

**BOARD OF REGENTS, STATE OF IOWA
BOND COUNSEL
REQUEST FOR PROPOSALS**

Executive Summary:

The Board of Regents, State of Iowa is soliciting proposals from qualified and experienced firms for selection as Bond Counsel to the Board and its universities on all bond and other debt instruments.

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 and on business issues, including bonds and other debt instruments.

The Bond Counsel will advise and assist the Board on legal aspects pertaining to bond issues and other debt instruments. The Bond Counsel will prepare necessary documentation, provide written opinions as required, and oversee executing of the closing. In carrying out these responsibilities, the Bond Counsel will work closely with Board staff, the Regent institutions, the Board's Financial Advisor, and other Board advisors.

Background:

The Board is authorized in Chapters 262, 262A, and 263A of the Iowa Code 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 from approximately 77 issuances 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 bond counsel. The Iowa Administrative Code requires that this be done every five years.

Bond Issuance Information:

The following table summarizes Regent bond issues sold during the last five calendar years. (Bonds issued by the SUI Facilities Corporation are not included.)

Calendar Year	New Bonds Issued	# of New Issues	Refunding Bonds Issued	# of Refunding Issues	Total Bonds Issued
2001	41,025,000	3	27,990,000	2	69,015,000
2002	73,845,000	6	29,005,000	3	102,850,000
2003	95,575,000	5	46,950,000	6	142,525,000
2004	116,345,000	6	21,470,000	3	137,815,000
2005	108,760,000	6	27,775,000	2	136,535,000

The proposed bond issuance scheduled for calendar year 2006 is shown below. The table represents the best current estimates. These amounts may be adjusted depending upon further refined project and issuance costs.

Proposed Bond Issuance Schedule – Calendar Year 2006

<u>Month</u>	Institution/Type of Issue	Estimated Amt of Bond Issue
Feb 06	SUI Utility Enterprise	\$ 25,000,000
Mar 06	UIHC Variable Rate	75,000,000 *
Mar 06	ISU Utility Enterprise	7,400,000
Mar 06	Possible Refundings	TBD **
May 06	SUI Kinnick Stadium Renovation	27,500,000
June 06	ISU Hilton Coliseum Improvements	7,200,000
Aug 06	Possible Refundings	TBD **
Sep 06	SUI Kinnick Stadium Renovation	27,500,000
Nov 06	UNI Multimodal	<u>3,300,000</u>
	Total	\$172,900,000 ***

* The University understands that the proposal for the sale of variable rate bonds need to be reviewed in detail and approved by the Board.

** To be determined.

*** Does not include amounts to be determined.

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 Bond Counsel to provide a comprehensive range of services related to the issuance of bonds or other debt instruments. The following section identifies the scope of services to be provided. The listing is not intended to be exhaustive, but rather illustrative of the types of services required by the Board and its institutions.

1. Review existing statutes and court decisions to determine that authority exists for proposed bond issues, and advise the Board of legal matters relating to proposed borrowings.

2. Prepare necessary documentation for authorization of sale and issuance of bonds, including the proceedings providing for the advertisement and sale of the bonds, the bond resolutions, and the closing papers.
3. Review the completed record of each bond sale.
4. Provide authoritative written opinions on the legal validity and binding legal obligations of bond issues.
5. Provide authoritative written opinions on the unqualified tax exempt nature of the interest of bond issues, as provided by federal, state, and local tax laws.
6. Oversee execution of the closing, preparing the closing memorandum and other documents.
7. Propose innovative financing techniques which may assist the Board in minimizing costs or simplifying debt financing.
8. Assist the Board in evaluating the legal aspects of alternative financing proposals and developing the best plan for Regent debt instruments.
9. Offer direction and advice on the appropriate procedures to be followed by the Board in connection with the authorization and sale of bonds or other debt instruments.
10. Respond to questions, develop information, and provide advice for the Board, the Board Office, and Regent institutions on legal aspects of bond or other debt financing matters.
11. Attend meetings with Board members and Board Office staff, Regent institution representatives, and other advisors on bond and debt financing matters.
12. Cooperate and confer with the Board's and Regents institutions' Financial Advisors and attorneys, and other consultants retained by the Board and/or Regents institutions.
13. Prepare all bond documents and review other related documents to ensure that there is adequate and appropriate disclosure, and advise the Board Office accordingly. Verify the accuracy of language and supervise bond printing.
14. Work with the Board Office, Regent institutions, and the Board's Financial Advisor to submit timely information to rating agencies in order to obtain the best possible ratings.

15. Undertake such additional actions that will lead to the prompt and successful delivery of the proceeds, and the production and availability of bonds.
16. Advise the Board and the Board Office on the impact and/or legality of pending state and federal legislation. Draft legislation as requested which might be necessary or desirable to improve the Board's financing. Respond to questions on proposed federal or state tax laws that may impact the tax exempt status of the Board's bonds, arbitrage earnings, or other critical factors.
17. Advise the Regent institutions in exercising the duties of bond registrar, paying agent, and transfer agent.
18. Provide advice as requested by the Regent institutions regarding organizational, operational and financial issues related to on-going operations of bonded facilities that may have legal or tax implications.
19. Support institutional staff in educating relevant campus personnel regarding bond compliance issues and responsibilities.
20. Monitor IRS rulings, official guidance and higher education industry professional practice to keep abreast of current developments, interpretations and trends related to tax exempt financing.

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 25 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 the Bond Counsel profession.
- Describe the organization of the firm and the range of services it provides, its underlying philosophy or mission statement as a Bond Counsel consultant, and any organizational aspects that uniquely qualify the firm for this assignment.
- Describe the firm's relevant Bond Counsel service experience with higher education, the Board and its Regent institutions, the public sector, and entities in Iowa.
- Identify and provide credentials of the partner who will assume primary responsibility for providing services to the Board, and provide the telephone/fax number of the firm's principal contact. Also identify and provide credentials of a secondary contact should the primary be unavailable.
- List the personnel, including name, title, and resume, who would be assigned to work for the Board and describe the role that each individual will play. Indicate specifically the previous higher education financing or other tax-exempt financing experience of attorneys or other staff that would be assigned to the Board.
- List senior firm hires and departures over the last three years. For departures, indicate the reason for departure.
- Provide the following information for higher education and other tax-exempt issues the firm has been involved with over the last year. For each issuer, include:
 - a) Name of issuer
 - b) Date and size of issue
 - c) Managing underwriter and financial advisor
 - d) Nature of the project

- e) Description of financing method
 - f) Type of opinions offered
 - g) Name of principal individual in the firm assigned to the project
- Describe the firm's experience with tax-exempt bonds, master leases, Regent bonds, including academic building revenue and self liquidating bonds, advance refundings, lease/purchase agreements, and other alternative financing mechanisms.
 - Describe the firm's familiarity with arbitrage regulations and calculations required to meet arbitrage rebate requirements of federal tax laws and regulations.
 - Describe the firm's familiarity with existing Regent debt financing authority.
 - Describe the firm's familiarity with the Iowa Code as it relates to the Regents issuance of debt, and of existing provisions as well as proposed revisions to applicable state and federal statutes, and court decisions.
 - Describe the firm's familiarity with financial advisors, underwriters, bond rating agencies, and other critical financing participants.
 - Describe the firm's capability to provide authoritative written opinions in bonding matters acceptable to underwriters, brokers, bond rating agencies, and investors in the national market.
 - Describe the firm's experience with public competitive bidding, variable-rate and fixed-rate financing, and short-term lease purchase financing for equipment and facilities.
 - Describe the process that would be used for review and assessment of existing Board bond policy and procedures, and recommending appropriate bond issuance strategies.
 - Certify that the firm is an independent advisor, without involvement in underwriting or trading of municipal securities, and has no conflict of interest or potential conflict of interest in serving as the Board's Bond Counsel.
 - 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 scope of services to be provided and identify any additional services beyond those described in your proposal that your firm could provide as Bond Counsel to the Board.
- Detail the proposed fee structure for fixed and variable rate bonds, including expenses. State whether the firm would charge for Bond Counsel services in the event that a proposed bond issue or other financing were not sold successfully. The proposal should state separately the maximum fees per thousand dollars issued for fixed rate sales ranging up to \$30 million and variable rate sales up to \$100 million in increments of \$5 million. Identify any other costs, including reimbursable costs, that would be involved in issues of these sizes (e.g., printing and reproduction costs), including out-of-pocket costs of the firm. Indicate specifically all costs not included within the base fee structure, stating explicitly any costs expected to be borne by the Board. Provide an alternative hourly rate of charge structure for professional services.
- 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 as Bond Counsel in the last three years. In each case, detail the reason for termination.
- Include any other relevant information the Board should consider in evaluating the Bond Counsel's qualifications.

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 the Pamela Elliott Cain at pelliott@iastate.edu.

Information provided by Bond Counsels in response to this Request for Proposals 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 will be invited to an oral interview with representatives of the Board and Regent institutions. Each Bond Counsel 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 Board bond and debt instrument requirements, a well-reasoned strategy for success, and a proven capability to perform the required services with distinction. Evaluation of each Bond Counsel will include, but not be limited to the following:

- Overall quality of the firm's proposal.
- Relevant Bond Counsel experience with higher education and the public sector.
- Familiarity with the State of Iowa, the Board of Regents, and the Regent institutions.
- Quality of accomplishments as represented by examples of participation in creative financing approaches, improved bond ratings, legislative initiatives, etc.
- Experience and demonstrated success as indicated by its listing of current major clients.
- Strong client service orientation and effective performance as demonstrated by references from current clients.
- The firm's professional reputation for integrity and compliance with state and federal law.
- Respected by and maintains strong working relationships with bond rating agencies, underwriters and other industry professionals.
- Independence from municipal bond underwriting, trading, or other clients, activities, or events which could result in a conflict of interest.

- 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 and estimated costs, 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.