

**BOARD OF REGENTS, STATE OF IOWA  
ARBITRAGE REBATE CALCULATIONS  
REQUEST FOR PROPOSALS**

**Executive Summary:**

The Board of Regents, State of Iowa is soliciting proposals from qualified and experienced firms to provide arbitrage rebate calculations.

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 2005 headcount enrollment at the three universities was 67,896. 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 for six-year over-lapping 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 is authorized to issue tax-exempt bonds for construction and renovation of facilities and support equipment. Interest on Regent bonds is exempt from federal income tax and Iowa income tax for residents of the state. The Board has authority to utilize a variety of financing mechanisms, including academic revenue bonds, self-liquidating revenue bonds, lease/purchase agreements, advanced refunding, and bond anticipation notes.

The Board Office, under leadership of the Executive Director of the Board of Regents, is responsible for advising and providing staff assistance to the Board on business issues, including bonds and other debt instruments.

The firm will provide the Regent institutions with authoritative calculations and certifications to meet arbitrage rebate requirements of federal tax laws and regulations. In carrying out these responsibilities, the firm will work closely with Board staff, the Regent institutions and the Board's bond and financial advisors. The Regent institutions currently have approximately 77 bond issuances for which calculations are required.

## **Background:**

The Board is authorized in Chapters 262, 262A, and 263A of the *Code of Iowa* to undertake the construction of academic, dormitory, hospital, administrative, and support facilities, and to finance such projects through the issuance of bonds. The Board presently has \$706 million in outstanding revenue bonds for these types of facilities. Bonds issued by the Board offer interest income exempt from federal income taxes and exempt from state income taxes to residents of the state of Iowa.

According to Iowa Code §262.9 (17), 681 IAC §8.8, and Regent Policy Manual §7.03(G), the Board is required to issue Requests for Proposals (RFP) to select a firm to calculate arbitrage rebates. The Iowa Administrative Code requires that this be done every five years.

### University of Iowa

The State University of Iowa, in Iowa City, Iowa, was established in 1847 as the State's first public institution of higher education. 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, among other things, for its Writers' Workshop, and its pioneering outer space research, with University-designed research instruments used in major missions since the 1950's. The University operates one of the nation's largest university-owned teaching hospitals. Approximately half a million visits are made to the State University of Iowa Hospitals and Clinics every year.

Fall 2005 headcount enrollment at the University was 29,642 students.

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.

The University is organized into the following colleges: the College of Liberal Arts and Sciences, the Tippie College of Business, the College of Education, the College of Engineering, the College of Public Health, the Carver College of Medicine, the College of Nursing, the College of Dentistry, the College of Law, and the College of Pharmacy. The Graduate College supervises graduate study offered by the University's various departments, schools and colleges, and confers master's degrees and doctorates.

## Iowa State University

Iowa State University of Science and Technology, Ames, Iowa, was chartered by the State General Assembly in 1858. Iowa was the first state to accept the terms of the Morrill Land Grant Act of 1862 and in March, 1864, the General Assembly awarded Iowa's grant to the University, known then as the Iowa Agricultural College. The first class of 26 was graduated in 1872. Since 1959, the University has been known as Iowa State University of Science and Technology.

The University pioneered in the establishment of agricultural curricula and was the first state institution to found a veterinary school. Experimentation and research have been integral parts of the University from its beginning, first in agriculture, and later in home economics, engineering, science and veterinary medicine.

Fall 2005 headcount enrollment at the University was 25,741 students.

The University is accredited by the North Central Association of Colleges and Secondary Schools as well as by appropriate professional organizations. It is also a member of the Association of American Universities.

The University is organized into the following undergraduate colleges: the College of Agriculture, the College of Business, the College of Design, the College of Engineering, the College of Human Sciences, and the College of Liberal Arts and Sciences. These colleges each grant bachelor's degrees. The Graduate College administers the graduate programs of the colleges and confers the master's degree and doctor of philosophy. The College of Veterinary Medicine awards the doctor of veterinary medicine degree.

## University of Northern Iowa

The University was established in 1876 and opened on September 5, 1876, as the Iowa State Normal School. In 1909, it was renamed the Iowa State Teachers College and attained a national reputation as a leading institution in the field of teacher education. In 1961, the institution's name was changed to the State College of Iowa and degree programs were added for those not planning to teach. The change to the University of Northern Iowa was effected in 1967. The University now offers courses covering a broad spectrum of curriculum on both the undergraduate and graduate level.

Fall 2005 headcount enrollment at the University was 12,513 students.

The University of Northern Iowa is a member of the American Association of State Colleges and Universities (AASCU), the American Association of Colleges for Teacher Education (AACTE), and the Council of Graduate Schools in the United States. The University is accredited through the master's degrees, the specialist's degrees and the doctorate (Doctor of Education and Doctor of Industrial Technology) by the North Central Association of Colleges and Secondary Schools (NCA). Individual programs are accredited by several national accrediting agencies.

### **Scope of Services to be Provided:**

The Board is seeking a firm to provide rebate services as follows:

1. Review the cash flow and investment information provided by the Board, its institutions, or relevant financial institution serving as a trustee ("Trustee") for an issue of bonds, notes or other debt instruments.
2. Determine excess earnings on investments during each bond year based upon the information mentioned above.
3. Determine the Board's net liability.
4. If applicable, inform the Board or institutions of the obligation to deposit in a rebate fund any excess earnings based on the calculations performed.
5. Prepare a rebate report for the Board and institutions setting forth computations, assumptions and instructions for filing.
6. Provide the Regent institutions with authoritative calculations and certifications required to meet arbitrage rebate requirements of federal tax laws and regulations.
7. Complete and provide for filing with the Internal Revenue Service a Form 8038-T for each issue for which there are excess earnings.
8. Maintain past reports for future reference.

### **Format and Content of Proposal:**

The proposals should be presented in a clear and concise manner, yet include sufficient detail to enable evaluation of the firm's suitability for the assignment and probability of success. Firms with multiple offices may utilize expertise from more than one office in their proposal. Each proposal should be limited to 15 pages, exclusive of attachments. While the overall format is at the discretion of the respondents, each proposal should contain the following information at a minimum:

- Provide an overview of the firm's history in performing arbitrage rebate calculations.
- Describe the organization of the firm and any organizational aspects that uniquely qualify the firm for this assignment.
- Describe the firm's relevant arbitrage rebate calculation experience with higher education, the Board and its Regent institutions, the public sector, and entities in Iowa.
- Identify the partner and specific individuals who will be completing the calculations and provide the telephone/fax number of the firm's principal contact.

- List staff hires and departures for individuals responsible for completing the specific calculations over the last three years. For departures, indicate the reason for departure.
- Indicate whether, within the last five years, your organization, or any one of its officers or principals, has been involved in any business litigation or other legal proceedings relating to its consulting activities. If so, provide an explanation and indicate the current status or disposition.
- Detail the proposed annual fee structure per bond issue for each construction or reserve fund calculation and the fee per issue if a second fund calculation is also required for this issue.
- Provide a list of current clients that may be contacted as references.
- Provide the names of all clients who have terminated your firm's services of arbitrage rebate calculations in the last three years. In each case, detail the reason for termination.
- Include any other relevant information the Board should consider in evaluating qualifications for performing arbitrage rebate calculations.

**Eight** copies of each proposal should be submitted to:

Board of Regents, State of Iowa  
11260 Aurora Ave  
Urbandale, IA 50322-7905  
Attention: Pamela Elliott Cain, Chief Business Officer  
(515) 281-3934

**One** copy **each** should be submitted to:

Doug True  
Senior Vice President and Treasurer  
University of Iowa  
105 Jessup Hall  
Iowa City, IA 52242  
(319) 335-3552

Warren Madden  
Vice President, Business and Finance  
Iowa State University  
125 Beardshear  
Ames, IA 50011  
(515) 294-6162

Tom Schellhardt  
Vice President, Administration and Finance  
University of Northern Iowa  
204 Commons  
Cedar Falls, IA 50614  
319) 273-2383

Copies of the proposal must be received at the above addresses **no later than the close of business on April 1, 2006.**

All questions concerning this Request for Proposals are to be directed to Pam Elliott Cain at [pelliott@iastate.edu](mailto:pelliott@iastate.edu).

Information provided in response to this Request for Proposal will be considered confidential by the Board throughout the selection process, to the extent permitted by law. The Board expressly reserves the right to reject any or all proposals received and to waive any irregularities or informalities in proposals if such waiver does not substantially change the offer or provide a competitive advantage to any company.

## **Selection Process:**

Representatives of the Board Office and Regent institutions will screen the written proposals. Finalists may be invited to an oral interview with representatives of the Board and Regent institutions. Each candidate selected for final interview should be prepared to discuss fully and substantiate any aspects of its proposal. The Board of Regents will select the entity that it believes will best meet the needs of the Board and the Regent institutions.

Preference shall be given to purchasing services from Iowa based businesses if the price, qualifications, and experience reflected in the bids submitted are comparable in price to bids submitted by out-of-state businesses and otherwise meet the required specifications.

The successful proposal will demonstrate a clear understanding of arbitrage rebate calculations and a proven capability to perform the required services. Evaluation of each candidate will include, but not be limited to the following:

- Overall quality of the firm's proposal.
- Relevant experience with higher education and the public sector in doing arbitrage calculations.
- Familiarity with the State of Iowa, the Board of Regents, and the Regent institutions.
- Experience and demonstrated success as indicated by its listing of clients for which arbitrage calculations are currently being completed.
- The firm's professional reputation for integrity and compliance with state and federal law.
- Professional qualifications and experience of principal employees who will work for the Board.
- Commitment to fair and equitable employment practices.
- Significant consideration will be given to the proposed fee structure but price will not be the sole determining factor.

The laws of the State of Iowa require that at the conclusion of the selection process, the contents of all proposals will be placed in the public domain and be open to inspection by interested parties. Trade secrets or proprietary information that are recognized as such and are protected by law may be withheld if clearly identified as such in the proposal. Pricing and financial arrangements are not considered proprietary. Failure to list all proprietary sections of the submitted proposal shall relieve Board of Regent personnel from any responsibility, should such information be viewed by the public, a competitor, or be in any way accidentally released.