RENEWAL OF ASSOCIATED BOND CONTRACTS

Action Requested: Consider recommending to the Board approval of the annual renewal of Board of Regents contracts through August 31, 2010, with:

a. Ahlers & Cooney, P.C. as bond counsel;

b. Springsted, Inc. as financial advisor; and

c. Berens–Tate Consulting Group for arbitrage rebate services.

Executive Summary: Statutory provisions and Board policy require a competitive selection of the professionals assisting with the Board’s issuance of bonds and notes. In 2006, Requests for Proposals (RFPs) were issued to solicit bond counsel, financial advisor, and arbitrage rebate services.

The current contracts with the Board’s bond counsel, financial advisor, and arbitrage rebate services providers commenced on September 1, 2006, for a one-year initial period, with provisions for annual renewal thereafter through August 31, 2011, subject to mutual consent of the parties.

During the period September 1, 2008, through August 31, 2009, $186,785,000 in bonds and notes were issued. The following summarizes the fees paid for bond issuance costs and arbitrage rebate services.

<table>
<thead>
<tr>
<th>Contract Year</th>
<th>September 1, 2008 – August 31, 2009*</th>
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<tbody>
<tr>
<td>Ahlers &amp; Cooney</td>
<td>$221,333*</td>
</tr>
<tr>
<td>Springsted, Inc.</td>
<td>163,661**</td>
</tr>
<tr>
<td>Berens–Tate Consulting Group</td>
<td>102,700**</td>
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* Includes estimated amounts for June 2009
**Includes estimated amounts for August 2009

The Board Office recommends that the contracts be extended for a one–year period ending August 31, 2010. In compliance with Iowa Code §262.9(17), Iowa Administrative Code §681 – 8.8(1) and the Regent Policy Manual §7.03(G), new RFPs will be issued for the Board’s bond counsel, financial advisor, and arbitrage rebate services providers no later than calendar year 2011.

Background: Both Ahlers & Cooney and Springsted have provided professional services to the Board of Regents since 1986. Berens–Tate Consulting Group has provided services since 2001.

The current contract with Ahlers & Cooney as bond counsel to the Board provides that Ahlers will:

- Assist the Board in authoritatively evaluating legal aspects of proposed financings;
- Advise the Board on the impact of pending state and federal legislation and draft related legislation as requested;
• Place any currently proposed financing into historical perspective so that an offering does not jeopardize the Board’s overall debt financing program; and
• Ensure continuity in the Board’s financing, including suggesting improvements where necessary or desirable.

The current contract with Springsted as financial advisor to the Board provides that Springsted will:

• Assist the Board in assessing the merits of various financing alternatives;
• Advise the Board on the structure, timing, and size of possible financings;
• Take a long-range view and place any currently proposed financing into historical perspective so that any offering does not jeopardize the Board’s overall debt financing program;
• Advise the Board in a manner which will provide continuity in the Board’s financings but also shall suggest improvements where necessary or desirable; and
• Furnish notification of compliance with the continuing disclosure requirements required by the Securities and Exchange Commission.

The current contract with Berens–Tate as arbitrage rebate services provider to the Board provides that Berens–Tate will:

• Review the cash flow and investment information for an issue of bonds, notes or other debt instruments;
• Determine excess earnings on investments during each bond year and determine the Board’s net rebate liability;
• Inform the Board or Trustee of the obligation to deposit in a rebate fund any excess earnings based on the calculations performed, and prepare a rebate report for the Board setting forth computations, assumptions and instructions for filing; and
• Provide the Regent institutions with authoritative calculations and certifications required to meet arbitrage rebate requirements of federal tax laws and regulations, and complete and provide for filing with the Internal Revenue Service a Form 8038-T for each issue for which there are excess earnings.

The details of the contract costs are available from the Board Office.