Executive Summary:

The Board of Regents, State of Iowa is soliciting proposals from qualified and experienced firms for selection as Financial Advisor 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 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 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 reviewing the bond-related activities of the institutions, and providing staff assistance to the Board in fulfilling their bond responsibilities.

The Financial Advisor will advise and assist the Board in assessing and developing appropriate financing mechanisms, including structuring, timing, and sizing of bond issues or other debt instruments. In carrying out these responsibilities, the Financial Advisor will work closely with Board staff, the Regent institutions, the Board’s Bond Counsel, 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 from approximately 77 issuances 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 financial advisor. 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).

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

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.

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

* 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 Financial Advisor 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. Advise the Board on financial matters relating to proposed borrowings by the Board.

2. Conduct necessary analysis and feasibility studies relating to financing of Regent projects, including cash flows, sources and uses, and sensitivity analysis of variables in a financing, such as interest rate, maturities, and rate of principal redemption.

3. Assist in preparing and updating guidelines and policies for the issuance of obligations. Review revenue studies made available by the Board and the Regent institutions, and report on the adequacy of such revenues to meet expected debt service and maintain adequate reserves.

4. Inform bond rating agencies and potential underwriters of fiscal developments and plans of the Board, with the consent of the Board Office.

5. Maintain active contact with bond rating agencies and advise the institutions with respect to presentations and other proactive measures to retain and improve bond ratings.

6. Apprise the Board of pertinent conditions or changes in financial markets, as related to debt financing.

7. Assist the Board in assessing the merits of various financing alternatives and advise the Board as to the structure, timing, marketing plan, and size of possible issues.

8. Assist the Board in preparing and evaluating master lease RFP’s.

9. Propose innovative financing techniques which may assist the Board in minimizing costs or simplifying debt financing.

10. Monitor IRS rulings, official guidance and higher education industry professional practice to keep abreast of current developments, interpretations and trends related to financing practices.

11. Coordinate the preparation and filing of the continuing disclosure information as required by the Securities Exchange Commission for municipal securities greater than $1,000,000.
12. 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.

13. Respond to questions, develop information, and provide advice for the Board, the Board Office, and Regent institutions on bond or other debt financing matters, including models for calculation of tuition replacement needs.

14. Attend meetings with Board members and Board Office staff, Regent institution representatives, and other advisors on bond and debt financing matters.

15. Cooperate and confer with the Board’s Bond Counsel and other advisors retained by the Board.

16. Review all bond documents and advise the Board Office accordingly.

17. Make recommendations on the time, place, and method of conducting a sale of issuance of debt financing. Advise the Board on maturities, call provisions, sinking fund provisions, and other elements.

18. Work with the Board Office, Regent institutions, and the Board’s Bond Counsel to submit timely information to rating agencies in order to obtain the best possible ratings.

19. Prepare and distribute in a timely manner the draft Official Statement to the Board Office, institutions, and other parties as appropriate for review and comment. Distribute in a timely manner, via the web and other means, the Official Statement and needed addenda to maximize bidder participation.

20. Attend and conduct the sale and submit a recommendation to the Board on the acceptability of offers received.


22. Undertake such additional actions as will lead to the prompt and successful delivery of the proceeds and the production and availability of bonds.

23. Make recommendations on legislation, as requested, which may significantly affect the Bond’s cost of 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 as a minimum:

- Provide an overview of the firm’s history in the Financial Advisor profession.

- Describe the organization of the firm and the range of services it provides, its underlying philosophy or mission statement as a Financial Advisor consultant, and any organizational aspects that uniquely qualify the firm for this assignment.

- Describe the firm’s relevant Financial Advisor 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 and e-mail address 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 staff that would be assigned to the Board.

- List senior staff hires and departures over the last three years. For departures, indicate the reasons.

- Provide the following information for higher education and other tax-exempt issues the firm has been involved with from January 1, 2005 through December 31, 2005. For each issue list:
  a) Date and size of issue
  b) Method of financing/type of security
  c) Private placement or public offering
d) Purpose of offering

e) 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 experience or familiarity with Iowa laws, the governing statutes, and court decisions relating to Regent bonding authority.

- Describe the firm’s familiarity with federal law and tax laws applicable or potentially applicable to financings by the Board of Regents.

- Describe the firm’s familiarity with bond counsels, underwriters, bond rating agencies, and other critical financing participants.

- Describe the firm’s expertise in appraisal of market conditions the Board should consider in its timing or structure of financing.

- Describe the firm’s experience with public competitive bidding, variable-rate and fixed-rate financing, and short-term equipment financing.

- In reference to bond security, describe the firm’s experience in working with letter or line of credit, insurance, or other types of security enhancement.

- 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 Financial Advisor.

- 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 would provide as Financial Advisor 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 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 Financial Advisor’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 Beardsheath
Ames, IA 50011
(515) 294-6162
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 Pamela Elliott Cain at pelliott@iastate.edu.

Information provided by Financial Advisors 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 will be invited to an oral interview with representatives of the Board and Regent institutions. Each Financial Advisor selected for final interview should be prepared to discuss fully and substantiate any aspects of their proposal. The Board of Regents will select the entity that it believes will best meet the needs of the Board and the Regents 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 Financial Advisor will include, but not be limited to the following:

- Overall quality of the firm’s proposal as an indicator of its probability for success.
- Quality of accomplishments as represented by examples of participation in creative financing approaches, improved bond ratings, legislative initiatives, etc.
• Relevant Financial Advisor experience with higher education and the public sector.

• Indication that the firm has a broadly based background and is therefore capable of balancing the Board’s overall needs for continuity and innovation in debt financing.

• Familiarity with the State of Iowa, the Board of Regents, and the Regent institutions.

• Strong client service orientation and effective performance as demonstrated by references from current clients.

• Experience and demonstrated success as indicated by its listing of current major 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.