to the University from the Perkins or Health Profession student loan programs. The federal capital contribution amounts are refundable to the United States government if the loan programs are discontinued or the University closes an associated degree program.

NONCURRENT DEBT AND OTHER NONCURRENT LIABILITIES

Noncurrent debt includes principal amounts of revenue bonds, notes and capital leases payable with contractual maturities greater than one year. Noncurrent debt also includes unamortized discounts and premiums, resulting from bond issuances. Other noncurrent liabilities include estimated amounts for accrued early retirement, other postemployment and pension benefits, compensated absences payable, refundable allowances on student loans and unearned revenue that will not be earned within the next fiscal year. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources include unamortized bond refunding losses and pension related amounts derived from the difference between expected and actual experience, change in assumptions, change in proportion and difference between the University contributions and proportionate share of contributions and University contributions subsequent to the measurement date. Deferred inflows include unamortized bond refunding gains, qualifying receipts for sponsored programs, pension amounts derived from the net difference between the pension plan's projected and actual investment earnings on pension plan investments. Bond refunding losses and gains are the difference between the reacquisition price of the new debt and the net carrying amount of the debt being refunded. The receipts for sponsored programs represent resources received before time requirements are met, but after all other eligibility requirements have been met.

FRINGE BENEFITS

The University utilizes the fringe benefits pool method to account for fringe benefits. Under the fringe benefits pool method, fringe benefits are expensed as a percentage of actual salary or wage costs. The use of fringe benefits rates rather than actual fringe benefits costs is accepted by the Federal Government and widely used by universities. Rates are reviewed annually prior to the beginning of the fiscal year and adjusted to reflect differences between the rates charged and actual benefits costs as well as future benefits projections. The Federal Government must approve the annual rate study.

DEFINITION OF OPERATING ACTIVITIES

Operating activities reported on the Statement of Revenues, Expenses and Changes in Net Position are those that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35, including state appropriations, gifts and investment income.

NON-VESTED EQUIPMENT

Capital assets purchased with restricted contract and grant proceeds have been excluded from the Statement of Net Position.

USE OF ESTIMATES

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts presented for the prior year have been reclassified to be consistent with the current years' presentation.

Note 2—Cash, Cash Equivalents, Investments, And Deposits With Trustees

CASH AND CASH EQUIVALENTS

A summary of the book and bank balances for cash and cash equivalents at June 30, 2016 and 2015 is as follows (in thousands):

	2016	2015
Book Balance	$217,411	$211,768
Bank Balance	229,373	229,411
Covered by FDIC insurance or State Sinking Fund	21,698	92,930
Invested in money market funds as cash equivalents	207,675	136,481

The University's balances for current cash and cash equivalents represent amounts that are reasonably expected to be consumed within a year and are comprised of deposit and disbursement bank accounts, the liquidity pool components of money market funds, demand deposit accounts, savings accounts, and government securities for the debt service and construction fund balances for bonded enterprises. The liquidity pool shall be managed to ensure funds are available to support operations for the current budget year.

Cash and cash equivalents are used to fund obligations such as controlled disbursements for accounts payable, salaries and wages payable, bond principal and interest payments, and federal and state withholding taxes.

DEPOSITS WITH TRUSTEES

Investments on deposit with trustees, paying and copaying agents for the purpose(s) of paying current obligations of bond principal and interest, for holding Bond Reserve Funds or for holding Construction Funds as specified by bond resolutions at June 30, 2016 and 2015, totaled $14,772,000 and $14,852,000, respectively. At June 30, 2016, $9,806,000 of the $14,772,000 was invested in U.S. Government Agency securities with a credit quality rating of AAA and an effective duration of 0.17 years.

INVESTMENTS

Investments are made in accordance with Chapter 12B.10, of the Code of Iowa, and Board of Regents, State of Iowa policy. (http://www.iowaregents.edu/plans-and-policies/board-policy-manual/22-business-procedures/#Investment Policy). In order to achieve economies of scale, the University of Northern Iowa's endowments and a portion of its operating portfolio are pooled with the University's investments. The University's endowment portfolio included $8,894,000 and $9,382,000 at June 30, 2016 and 2015, respectively, held for the University of Northern Iowa. The

University's operating portfolio included $39,123,000 and $33,004,000 at June 30, 2016 and 2015, respectively, as well as $10,271,000 and $10,037,000 invested in the University's intermediate term portfolio at June 30, 2016 and 2015, respectively, held for the University of Northern Iowa. The University of Northern Iowa investments are recorded as Deposits Held in Custody for Others.

For donor restricted endowments, Chapter 540A of the Code of Iowa permits the University to spend the net appreciation of realized and unrealized earnings as the University determines to be prudent. The University's spending policy adjusts dollar payouts by the trailing calendar year Consumer Price Index (inflation rate). Total payout is banded at no less than 4% and no greater than 6% of calendar year end market values.

Net appreciation of permanent endowment funds, which totaled $10,722,000 and $12,805,000 at June 30, 2016 and 2015, respectively, is available to meet spending rate distributions and is recorded in restricted nonexpendable net position.

INTEREST RATE RISK

Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. This risk is measured using effective duration. At the time of purchase, the effective maturity of direct investment purchases by the University in the operating portfolio cannot exceed sixty-three months. There is no explicit limit on the average maturity of fixed income securities in the endowment portfolios. Each fixed income portfolio is managed to an appropriate benchmark.

CREDIT RISK

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligation to the University. The University manages exposure to credit risk by measuring portfolios against benchmarks as established by the Board of Regents. As of June 30, 2016, the University's long term bond funds benchmark is AA (Barclays Capital Aggregate Bond Index).

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. Except for Treasury or Agency debentures, pass-throughs or REMICs, no more than 5% of University investment portfolios are invested in securities of a single issuer. All direct investment purchases by the University in the operating portfolio are U.S. Treasury and Agency securities.

The University's investments are recorded at fair value. As of June 30, 2016 and 2015, the University had the following investments and quality credit ratings (in thousands):

INVESTMENT TYPE	Effective Duration (Years)	TSY/AGY/AAA	AA	A	BBB	BB	B	Total Fair Value
Fixed Income:								
Corporate Notes and Bonds	1.49	$3,127	$1,333	$5,528	$5,170	$371	$141	$15,670
U.S. Government Agencies	1.07	829	57,497	-	-	-	-	58,326
U.S. Treasury Obligations	1.54	-	54,698	-	-	-	-	54,698
Mutual Funds	4.08	-	258,322	55,026	153,112	120,126	120,014	706,600
Total		$3,956	$371,850	$60,554	$158,282	$120,497	$120,155	835,294
Equity and Other:								
U.S. Equity Mutual Funds								189,121
Non-U.S. Equity Mutual Funds								164,192
Real Assets								300,380
Private Equity								38,053
Bank Investments								217,522
Money Market/Cash Equivalents								117,459
Total Investments June 30, 2016								$1,862,021

INVESTMENT TYPE (RESTATED)	Effective Duration (Years)	TSY/AGY/AAA	AA	A	BBB	BB	B	Total Fair Value
Fixed Income:								
Corporate Notes and Bonds	1.63	$4,714	$1,132	$8,230	$5,606	$139	$ -	$19,821
U.S. Government Agencies	1.35	6,592	48,006	-	-	-	-	54,598
U.S. Treasury Obligations	1.55	72,433	-	-	-	-	-	72,433
Mutual Funds	3.71	-	236,993	56,947	145,564	59,160	180,340	679,004
Total		$83,739	$286,131	$65,177	$151,170	$59,299	$180,340	825,856
Equity and Other:								
U.S. Equity Mutual Funds								198,859
Non-U.S. Equity Mutual Funds								187,621
Real Assets								245,763
Private Equity								25,589
Repurchase Agreement								44,804
Bank Investments								255,039
Money Market/Cash Equivalents								101,721
Total Investments June 30, 2015 restated								$1,885,252

FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles provide a hierarchy that prioritizes the inputs to fair value measurements based on the extent inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that would reflect the University's assumptions about how market participants would value an asset or liability based on the best information available. Fair value measurements should maximize the use of observable inputs and minimize the use of the unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability that are used to measure fair value when observable inputs are not available. These inputs are developed based upon the best information available in such circumstances.

The categorization of fair value measurements by level of the hierarchy is based upon the lowest level input that is significant to the overall fair value measurement for a given asset or liability.

In the event that changes in the inputs used in the fair value measurement of an asset or liability result in a transfer into a different level, such transfers are recognized at the end of the reporting period.

University investments that do not have a readily determinable fair value, such as ownership interest in partners' capital, are reported using Net Asset Value per share (NAV). Used as a practical expedient for the estimated fair value, NAV per share or its equivalent is provided by the fund manager and reviewed by the University. Investment holdings using the NAV as a practical expedient consist of University interests in funds investing in nonmarketable private equity and real assets, as well as indirect holdings of publicly traded assets in fixed income and international equity commingled funds

Due to the nature of the investments held by the funds, changes in market conditions, economic environment, regulatory environment, currency exchange rates, interest rates, and commodity price fluctuations may significantly impact the NAV of the funds and, consequently, the fair value of the University's interest in the funds and could materially affect the amounts reported in the consolidated financial statements. The University attempts to manage these risks through diversification, ongoing due diligence of fund managers, maintaining adequate liquidity, and continuously monitoring economic and market conditions.

The following tables reflect fair value measurements of investment assets at June 30, 2016 and 2015, respectively, as categorized by level of the fair value hierarchy according to the lowest level of inputs significant to each measurement or NAV (in thousands):

INVESTMENT TYPE	Level 1	Level 2	Level 3	NAV	Total Fair Value
Fixed Income:					
Corporate Notes and Bonds	$ -	$15,670	$ -	$ -	$15,670
U.S. Government Agencies	-	58,326	-	-	58,326
U.S. Treasury Obligations	54,698	-	-	-	54,698
Mutual Funds	480,305	-	-	226,295	706,600
Equity and Other:					
U.S. Equity Mutual Funds	188,678	443	-	-	189,121
Non-U.S. Equity Mutual Funds	38,472	-	-	125,720	164,192
Real Assets	247,376	-	-	53,004	300,380
Private Equity	-	-	-	38,053	38,053
Subtotal	$1,009,529	$74,439	$ -	$443,072	1,527,040
Bank Investments					217,522
Money Market/Cash Equivalents					117,459
Total Investments June 30, 2016					$1,862,021

INVESTMENT TYPE	Level 1	Level 2	Level 3	NAV	Total Fair Value
Fixed Income:					
Corporate Notes and Bonds	$ -	$19,821	$ -	$ -	$19,821
U.S. Government Agencies	-	54,598	-	-	54,598
U.S. Treasury Obligations	72,433	-	-	-	72,433
Mutual Funds	449,528	-	-	229,476	679,004
Equity and Other:					
U.S. Equity Mutual Funds	198,301	558	-	-	198,859
Non-U.S. Equity Mutual Funds	42,046	-	-	145,575	187,621
Real Assets	208,639	-	-	37,124	245,763
Private Equity	-	-	-	25,589	25,589
Repurchase Agreement	-	44,804	-	-	44,804
Subtotal	$970,947	$119,781	$ -	$437,764	1,528,492
Bank Investments					255,039
Money Market/Cash Equivalents					101,721
Total Investments June 30, 2015					$1,885,252

The following tables summarize the University's investments at June 30, 2016 and 2015, respectively, for which NAV was used as a practical expedient to estimate fair value (in thousands):

INVESTMENT TYPE	Fair Value determined using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income Mutual Funds	$226,295	$ -	daily-monthly	5-30 days
Non US Equity Mutual Funds	125,720	-	monthly-semi-monthly	2-30 days
Real Assets:				
Redeemable	22,630	-	quarterly	90 days
Nonredeemable	30,374	70,395	N/A	N/A
Private Equity:				
Redeemable	-	-	N/A	N/A
Nonredeemable	38,053	53,661	N/A	N/A
Investments measured at NAV at June 30, 2016	$443,072	$124,056		

INVESTMENT TYPE	Fair Value determined using NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income Mutual Funds	$229,476	$ -	daily-monthly	5-30 days
Non US Equity Mutual Funds	145,575	-	monthly-semi-monthly	2-30 days
Real Assets:				
Redeemable	18,993	-	quarterly	90 days
Nonredeemable	18,131	29,096	N/A	N/A
Private Equity:				
Redeemable	-	-	N/A	N/A
Nonredeemable	25,589	31,192	N/A	N/A
Investments measured at NAV at June 30, 2015	$437,764	$60,288		

The following information is provided for investments that are valued using the net asset value per share as a practical expedient:

- **Fixed Income Mutual Funds**—This category includes investments in mutual funds holding assets that provide stability, generate income, and diversify market risk.
- **Non US Equity Funds**—This category includes investments in international equities including both developed and emerging markets.
- **Real Assets**—This category includes investments in private real estate and natural resource equities funds. Capital is committed during the course of the investment period, typically four years, of each fund, after which point capital commitments stop. The University's interest in the nonredeemable funds is considered to be illiquid in that distributions from liquidation of the underlying asset of the fund are at the discretion of the general partner per the terms of the limited partnership agreement. Funds are typically liquidated over a period of five to ten years, and include a mechanism to extend the length of the partnership with approval from the limited partners.
- **Private Equity**—This category includes funds that invest in strategies such as venture capital, leveraged buyouts and mezzanine debt. Capital is committed during the course of the investment period, typically four years, of each fund, after which point capital commitments stop. The University's interest in the nonredeemable funds is considered to be illiquid in that distributions from liquidation of the underlying asset of the fund are at the discretion of the general partner per the terms of the limited partnership agreement. Funds are typically liquidated over a period of five to ten years, and include a mechanism to extend the length of the partnership with approval from the limited partners.

Note 3—Accounts Receivable, Pledges Receivable, Due From Government Agencies and Notes Receivable

ACCOUNTS RECEIVABLE A summary of the accounts receivable at June 30, 2016 and 2015 is as follows (in thousands):

	University and Blended Component Units	UIHC, Affiliates and UI Physicians	Total
Accounts Receivable	$91,996	$807,097	$899,093
Allowance for Uncollectible Accounts, Indigent Patients and Contractual Adjustments	(3,429)	(554,731)	(558,160)
Accounts Receivable, Net, June 30, 2016	$88,567	$252,366	$340,933
Accounts Receivable	$91,740	$890,588	$982,328
Allowance for Uncollectible Accounts, Indigent Patients and Contractual Adjustments	(3,061)	(607,344)	(610,405)
Accounts Receivable, Net, June 30, 2015	$88,679	$283,244	$371,923

PLEDGES RECEIVABLE (FOUNDATION)

A summary of the pledges receivable (unconditional promises to give) at June 30, 2016 and 2015 is as follows (in thousands):

	2016	2015
Gross pledges receivable	$138,582	$132,540
Less present value discount of $20,306 for 2016 and $18,881 for 2015 and allowance for doubtful pledges of $3,464 for 2016 and $3,313 for 2015	(23,770)	(22,194)
Total	$114,812	$110,346

Pledges receivable at June 30, 2016 and 2015, respectively, are expected to be collected in the following periods (in thousands):

	2016	2015
In one year or less	$40,265	$37,501
Between one year and five years	71,317	69,772
More than five years	27,000	25,267
Total	$138,582	$132,540

DUE FROM GOVERNMENT AGENCIES

Due from government agencies at June 30, 2016 and 2015 are comprised of $14,489,000 and $41,015,000, respectively, due from the State of Iowa and $70,924,000 and $74,819,000, respectively, due from United States government agencies.

NOTES RECEIVABLE

Current notes receivable at June 30, 2016 and 2015 are $2,298,000, net of an allowance of $142,000, and $2,304,000, net of an allowance of $137,000, respectively. Noncurrent notes receivable at June 30, 2016 and 2015 are $25,968,000, net of an allowance of $1,605,000, and $24,880,000, net of an allowance of $1,474,000, respectively.

Note 4—Capital Assets

A summary of capital assets activity for the year ended June 30, 2016 is as follows (in thousands):

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Nondepreciable/Nonamortizable					
Land	$65,322	3,683	-	(4,531)	$64,474
Construction in Progress	728,915	459,114	(490,242)	(2,460)	695,327
Intangibles in Development	6,232	3,909	(2,364)	-	7,777
Art and Historical Collections	26,224	638	-	(566)	26,296
Library Materials	314,232	15,457	-	(1,548)	328,141
Capital Assets, Nondepreciable/ Nonamortizable	1,140,925	482,801	(492,606)	(9,105)	1,122,015
Depreciable/Amortizable					
Land Improvements	23,615	-	193	(10)	23,798
Infrastructure	606,373	-	13,200	(619)	618,954
Buildings	3,042,522	-	476,849	(11,823)	3,507,548
Equipment	684,643	75,529	-	(29,185)	730,987
Intangibles	104,155	1,915	2,364	(657)	107,777
Capital Assets, Depreciable/ Amortizable	4,461,308	77,444	492,606	(42,294)	4,989,064
Less Accumulated Depreciation/Amortization	(2,307,333)	(196,888)	-	40,152	(2,464,069)
Depreciable/Amortizable Capital Assets, Net	2,153,975	(119,444)	492,606	(2,142)	2,524,995
Capital Assets, Net June 30, 2016	$3,294,900	363,357	-	(11,247)	$3,647,010

American Institute of Business (AIB) operated since 1921 as a private, not-for-profit educational institution in Des Moines. In October 2015, the University received approval from the State Board of Regents to accept a Gift Agreement between AIB and the University of Iowa.
This approval authorized the University and the Board's Executive Director to take further actions as needed to complete the gifting process. On June 30, 2016, the University closed on the gift agreement and transferred property from AIB to the University of Iowa. The principal element of the gift was the real estate and improvements comprising the AIB campus located in Des Moines, Iowa. This includes 18 acres of land valued at $2,290,000 as well as multiple commercial and residential buildings valued at $11,047,560, resulting in total additions to capital assets of $13,337,560.

A summary of capital assets activity for the year ended June 30, 2015 is as follows (in thousands):

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Nondepreciable/Nonamortizable					
Land	$63,096	2,226	-	-	$65,322
Construction in Progress	585,267	469,984	(326,336)	-	728,915
Intangibles in Development	15,601	8,112	(17,481)	-	6,232
Art and Historical Collections	24,970	1,238	-	16	26,224
Library Materials	298,951	15,651	-	(370)	314,232
Capital Assets, Nondepreciable/ Nonamortizable	987,885	497,211	(343,817)	(354)	1,140,925
Depreciable/Amortizable					
Land Improvements	23,154	-	461	-	23,615
Infrastructure	586,147	116	20,110	-	606,373
Buildings	2,743,291	-	305,765	(6,534)	3,042,522
Equipment	647,145	61,217	-	(23,719)	684,643
Intangibles	86,880	964	17,481	(1,170)	104,155
Capital Assets, Depreciable/ Amortizable	4,086,617	62,297	343,817	(31,423)	4,461,308
Less Accumulated Depreciation/Amortization	(2,152,627)	(182,762)	-	28,056	(2,307,333)
Depreciable/Amortizable Capital Assets, Net	1,933,990	(120,465)	343,817	(3,367)	2,153,975
Capital Assets, Net June 30, 2015	$2,921,875	376,746	-	(3,721)	$3,294,900

Note 5— Noncurrent Liabilities

A summary of the changes in noncurrent liabilities for the year ended June 30, 2016 and 2015 is as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Noncurrent debt:					
Bonds payable	$1,254,686	221,121	(222,952)	1,252,855	$55,400
Notes payable	49,087	3,200	(11,533)	40,754	8,283
Capital leases payable	20,480	-	(1,000)	19,480	1,031
Total noncurrent debt	1,324,253	224,321	(235,485)	1,313,089	64,714
Other noncurrent liabilities:					
Early retirement benefits	8,791	-	(2,138)	6,653	2,003
Other postemployment benefits other than pensions	96,851	32,887	(6,936)	122,802	-
Pension	38,659	14,802	-	53,461	-
Compensated absences	140,607	101,870	(92,817)	149,660	99,641
Refundable allowances on student loans	22,758	82	(77)	22,763	-
Unearned revenue	1,605	746	(44)	2,307	-
Total other noncurrent liabilities	309,271	150,387	(102,012)	357,646	101,644
Total noncurrent liabilities June 30, 2016	$1,633,524	374,708	(337,497)	1,670,735	$166,358

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Noncurrent debt:					
Bonds payable	$1,257,743	109,506	(112,563)	1,254,686	$51,395
Notes payable	52,383	4,950	(8,246)	49,087	8,084
Capital leases payable	20,399	1,022	(941)	20,480	1,000
Total noncurrent debt	1,330,525	115,478	(121,750)	1,324,253	60,479
Other noncurrent liabilities:					
Early retirement benefits	2,067	8,738	(2,014)	8,791	2,092
Other postemployment benefits other than pensions	75,033	29,471	(7,653)	96,851	-
Pension	47,364	-	(8,705)	38,659	-
Compensated absences	136,751	96,939	(93,083)	140,607	92,818
Refundable allowances on student loans	22,721	144	(107)	22,758	-
Unearned revenue	1,650	-	(45)	1,605	-
Total other noncurrent liabilities	285,586	135,292	(111,607)	309,271	94,910
Total noncurrent liabilities June 30, 2015	$1,616,111	250,770	(233,357)	1,633,524	$155,389

BONDS PAYABLE

Bonds have been sold to finance certain capital projects and are outstanding at June 30, 2016, as follows (in thousands):

Bond Issues	Interest Rates (Percent)	Fiscal Year Maturity Date Range	Amount
Academic Buildings	2.00 - 5.00	2017 - 2037	197,335
Add: Unamortized Premium			6,377
Athletic Facilities	2.00 - 4.35	2017 - 2037	134,295
Add: Unamortized Premium			1,355
Center for University Advancement	4.50 - 4.75	2017 - 2020	3,070
Hospital	1.25 - 5.00	2017 - 2039	299,700
Add: Unamortized Premium			17,193
Iowa Memorial Union	2.00 - 5.00	2017 - 2026	5,955
Add: Unamortized Premium			678
Parking System	2.00 - 4.00	2017 - 2041	58,020
Add: Unamortized Premium			862
Recreational Facilities	4.00 - 4.875	2017 - 2035	65,825
Add: Unamortized Premium			134
Residence Services	2.00 - 4.00	2017 - 2041	115,685
Add: Unamortized Premium			2,406
Telecommunications	2.50 - 4.50	2017 - 2037	32,820
Add: Unamortized Premium			156
University of Iowa Facility Corporation	2.00 - 5.00	2017 - 2038	141,060
Add: Unamortized Premium			2,071
Utility System	2.00 - 5.00	2017 - 2041	162,010
Add: Unamortized Premium			5,848
Total			**$1,252,855**

As of June 30, 2016, unspent bond proceeds totaled $22,182,000. Unspent bond proceeds by segment are: Residence Services Revenue Bonds $6,979,000; Utility Systems Revenue Bonds $15,203,000.

The bonds will mature as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2017	$55,400	42,897	$98,297
2018	61,585	40,886	102,471
2019	63,880	38,649	102,529
2020	65,930	36,625	102,555
2021	62,760	34,525	97,285
2022-2026	325,020	139,787	464,807
2027-2031	293,795	82,520	376,315
2032-2036	207,755	34,866	242,621
2037-2041	79,650	5,445	85,095
Add: Unamortized Premium	37,080	-	37,080
Total	**$1,252,855**	**456,200**	**$1,709,055**

As provided in the various bond resolutions, the University has the right to redeem certain bonds prior to the above maturity dates, under stated conditions.

NOTES PAYABLE

The University has the following notes payable outstanding at June 30, 2016 (in thousands):

Purpose	Interest Rates (Percent)	Maturity Dates	Amount
Athletic Facility	2.48	2017-2024	$22,052
Fleet Services 1	1.60	2017-2018	439
Fleet Services 2	1.69	2017-2019	1,051
Fleet Services 3	2.00	2017-2020	1,862
Kinnick Scoreboard	2.41	2017-2019	3,465
Market Street Property	2.50	2017-2025	2,395
Oakdale Research Park	2.42	2017-2021	3,503
Parking Access & Revenue	2.24	2017-2019	2,787
Athletics Recreation Building Banked Track	2.55	2017-2022	3,200
Total			**$40,754**

Assets acquired under these notes had a net book value of $47,016,000 as of June 30, 2016.

As of June 30, 2016, unspent note proceeds totaled $4,143,000. Unspent note proceeds by project are: Parking Access and Revenue System $943,000; Athletics Recreation Building Banked Track $3,200,000.

The notes will mature as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2017	$8,283	883	$9,166
2018	8,211	694	8,905
2019	6,286	518	6,804
2020	5,239	379	5,618
2021	4,497	256	4,753
2022-2025	8,238	240	8,478
Total	$40,754	2,970	$43,724

CAPITAL LEASES PAYABLE

Capital leases outstanding at June 30, 2016, are as follows (in thousands):

Purpose	Interest Rates (Percent)	Lease Period	Amount
Parking structure - Iowa River Landing	2.95-5.00	2017-2031	$18,489
Burlington Street Properties	3.00	2017-2035	991
Total			$19,480

The following is a schedule, by year, of future minimum payments required (in thousands):

Year Ending June 30	Principal	Interest	Total
2017	$1,031	574	$1,605
2018	1,062	544	1,606
2019	1,094	512	1,606
2020	1,124	480	1,604
2021	1,158	447	1,605
2022-2026	6,342	2,539	8,881
2027-2031	7,371	1,148	8,519
2032-2035	298	17	315
Total	$19,480	6,261	$25,741

Assets acquired under these capital leases had a net book value of $19,651,000 as of June 30, 2016.

Note 6—Operating Leases

The University has leased various buildings to house several departments of the University. These leases have been classified as operating leases. Accordingly, all rents are charged to expense as incurred. These leases expire from fiscal year 2017 to fiscal year 2036, and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following is an annual schedule of future minimum rental payments required under operating leases which have initial or remaining non-cancellable lease terms in excess of one year as of June 30, 2016 (in thousands).

Year Ending June 30	Amount
2017	$15,039
2018	10,947
2019	8,085
2020	6,866
2021	5,907
2022-2026	28,045
2027-2031	22,796
2032-2036	15,158
Total	$112,843

All leases contain non-appropriation clauses indicating that continuation of the lease is subject to funding by the Iowa State Legislature.

Rental expense for the year ended June 30, 2016, for all operating leases, except those with terms of a month or less that were not renewed, totaled $14,727,000.

Note 7—Retirement Programs

TEACHERS INSURANCE AND ANNUITY ASSOCIATION

The University contributes to the Teachers Insurance and Annuity Association (TIAA) retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the University. The defined contribution retirement plan provides individual annuities for each plan participant. The Board of Regents establishes and amends the plan's provisions and contribution requirements. As required by the Board of Regents policy and the Code of Iowa, all eligible University employees must participate in a retirement plan from the date they are employed.

Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA, each employee through the fifth year of employment contributes 3 1/3% of the first $4,800 of earnings and 5% on the balance of earnings. The University, through the fifth year of employment, is required to contribute 6 2/3% of the first $4,800 of earnings and 10% on earnings above the $4,800. Upon completion of five years of service, the participant contributes 5% and the University 10% on all earnings. During fiscal years 2016 and 2015, the University's required and actual contribution amounted to $111,334,000 and $106,352,000, respectively. During fiscal years 2016 and 2015, the employees' required and actual contribution amounted to $55,667,000 and $53,175,000, respectively.

At June 30, 2016 and 2015, the University reported payables to the defined contribution pension plan of $9,989,000 and $9,632,000, respectively, for legally required employer contributions and $4,895,000 and $4,688,000, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA.

IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

Plan Description—IPERS membership is mandatory for employees of the University except for those covered by another retirement system. Employees of the University are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information

Pension Benefits —A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50 percent for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits—A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions—Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits year to year contribution rate increases or decreases to 1%. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal years 2016 and 2015, pursuant to the required rate, Regular members contributed 5.95% of pay and the University contributed 8.93% for a total rate of 14.88%.

The University's contributions to IPERS for the years ended June 30, 2016 and 2015 were $8,184,000 and $6,620,000, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2016 and 2015, the University reported a liability of $53,461,000 and $38,659,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The University's proportion of the net pension liability was based on the University's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015 and 2014, the University's proportion was 1.0820964% and 0.9747910%, respectively.

For the year ended June 30, 2016 and 2015, the University recognized pension expense of $7,010,000 and $4,165,000, respectively.

At June 30, 2016 and 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Recources (2016)	Deferred Inflows of Resouces (2016)	Deferred Outflows of Recources (2015)	Deferred Inflows of Resouces (2015)
Differences between expected and actual experience	$808	-	$420	-
Changes of assumptions	1,472	-	1,706	-
Difference between projected and actual earnings on pension plan investments	-	4,449	-	14,744
Change in proportion and differences between university contributions and proportionate share of contributions	9,408	-	5,444	-
University contributions subsequent to the measurement date	8,184	-	6,620	-
Total	$19,872	$4,449	$14,190	$14,744

$8,184,000 reported as deferred outflows of resources related to pensions resulting from the University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ending June 30	**Amount**
2017	$1,015
2018	1,015
2019	1,015
2020	3,846
2021	348
Total	$7,239

There are no non-employer contributing entities to IPERS.

Actuarial Assumptions—The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00%	per annum
Salary increase (effective June 30, 2010)	4.00 to 17.00%	average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 1996)	7.50%	per annum, componded annually, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation (Percent)	Long-Term Expected Real Rate of Return (Percent)
Core Plus Fixed Income	28	2.04
Domestic Equity	24	6.29
International Equity	16	6.75
Private Equity/Debt	11	11.32
Real Estate	8	3.48
Credit Opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	100	

Discount Rate—The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the University will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate—The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate (in thousands).

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
University's proportionate share of the net pension liability	$93,600	$53,461	$19,580

Pension Plan Fiduciary Net Position—Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan—At June 30, 2016 and 2015, the University reported payables to IPERS of $1,411,000 and $1,164,000, respectively, for legally required employer contributions and $940,000 and $775,000, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8—Post-Employment Benefits

EARLY RETIREMENT

The early retirement programs were approved by the Board of Regents in April, 2009, March, 2010 and February, 2015. Those eligible for participation were faculty, professional-scientific (P&S) and merit system employees, institutional officials, and staff of the Board Office employed by the Board of Regents who had attained the age of 57 by July 1, 2009 for the 2009 program and age 55 at time of termination and at least 10 years of service for the 2010 program. Those eligible for participation in the 2015 program were non-UI Health Care faculty, P&S, and merit employees and institutional officials, who had attained age 57 and at least 10 years of continuous benefit eligible employment by January 31, 2015. The employee's department head and the appropriate administrative officers approved the employee's participation. The following benefits are applicable during participation in the Early Retirement Program:

1. **Health and Dental Insurance**—The University will pay the full cost of the single employee premium for health and dental insurance or its standard share of any coverage other than single for a period of five years. This contribution shall be equal to the amount contributed for an active employee in the same plan.
2. **TIAA/CREF Contributions**—During the first three years, the University will pay both the employer and employee retirement contributions. During the next two years in the program, the university will pay only the employer contribution.

The University has recognized an early retirement benefit liability of $6,653,000 and $8,791,000 as of June 30, 2016 and 2015, respectively. The early retirement liability for health and dental insurance has been rolled into GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB). During fiscal year 2016, retirement expenditures for the three hundred eight (308) participants in the early retirement incentive program totaled $2,080,000.

REGULAR RETIREMENT

GASB Statement No. 45 requires the University to record and disclose an actuarially determined liability for the present value of projected future benefits for retired and active employees.

PLAN DESCRIPTION

The University operates a single-employer retiree benefit plan. For post-employment benefits of retirees, the University contributes toward the cost of University of Iowa health insurance and, for those who qualified for the benefit and retired prior to July 1, 2013, the entire cost to purchase a paid-up life insurance policy, which varies in amounts from $2,000 to $4,000, depending upon length of service.

FUNDING POLICY

The contribution requirements of plan members are established and may be amended by the University. Benefits are financed centrally by the University on a pay-as-you-go basis. Health insurance total expenditures for fiscal year 2016 and 2015 were $5,863,000 and $5,922,000, respectively, with 1,878 and 1,965 eligible participants as of June 30, 2016 and 2015, respectively. Life insurance total expenditures for fiscal year 2016 and 2015 were $49,000 and $53,000, respectively, with 2,874 and 2,979 eligible participants as of June 30, 2016 and 2015, respectively.

ANNUAL OPEB COST AND NET OPEB OBLIGATION FOR PROFESSIONAL & SCIENTIFIC AND FACULTY

For fiscal year 2016 and 2015, the University contributed $6.9 and $7.6 million, respectively, to the plan. Plan members receiving benefits contributed 47 and 45 percent of the premium costs, respectively. In fiscal year 2016 and 2015, total member contributions were $6.2 and $6.1 million, respectively.

The University currently plans to continue to finance retiree healthcare benefits on a pay-as-you-go basis from internal University monies. The University will amortize the initial unfunded accrued liability (UAL) over an open thirty year period. The annual required contribution of the employer (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess). The current ARC of $30.7 and $26.9 million are 3.1% and 2.7% of fiscal year 2016 and 2015, respectively, annual payroll.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for fiscal year 2016 and 2015 (in thousands):

	2016	2015
Annual Required Contribution	$30,678	$26,887
Interest on Net OPEB Obligation	3,523	2,727
Adjustment to Annual Required Contribution	(3,272)	(2,334)
Annual OPEB Cost (Expense)	$30,929	$27,280
Contributions Made	(6,936)	(7,653)
Increase in Net OPEB Obligation	$23,993	$19,627
Net OPEB Obligation - Beginning of Year	74,180	54,553
Net OPEB Obligation - End of Year	$98,173	$74,180

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2014, 2015, 2016 was as follows (in thousands):

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	$20,579	35.0	$54,553
6/30/15	$27,280	28.1	$74,180
6/30/16	$30,929	22.4	$98,173

FUNDED STATUS AND FUNDING PROGRESS

As of June 30, 2016 and 2015, the actuarial accrued liability (AAL) for benefits was $324.8 and $301.1 million, respectively, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $324.8 and $301.1 million, respectively. The covered payroll for fiscal years 2016 and 2015 (annual payroll of active employees covered by the plan) was $990.5 and $980.8 million, respectively, and the ratio of the UAAL to the covered payroll was 32.8 and 30.7 percent, respectively. As of June 30, 2016 and 2015, there were no trust fund assets.

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the following, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects for legal or contractual funding limitations on the pattern of cost sharing between the employer and plan member in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 and 2015 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.75 percent discount rate based on the University's funding policy (pay-as-you-go) and a weighted average of the expected long-term returns on the University's internal capital based on the percentage of liability covered by previously earmarked assets. The projected annual healthcare trend rate in the June 30, 2016 and 2015 actuarial valuation is initially 7.25 and 7.50 percent, respectively, for pre-65 costs and 8.00 and 8.50 percent, respectively, for post-65 costs, reduced in decrements to an ultimate rate of 5.00 percent after ten years. The expected long-term payroll growth rate is assumed to be 3.00 percent per year. The UAAL is being amortized as a level percent of pay on an open basis over thirty years.

TERMINATION

The University continues faculty, P&S, and merit exempt terminated employees' benefits for health, dental, live*WELL* the University's comprehensive health and wellness program and the Employee Assistance Program (EAP) under the Consolidated Omnibus Budget Reconciliation Act of 1985, modified by the Tax Reform Act and the Budget Reconciliation Act of 1986.

Three hundred seventy-seven (377) terminated employees continued their benefits by assuming total financial responsibility. No University costs are associated with the premiums, but claims are the responsibility of the University since the insurance plans are self-insured.

OTHER POSTEMPLOYMENT BENEFITS

The University's merit employees are participants in the State of Iowa postretirement medical plan (OPEB Plan). The State of Iowa recognized the implicit rate subsidy for the OPEB Plan as required by GASB Statement No. 45. The annual valuation of liabilities under the OPEB Plan is calculated using the entry age normal cost method. This method requires the calculation of an unfunded actuarial liability, which is approximately $218 million for the State of Iowa at June 30, 2016 and 2015. The University's portion of the unfunded actuarial accrued liability is not separately determinable.

Details of the OPEB Plan are provided on a state-wide basis and are available in the State of Iowa's Comprehensive Annual Financial Report for the year ended June 30, 2016 and 2015. The report may be obtained by writing to the Iowa Department of Administrative Services, Hoover State Office Building, Des Moines, Iowa 50319.

As of June 30, 2016 and 2015, the University recognized a net OPEB liability of $24.6 and $22.7 million, respectively for other postemployment benefits, which represents the University's portion of the State's net OPEB liability. The University's portion of the net OPEB liability was calculated using the ratio of full time equivalent University merit employees compared to all full time equivalent employees of the State of Iowa.

The University recognized a net OPEB liability of $98.2 and $74.2 million for its retiree benefit plan and a liability of $24.6 and $22.7 million for its allocated portion of the State's net OPEB liability, for a total net OPEB liability of $122.8 and $96.9 million, respectively, for fiscal year 2016 and 2015.

Note 9—Other Commitments and Risk Management

COMMITMENTS

At June 30, 2016 and 2015, the University had outstanding construction contract commitments of $288,071,000 and $426,977,000, respectively.

RISK MANAGEMENT

Following are risk financing and insurance related issues as defined by GASB Statement No. 10 Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.

Property Loss—The University purchases catastrophic property insurance for academic/general fund facilities with a single incident deductible of $5 million. The University may seek reimbursement for property losses in excess of $5,000 from the State of Iowa pursuant to Iowa Code Chapter 29C.20. Money from the state contingent fund may be requested for repairing, rebuilding, or restoring state property injured, destroyed, or lost by fire, storm, theft, or unavoidable causes. The University maintains conventional property insurance on self-supporting, revenue-producing, and auxiliary facilities which are an integral part of the operations of the University. Insured facilities include the Residence Halls, the Utility System, Telecommunications, Iowa Memorial Union, Athletic Facilities, University of Iowa Hospitals and Clinics, and other auxiliary operations. The University's annual limit is $2 billion, the maximum available on the November 1, 2015 renewal.

The properties of the Utility and Telecommunications Systems are appraised annually and specific coverage and valuation data are as follows (in thousands):

Utility System specific coverage is as follows:

	2016	2015
Utility System Operations Building & Contents	$786,583	$774,431
Power Plant Building & Contents	$218,271	$218,271

Telecommunications Facilities premium is based on the following values:

Building	$31,771	$31,771
Contents	$9,720	$9,815
Income	$5,878	$5,878

Tort Liability—The University of Iowa is an agency of the State of Iowa and is covered by the State's self-insurance for tort liability. Tort claims against the State are handled as provided in the Iowa Tort Claims Act (Iowa Code, Chapter 669) which also sets forth the procedures by which tort claims may be brought. Claims under Chapter 669 may be filed against the State on account of wrongful death, personal injury or property damage incurred by reason of the negligence of the University or its employees while acting within the scope of employment. By inter-agency agreement, tort liability claims under $5,000 may be administered by the University subject to a maximum expenditure of $100,000 per year. All other tort claims may be paid from the State's general fund.

Motor Vehicle Liability—The University of Iowa and other Board of Regents' institutions are self-insured for automobile liability up to $250,000. Claims over $250,000 are paid by the State of Iowa, as provided in Chapter 669 of the Code of Iowa. Coverage for physical damage (comprehensive and collision) to University vehicles is included in the Board of Regents' self-insurance program. Each loss is subject to a $500 deductible.

Fidelity/Crime Coverage—The State maintains an employee fidelity bond where the first $150,000 in losses is the responsibility of the University. Under the State coverage, losses in excess of the $150,000 deductible are insured up to $2,000,000. The University maintains separate fidelity and crime coverage, which extends to all employees, and includes coverage for robbery and theft. The University's crime policy provides an additional $8,000,000 in coverage over the state bond.

Insurance Settlements—For those risks that the University has purchased commercial insurance, only the property insurance has claims in excess of the commercial coverage due to the 2008 flood. All other settled claims have not exceeded commercial coverage in the past three years.

Workers' Compensation—The University participates in a State self-funded program. The University pays a monthly premium for this coverage.

Unemployment Compensation—The University self-funds unemployment compensation claims received from Iowa Workforce Development on a reimbursement basis.

Employee Medical and Dental Claims—The University purchases life, health, dental and disability insurance for eligible permanent employees. Based on actuarial analysis of employee medical and dental claims, the University has incurred but not reported claims of $14,727,000 and $12,293,000 as of June 30, 2016 and 2015, respectively.

College of Medicine Faculty Malpractice Claims—Based on actuarial analysis, the College of Medicine has incurred an unpaid loss and allocated loss adjustment expense estimate of $16,202,000 and $19,342,000 as of 12/31/15 and 12/31/14, respectively. Starting 1/1/03, the University of Iowa Faculty Practice plan (the Plan) became University of Iowa Physicians (UIP) and has self-funded its physician's professional liabilities with a $5M per occurrence, $9M aggregate limit of liability with the State of Iowa picking up loss amounts in excess of $5M. Iowa Medical Mutual Insurance Company (IMMIC) was formed on 7/1/04 to provide claims-made coverage with a retroactive date of 7/1/04 for the $2M excess of $3M per occurrence layer that UIP retains. Claims reported after 7/1/04 with occurrence dates prior to 7/1/04 have a $5M per occurrence retention, while claims reported after 7/1/04 with occurrence dates after 7/1/04 have a $3M per occurrence retention.

Reconciliation of Loss Contingencies (in thousands):

	2016	2015
Claims and contingent liabilities accrued at July 1	$31,641	$26,597
Claims incurred and contingent liabilities accrued for the current year	202,503	183,979
Payments on claims during the fiscal year	(203,215)	(178,935)
Claims and contingent liabilities at June 30	$30,929	$31,641

Pollution Remediation — In accordance with GASB Statement No. 49 Accounting & Financial Reporting for Pollution Remediation Obligation, the University has identified a potential pollution remediation liability event. A description of the nature of the site and allegation is described below.

In August 2016, the University of Iowa received a letter from the EPA Region 7 regarding an anonymous complaint about the alleged presence of PCBs in caulk in our Institute for Rural and Environmental Health (IREH) building. The EPA requested that we open a dialogue with them in response to this complaint. We are scheduling a discussion with the EPA Regional Coordinator of the PCB program to determine the EPA's position on this matter and to determine whether any required remediation activities could coincide with the UI's plans to raze and replace the nearly five-decade-old IREH building in the near future.

Note 10—Debt Defeasance

In September of 2015, the University issued $12,130,000 of Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015B, with an average interest rate of 3.20% and accrued interest of $2,000 to advance refund $11,525,000 of outstanding Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2005B with interest rates ranging between 5.00 and 5.30%.

Net bond proceeds of $12,045,000 were placed in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2005B will be called on July 1, 2016.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of $1,303,000; and reduced the aggregate debt service payments by $1,622,000 over the next fifteen years.

In November of 2015, the University issued $21,135,000 of Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015C, with an average interest rate of 3.34% and accrued interest of $32,000 to advance refund $20,650,000 of outstanding Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2006 with interest rates ranging between 4.25 and 4.50%.

Net bond proceeds of $21,492,000 were placed in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Athletic Facilities Revenue Refunding bonds, Series S.U.I. 2006 will be called on July 1, 2016.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of $1,624,000; and reduced the aggregate debt service payments by $1,955,000 over the next fifteen years.

In November of 2015, the University issued $19,755,000 of Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2015D, with an average interest rate of 3.13% and accrued interest of $28,000 to advance refund $18,875,000 of outstanding Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2006A with interest rates ranging between 4.00 and 4.75%.

Net bond proceeds of $19,682,000 were placed in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Athletic Facilities Revenue Refunding Bonds, Series S.U.I. 2006A will be called on July 1, 2016.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of $1,640,000; and reduced the aggregate debt service payments by $1,974,000 over the next fifteen years.

In December of 2015, the University issued $14,830,000 of Utility System Revenue Refunding Bonds, Series S.U.I. 2015A, with an average interest rate of 5.04% and accrued interest of $45,000 to advance refund $17,300,000 of outstanding Utility System Revenue Refunding Bonds, Series S.U.I. 2006A with interest rates ranging between 4.00 and 4.25%.

Net bond proceeds of $17,647,000 were placed in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Utility System Revenue Refunding Bonds, Series S.U.I. 2006A will be called on November 1, 2016.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of $1,806,000; and reduced the aggregate debt service payments by $1,936,000 over the next eleven years.

In March of 2016, the University issued $19,285,000 of Utility System Revenue Refunding Bonds, Series S.U.I. 2016, with an average interest rate of 2.32% and accrued interest of $27,000 to advance refund $18,525,000 of outstanding Utility System Revenue Refunding Bonds, Series S.U.I. 2007 with interest rates ranging between 4.00 and 4.35%.

Net bond proceeds of $19,848,000 were placed in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Utility System Revenue Refunding Bonds, Series S.U.I. 2007 will be called on November 1, 2017.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of $1,851,000; and reduced the aggregate debt service payments by $2,016,000 over the next twelve years.

In May of 2016, the University issued $29,000,000 of Hospital Revenue Refunding Bonds, Series S.U.I. 2016, with an average interest rate of 4.25% and accrued interest of $50,000 to advance refund $35,375,000 of outstanding Hospital Revenue Refunding Bonds, Series S.U.I. 2007 and 2007A, with interest rates ranging between 4.00 and 5.50%. The University chose to early fund principal of $2,275,000. As a result, the outstanding amount of the bonds at time of closing was $33,100,000.

Net bond proceeds of $33,483,000 were placed in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Hospital Revenue Refunding Bonds, Series S.U.I. 2007 and 2007A will be called on September 1, 2017.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of $4,123,000; and reduced the aggregate debt service payments by $4,428,000 over the next eleven years.

In June of 2016, the University issued $23,860,000 of Hospital Revenue Refunding Bonds, Series S.U.I. 2016A, with an average interest rate of 3.03% and accrued interest of $56,000 to advance refund $25,175,000 of outstanding Hospital Revenue Refunding Bonds, Series S.U.I. 2009, with interest rates ranging between 5.50 and 6.125%. The University chose to early fund principal of $1,425,000. As a result, the outstanding amount of the bonds at time of closing was $23,750,000.

Net bond proceeds of $25,672,000 were placed in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Hospital Revenue Refunding Bonds, Series S.U.I. 2009 will be called on September 1, 2018.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of $3,981,000; and reduced the aggregate debt service payments by $4,319,000 over the next twelve years.

In June of 2016, the University issued $19,785,000 of Academic Building Revenue Refunding Bonds, Series S.U.I. 2016, with an average interest rate of 3.03% and accrued interest of $46,000 to advance refund $20,525,000 of outstanding Academic Building Revenue Refunding Bonds, Series S.U.I. 2007, with interest rates ranging between 4.00 and 4.375%.

Net bond proceeds of $21,416,000 were placed in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully service all remaining principal and interest due on the bonds. The Academic Building Revenue Refunding Bonds, Series S.U.I. 2007 will be called on July 1, 2017.

The refunding permitted the University to realize an economic gain (difference between present values of the old and new debt service payments) of $2,533,000; and reduced the aggregate debt service payments by $2,738,000 over the next twelve years.

The amount of defeased debt outstanding but removed from the Statement of Net Position at June 30, 2016 and 2015, is as follows (in thousands):

Bond Issues	2016	2015
Academic	$20,525	$ -
Athletics	71,500	41,050
Hospital	60,550	-
Iowa Memorial Union	-	7,120
Old Capitol Town Center	-	18,025
Utility	35,825	17,275
Total	$188,400	$83,470

Note 11—Operating Expenses By Function

A summary of operating expenses by functional classification for the year ended June 30, 2016 and 2015 follows (in thousands):

	Compensation & Benefits	Supplies	Other	Depreciation & Amortization	Total
Instruction	$296,533	11,023	29,702	-	$337,258
Research	217,803	37,409	76,998	-	332,210
Public service	61,408	10,420	21,343	-	93,171
Academic support	167,155	11,977	2,266	-	181,398
Patient services	878,446	343,310	287,192	-	1,508,948
Student services	23,785	2,721	9,202	-	35,708
Institutional support	54,754	8,289	(8,559)	-	54,484
Operations and maintenance of plant	761	1,912	75,501	-	78,174
Scholarships and fellowships	11,648	-	18,586	-	30,234
Depreciation and amortization	-	-	-	196,888	196,888
Auxiliary enterprises	89,478	16,123	76,532	-	182,133
Other operating expenses	20,940	444	23,179	-	44,563
Total June 30, 2016	$1,822,711	443,628	611,942	196,888	$3,075,169

	Compensation & Benefits	Supplies	Other	Depreciation & Amortization	Total
Instruction	$310,690	10,732	31,257	-	$352,679
Research	206,997	35,558	52,100	-	294,655
Public service	56,778	9,946	20,898	-	87,622
Academic support	149,565	10,230	4,847	-	164,642
Patient services	806,097	304,906	232,801	-	1,343,804
Student services	24,596	2,789	9,119	-	36,504
Institutional support	55,065	4,685	15,309	-	75,059
Operations and maintenance of plant	770	2,207	72,454	-	75,431
Scholarships and fellowships	12,799	-	17,717	-	30,516
Depreciation and amortization	-	-	-	182,762	182,762
Auxiliary enterprises	84,747	13,739	74,306	-	172,792
Other operating expenses	22,644	7,311	12,331	-	42,286
Total June 30, 2015	$1,730,748	402,103	543,139	182,762	$2,858,752

Note 12—Restricted Net Position

The Foundation's temporarily restricted net assets at June 30, 2016 and 2015 were restricted for the following (in thousands):

	June 30, 2016	June 30, 2015
Program support	$179,971	$181,450
Student support	83,530	99,849
Faculty support	96,348	113,104
Facilities and equipment	77,048	68,231
Research	96,119	92,599
Remainder interest in trusts	20,346	21,996
Total	$553,362	$577,229

The Foundation's permanently restricted net assets at June 30, 2016 and 2015 were restricted for the following (in thousands):

	June 30, 2016	June 30, 2015
Undesignated	$6,834	$6,846
Program support	121,842	99,332
Student support	194,941	183,447
Faculty support	210,760	196,825
Facilities and equipment	6,445	6,433
Research	76,498	70,732
Perpetual trusts	7,546	7,388
Remainder interest in trusts	11,082	11,612
Total	$635,948	$582,615

Note 13— Other Discretely Presented Component Units

GASB Statement No. 61, The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34, provides guidance in determining whether organizations are to be included as part of a reporting entity. The University of Iowa has determined that, in accordance with the provisions of these statements, the financial activity of the University of Iowa Research Foundation (UIRF) and University of Iowa Health System (UIHS) should be reported as discretely presented component units.

A - The University of Iowa Research Foundation

The University of Iowa Research Foundation (UIRF)–a 501(c)(3) corporation–commercializes University of Iowa developed technologies and inventions through licensing and new venture formation, and manages the subsequent revenue stream. See Note 1 for additional information. UIRF reports on a fiscal year ended June 30. Requests for the separately issued financial statements should be directed to the Controller's Office, University of Iowa, B5 Jessup Hall, Iowa City, IA 52242.

Significant financial data for UIRF for the years ended June 30, 2016 and 2015 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2016	2015
Assets		
Cash, investments and other assets	$18,193	$22,884
Capital assets, net	2	3
Total Assets	$18,195	$22,887
Liabilities		
Accounts payable and other current liabilities	$1,125	$2,134
Noncurrent liabilities (current and noncurrent portions)	159	94
Total Liabilities	1,284	2,228
Net Position		
Net investment in capital assets	2	3
Unrestricted	16,909	20,656
Total Net Position	16,911	20,659
Total Liabilities and Net Position	$18,195	$22,887

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2016	2015
Program Expenses		
Intellectual properties expense	$6,701	$7,147
Other	341	336
Total Program Expenses	7,042	7,483
Program Revenues		
Intellectual properties income	3,257	2,682
Investment income	37	3,688
Total Program Revenues	3,294	6,370
Change in Net Position	(3,748)	(1,113)
Net Position, Beginning of Year	20,659	21,772
Net Position, End of Year	$16,911	$20,659

B - University of Iowa Health System

University of Iowa Health System (UIHS) was incorporated under the provisions of the Iowa Nonprofit Corporations Act on December 2, 1994. UIHS was formed to support the clinical, academic, and research programs of the University of Iowa College of Medicine and the University of Iowa Hospitals and Clinics. See Note 1 for additional information. UIHS reports on a fiscal year ended December 31. Requests for the separately issued financial statements should be directed to the Controller's Office, University of Iowa, B5 Jessup Hall, Iowa City, IA 52242.

Significant financial data for UIHS for the years ended December 31, 2015 and 2014 are presented below (in thousands):

CONDENSED STATEMENT OF NET POSITION

	2015	2014
Assets		
Cash, investments and other assets	$23,667	$25,810
Capital assets, net	1,237	633
Total Assets	24,904	26,443
Deferred Outflows of Resources		
Acquisition deferred outflow	5,446	1,542
Total Assets and Deferred Outflows of Resources	$30,350	$27,985
Liabilities		
Accounts payable and other current liabilities	$3,995	$2,894
Accounts held for other component units	4,358	5,447
Total Liabilities	8,353	8,341
Net Position		
Net investment in capital assets	$1,237	$633
Unrestricted	20,760	19,011
Total Net Position	21,997	19,644
Total Liabilities and Net Position	$30,350	$27,985

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2015	2014
Program Expenses		
Patient and Management Services	$37,163	$26,148
Depreciation	641	105
Total Program Expenses	37,804	26,253
Program Revenues		
Patient Services	19,014	11,453
Management services	13,370	13,203
Investment income	45	37
Other	7,728	5,278
Total Program Revenues	40,157	29,971
Change in Net Position	2,353	3,718
Net Position, Beginning of Year	19,644	15,926
Net Position, End of Year	$21,997	$19,644

Note 14—Subsequent Events

In July 2016, the University received approval from the State Board of Regents to issue Academic Revenue Refunding Bonds, Series S.U.I. 2016A in the amount of $23,640,000 in August 2016. The proceeds of the Bonds will be used to (i) provide for the advance refunding of the outstanding principal of the July 1, 2017 through July 1, 2030 maturities of the Board's $25,000,000 Academic Building Revenue Bonds, Series S.U.I. 2008, and paying the cost of issuing said Bonds. These bonds will bear interest at 3.00% and will mature in varying amounts from July 1, 2017 through July 1, 2030.

In September 2016, the University received approval from the State Board of Regents to issue Dormitory Revenue Bonds, Series S.U.I. 2016 in the amount of $34,450,000 in September 2016 for the purpose of paying a portion of the costs of constructing and equipping a new residence hall for student housing and related facilities, funding a debt service reserve fund, and paying the costs of issuing said Bonds. These bonds will bear interest at varying rates between 2.00% and 3.00% and will mature in varying amounts from July 1, 2021 through July 1, 2041.

In September 2016, the University received approval from the State Board of Regents to issue Utility Revenue Refunding Bonds, Series S.U.I. 2016A in the amount of $17,015,000 in September 2016. The proceeds of the Bonds will be used to provide for the advance refunding of the outstanding principal of the November 1, 2017 through November 1, 2029 maturities of the Board's $25,000,000 Utility System Revenue Bonds, Series S.U.I. 2007A, and paying the cost of issuing said Bonds. These bonds will bear interest at 4.00% and will mature in varying amounts from November 1, 2017 through November 1, 2029.

In December 2016, the University received approval from the State Board of Regents to issue Recreational Facilities Revenue Refunding Bonds, Series S.U.I. 2017 in the amount of $18,650,000 in December 2016. The proceeds of the Bonds will be used to provide for the advance refunding of the outstanding principal of the July 1, 2017 through July 1, 2034 maturities of the Board's $26,000,000 Recreational Facilities Revenue Bonds, Series S.U.I. 2007, and paying the cost of issuing said Bonds. These bonds will bear interest at 5.00%, and will mature in varying amounts from July 1, 2017 through July 1, 2034.

Note 15—Restatement

During a review of the University's records for investments and deposits held in custody for others, it was discovered that an elimination entry had not been recorded for the amount of the investments held for Musser-Davis Land Company, whose net position is recorded as an investment in wholly owned subsidiary. The elimination entry for fiscal years 2015 and 2014 reduces noncurrent investments and deposits held in custody for others by $42,170,000 and $62,772,000 respectively. Additionally, due to Musser-Davis Land Company preparing its financial statements on a modified cash basis of accounting, the investments are carried at cost basis and, therefore, the difference between fair value and cost basis was not recognized in the University's net position. Adjustments for fiscal years 2015 and 2014 reduced deposits held in custody for others and increased investment income by $3,098,000 and $12,240,000, respectively.

	(in thousands)
Net position at June 30, 2015, as previously reported	$3,795,595
Adjustment of investment income for wholly owned subsidiary from deposits held in custody for others	3,098
Net position at June 30, 2015, as restated	$3,798,693
Net position at June 30, 2014, as previously reported	$3,567,846
Adjustment of investment income for wholly owned subsidiary from deposits held in custody for others	12,240
Net position at June 30, 2014, as restated	$3,580,086

As a result of adopting GASB Statement No. 68 Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 in fiscal year 2015, the beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as following:

	(in thousands)
Net position at June 30, 2014, as previously reported	$3,580,086
Net pension liability at June 30, 2014	(47,364)
Deferred outflows of resouces related to contributions made after June 30, 2013 measurement date	5,696
Net position at June 30, 2014, as restated	$3,538,418

The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability as required by GASB statement No. 71. Pension Transaction for Contribution Made Subsequent to the Measurement Date.

Note 16—Segment Information

A segment represents identifiable activities for which one or more revenue bonds or other revenue-backed debt is outstanding. Investors in Academic Building Revenue Bonds rely on pledged tuition and fees revenues generated by the University for repayment. Investors in bonds of all other bond enterprises rely solely on the revenue generated by the individual activities for repayment. The University's segments are described as follows:

ACADEMIC BUILDING REVENUE BONDS

The Academic Building Revenue Bond Funds were created to defray the costs of constructing and renovating academic buildings of the University.

ATHLETIC FACILITIES REVENUE BONDS

The Athletic Facilities Revenue Bond Funds were created to defray the costs of constructing and equipping certain athletic and recreational buildings and facilities at the University. The revenues pledged to these bonds are generated by Big Ten Conference revenue distributions, student fees and tickets sold, concessions, and contract revenues for athletic events.

CENTER FOR UNIVERSITY ADVANCEMENT REVENUE BONDS

The Center for University Advancement Revenue Bond Funds were created to defray the costs of constructing, furnishing, and equipping a building to be used as the Center for University Advancement at the University. The revenues pledged to these bonds are rental payments received from the University of Iowa Foundation for the use of the building.

HOSPITAL REVENUE BONDS

The Hospital Revenue Bond Funds were created to defray the costs of various construction and renovation projects at the University of Iowa Hospitals & Clinics. The revenues pledged to these bonds consist of charges to patients for medical services.

IOWA MEMORIAL UNION (IMU) REVENUE BONDS

The Iowa Memorial Union (IMU) Revenue Bond Funds were created to defray the cost of alterations and improvements to the IMU at the University. The revenues pledged to these bonds are generated by fees paid by users of the IMU and from student fees.

PARKING SYSTEM REVENUE BONDS

The Parking System Revenue Bond Funds were created to defray additional costs of constructing, improving, and equipping various parking facilities at the University. The revenues pledged to these bonds are generated by fees paid by users of the parking facilities.

RECREATIONAL FACILITIES REVENUE BONDS

The Recreational Facilities Revenue Bonds were created to defray the costs of building, furnishing, and equipping the Campus Recreation and Wellness Center and constructing improvements to the University Field House at the University. The revenues pledged to these bonds consist of student fees and charges.

RESIDENCE SERVICES REVENUE BONDS

The Residence Services Revenue Bond Funds were created to defray additional costs of constructing, improving and maintaining various residence halls and related facilities at the University. The revenues pledged to these bonds are generated by fees paid by users of the residence halls' services.

TELECOMMUNICATIONS FACILITIES REVENUE BONDS

The Telecommunications Facilities Revenue Bond Funds were created to defray the costs of constructing, equipping, furnishing, and improving the telecommunications facilities of the University. The revenues pledged to these bonds come from charges assessed to the users of the telecommunications facilities.

UNIVERSITY OF IOWA FACILITIES CORPORATION REVENUE BONDS

The University of Iowa Facilities Corporation Revenue Bond Funds were created to provide financial assistance to the University of Iowa for the acquisition and construction of facilities for the benefit of the University of Iowa. The bonds are payable solely from the lease payments paid by the University of Iowa for the facilities. Upon repayment of the bonds, ownership of the acquired facilities transfers to the University of Iowa.

UTILITY SYSTEM REVENUE BONDS

The Utility System Revenue Bond Funds were created to defray additional costs to construct, equip and furnish the utility system of the University. The revenues pledged to these bonds come from charges assessed to the users of the utility system.

FUND ACCOUNTING

In order to ensure the observance of limitations and restrictions placed on the use of available resources, the accounts are maintained in accordance with the principles of fund accounting. Each fund provides a separate set of self-balancing accounts which comprises its assets, liabilities, reserves, net position, revenues and expenses. Fund accounting is the procedure by which resources for various purposes are classified, for accounting and reporting purposes, into funds according to the activities or objectives specified. The University has set up accounts which are consistent with the flow of funds per requirements of the bond covenants.

TRANSFERS IN (OUT)

After meeting certain requirements specified in the bond agreements, the balance of net receipts may be transferred to the University for its general operations. However, all such monies that have been transferred shall be returned by the University, if necessary, to satisfy the requirements of the bond indentures.

Segment Reporting (in thousands)
As of and for the year ended June 30, 2016

	Academic Building Revenue Bonds	Athletic Facilities Revenue Bonds	Center for University Advancement Revenue Bonds	Hospital Revenue Bonds	IMU Revenue Bonds	Parking System Revenue Bonds	Recreational Facilities Revenue Bonds	Residence Services Revenue Bonds	Telecomm. Facilities Revenue Bonds	UI Facilities Corporation Revenue Bonds	Utility System Revenue Bonds
CONDENSED STATEMENT OF NET POSITION											
Assets:											
Current assets	$22,199	$23,913	$799	$349,817	$3,655	$4,695	$4,334	$9,855	$6,064	$33	$18,488
Capital assets	811,779	121,059	4,830	973,850	47,112	106,228	94,577	189,920	29,769	217,900	285,013
Other noncurrent assets	15,994	10,894	943	659,941	642	21,481	10,342	41,787	10,994	14,772	33,164
Total assets	849,972	155,866	6,572	1,983,608	51,409	132,404	109,253	241,562	46,827	232,705	336,665
Deferred outflows of resources	737	2,835	-	17,269	-	-	-	35	-	1,826	2,372
Liabilities:											
Current liabilities	21,528	24,690	797	223,513	7,515	4,503	4,334	11,064	3,276	10,342	14,024
Noncurrent liabilities	195,982	129,516	2,345	433,069	6,123	56,643	63,884	122,656	31,816	133,176	159,462
Total liabilities	217,510	154,206	3,142	656,582	13,638	61,146	68,218	133,720	35,092	143,518	173,486
Deferred inflows of resources	942	-	-	5,481	549	416	-	821	-	253	1,505
Net Position:											
Net investment in capital assets	607,862	(11,757)	1,760	620,211	39,929	46,930	28,618	78,022	(3,207)	76,342	133,226
Restricted - expendable	24,395	17,029	1,670	6,771	1,152	6,807	10,050	24,245	3,764	14,418	15,079
Unrestricted	-	(777)	-	711,832	(3,859)	17,105	2,367	4,789	11,178	-	15,741
Total net position	$632,257	$4,495	$3,430	$1,338,814	$37,222	$70,842	$41,035	$107,056	$11,735	$90,760	$164,046
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION											
Operating revenues	$364,384	$70,603	$ -	$1,456,665	$13,600	$20,733	$4,856	$77,808	$25,957	$ -	$86,824
Depreciation expense	(27,535)	(7,118)	(901)	(78,993)	(2,360)	(4,244)	(3,532)	(9,056)	(888)	(9,466)	(14,982)
Other operating expenses	(1,248)	(16,768)	-	(1,276,515)	(16,609)	(11,372)	(7,588)	(61,053)	(19,537)	(26)	(54,272)
Net operating income (loss)	335,601	46,717	(901)	101,157	(5,369)	5,117	(6,264)	7,699	5,532	(9,492)	17,570
Nonoperating revenues (expenses)	(4,991)	(2,981)	(134)	6,799	205	(960)	(2,793)	(1,355)	(1,138)	(4,646)	(4,492)
Transfers from/(to) University funds	(102,771)	(44,653)	860	(32,042)	1,877	19,935	8,157	(970)	(2,572)	33,523	2,364
Change in net position	227,839	(917)	(175)	75,914	(3,287)	24,092	(900)	5,374	1,822	19,385	15,442
Net Position, beginning of year	404,418	5,412	3,605	1,262,900	40,509	46,750	41,935	101,682	9,913	71,375	148,604
Net position, end of year	$632,257	$4,495	$3,430	$1,338,814	$37,222	$70,842	$41,035	$107,056	$11,735	$90,760	$164,046
CONDENSED STATEMENT OF CASH FLOWS											
Net cash provided (used) by operating activities	$364,097	$56,364	$ -	$221,431	($3,015)	$7,854	($2,748)	$24,505	$7,152	$ -	$34,036
Net cash provided (used) by noncapital financing activities	(350,014)	(46,487)	861	(32,040)	(3,425)	(57)	(986)	(347)	(2,805)	14,464	(17,606)
Net cash provided (used) by capital and related financing activities	(11,502)	(6,779)	(850)	(255,209)	6,511	(3,875)	3,738	(15,412)	(3,150)	(14,625)	(23,704)
Net cash provided (used) by investing activities	675	(686)	16	68,536	(31)	4,447	(51)	1,449	834	109	(3,240)
Net increase (decrease) in cash	3,256	2,412	27	2,718	40	8,369	(47)	10,195	2,031	(52)	(10,514)
Cash and cash equivalents, beginning of year	16,153	21,532	821	13,383	1,226	7,337	10,693	32,097	8,503	52	50,431
Cash and cash equivalents, end of year	$19,409	$23,944	$848	$16,101	$1,266	$15,706	$10,646	$42,292	$10,534	$ -	$39,917

Segment Reporting (in thousands)
As of and for the year ended June 30, 2016

	Academic Building Revenue Bonds	Athletic Facilities Revenue Bonds	Center for University Advancement Revenue Bonds	Hospital Revenue Bonds	IMU Revenue Bonds	Parking System Revenue Bonds	Recreational Facilities Revenue Bonds	Residence Services Revenue Bonds	Telecomm. Facilities Revenue Bonds	UI Facilities Corporation Revenue Bonds	Utility System Revenue Bonds
DEBT SERVICE COVERAGE											
Debt service coverage % - Required	N/A	125%	100%	130%	120%	120%	125%	135%	110%	N/A	120%
Debt service coverage % - Actual	N/A	556%	100%	734%	229%	215%	160%	254%	271%	N/A	244%
PORTION OF REVENUE PLEDGED											
Annual debt service (principal & interest)	$14,843	$10,092	$869	$24,533	$738	$4,652	$5,020	$9,506	$2,412	$14,600	$14,006
Net pledged revenue	351,143	56,070	869	180,150	1,690	10,008	8,043	24,147	6,528	N/A	34,145
Annual debt service/Net operating revenues (%)	4%	18%	100%	14%	44%	46%	62%	39%	37%	N/A	41%
REVENUE BONDS PAYABLE											
A summary of revenue bonds payable activity, by segment, for the year ended June 30, 2016, is as follows:											
Beginning Balance	$194,687	$136,623	$3,760	$330,969	$7,209	$60,675	$67,846	$89,644	$34,825	$153,073	$175,375
Additions	35,859	53,587	-	59,355	-	-	-	34,714	-	-	37,606
Reductions	(26,834)	(54,560)	(690)	(73,431)	(576)	(1,793)	(1,887)	(6,267)	(1,849)	(9,942)	(45,123)
Ending Balance	$203,712	$135,650	$3,070	$316,893	$6,633	$58,882	$65,959	$118,091	$32,976	$143,131	$167,858
DEBT SERVICE REQUIREMENTS											
A summary of revenue bond debt service for payment of principal and interest is shown below. As of June 30, 2016, the amount shown for debt service payments due on July 1 were on hand.											
Semi-annual maturity	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Mar & Sep 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Jan & Jul 1st	Dec & Jun 1st	May & Nov 1st
2017	$14,501	$10,604	$853	$19,115	$733	$4,612	$4,979	$9,993	$2,395	$14,596	$15,916
2018	16,520	10,082	834	22,939	738	4,511	5,116	9,459	2,391	14,594	15,287
2019	16,158	10,110	838	23,388	737	4,514	5,098	9,421	2,380	14,634	15,251
2020	16,120	10,162	844	23,291	734	4,466	5,295	9,806	2,383	14,207	15,247
2021	16,264	10,271	-	23,277	742	3,749	5,381	10,089	2,392	10,912	14,208
2022-2026	77,730	52,261	-	115,100	3,696	18,907	27,245	39,199	12,032	52,462	66,175
2027-2031	64,853	52,802	-	96,240	-	13,163	25,302	30,719	12,231	40,655	40,350
2032-2036	41,859	20,735	-	72,611	-	13,234	19,711	25,095	9,865	16,995	22,516
2037-2041	3,141	1,275	-	38,292	-	13,379	-	11,975	1,655	5,054	10,324
Unamortized premium	6,377	1,355	-	17,193	678	862	134	2,406	156	2,071	5,848
Total	$273,523	$179,657	$3,369	$451,446	$8,058	$81,397	$98,261	$158,162	$47,880	$186,180	$221,122
COMMITMENTS											
As of June 30, 2016, the University has entered into contract commitments for construction projects as follows:											
Contract Commitments	$62,825	$1,456	-	$129,591	$420	$1,328	$178	$62,949	$42	$2,300	$21,186

Required Supplementary Information
June 30, 2016

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
Iowa Public Employees' Retirement System Last Fiscal Year* (in thousands):

	2016	2015
University's proportion of the net pension liability	1.0820964%	0.9747910%
University's proportionate share of the net pension liability	$53,461	$38,659
University's covered-employee payroll	$74,409	$63,967
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	71.85%	60.44%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

**In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year.*

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the University will present information for those years for which information is available.

SCHEDULE OF UNIVERSITY CONTRIBUTIONS
Iowa Public Employees' Retirement System Last 10 Fiscal Years (in thousands):

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	$8,184	$6,620	$5,696	$4,718	$3,802	$2,428	$1,654	$1,460	$1,170	$1,053
Contributions in relation to the statutorily required contribution	(8,184)	(6,620)	(5,696)	(4,718)	(3,802)	(2,428)	(1,654)	(1,460)	(1,170)	(1,053)
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
University's covered-employee payroll	$92,356	$74,409	$63,967	$54,658	$46,653	$33,646	$24,521	$22,792	$19,259	$17,946
Contributions as a percentage of the covered-employee payroll	8.9%	8.9%	8.9%	8.6%	8.1%	7.2%	6.7%	6.4%	6.1%	5.9%

See accompanying independent auditor's report.

Notes to Required Supplementary Information– Pension Liability
June 30, 2016

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.

The following schedule represents the University's actuarially determined funding progress using the projected unit credit actuarial cost method. See Note 8 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB cost, Net OPEB Obligation, and funded status and funding progress.

SCHEDULE OF FUNDING PROGRESS BY VALUATION DATE

(in thousands)

Fiscal Year Ended	*Valuation Date*	**Actuarial Value of Assets**	**Actuarial Accrued Liability (AAL)**	**Unfunded Actuarial Accrued Liability (UAAL)**	**Funded Ratio**	**Annual Covered Payroll**	**UAAL as a percentage of Covered Payroll**
6/30/14	7/1/13	-	$276,300	$276,300	0.0%	$924,200	29.9%
6/30/15	7/1/14	-	$301,100	$301,100	0.0%	$980,800	30.7%
6/30/16	7/1/15	-	$324,800	$324,800	0.0%	$990,500	32.8%

As a result of a change in the discount rate from 5.0% to 4.75%, the Actuarial Accrued Liability increased from the prior year. All other assumptions used in the calculation remained the same.

See accompanying independent auditor's report.