Executive Summary:

The Board of Regents, State of Iowa, (the “Board”) is soliciting proposals from qualified and experienced firms for selection as Investment Advisor to the Board and its universities.

The Board, an agency of the State of Iowa, is the governing body of the University of Iowa, Iowa State University, the University of Northern Iowa, Iowa School for the Deaf, and Iowa Braille and Sight Saving School. As such, the Board establishes investment policy and objectives for these institutions, in accordance with Chapter 12 of the Iowa Code. The Board retains several independent financial advisory firms in this regard, and has a practice of evaluating its advisors every five years, both current providers and those qualified firms that submit proposals for the Board’s consideration.

The Board delegates to its Investment Committee the authority for monitoring the investment policies, practices, and performance of the institutions. It is the responsibility of the Treasurer of each institution to administer the Board’s investment policy and to work closely with the Investment Advisor on matters related to compliance, risk management, manager selection, performance evaluation, and asset allocation. Board policy requires that the Investment Committee periodically review the performance of the investment advisor.

The Board Office, under leadership of the Executive Director of the Board of Regents, is responsible for reviewing investment reports provided by the institutions, and providing staff assistance to the Board in fulfilling their investment responsibilities.

The Investment Advisor will work closely with Board Office staff, the Regent universities, and other advisors in providing these services.
Background:

The Regent institutions maintain two investment portfolios — operating and endowment/quasi-endowment. Both portfolios include restricted and unrestricted funds.

Institutional Investment Portfolios
Market Value (Thousands of Dollars)
As of June 30, 2006

<table>
<thead>
<tr>
<th>Institution</th>
<th>Operating</th>
<th>Endowment/Quasi-Endowment</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Iowa (1)</td>
<td>656,821</td>
<td>318,603²</td>
</tr>
<tr>
<td>Iowa State University</td>
<td>327,456</td>
<td>159,512²</td>
</tr>
<tr>
<td>University of Northern Iowa</td>
<td>68,325</td>
<td>-</td>
</tr>
<tr>
<td>Iowa School for the Deaf</td>
<td>1,969</td>
<td>-</td>
</tr>
<tr>
<td>Iowa Braille and Sight Saving School</td>
<td>1,170</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>1,055,741</td>
<td>478,115</td>
</tr>
</tbody>
</table>

1 Includes University of Iowa Hospitals and Clinics.
2 Includes UNI.
3 Includes ISD and IBSSS.
4 Of the $1 billion in operating funds, 50% is externally managed.

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 an investment advisor. The Iowa Administrative Code policy requires that this be done every five years.

Scope of Services to be Provided:

The Board is seeking an Investment Advisor to provide a comprehensive range of investment advisory services. 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 by the universities.

1. Advise the Board on all matters pertaining to endowment fund investment and financial management and investment management of operating funds.

2. Review current Board investment procedural guidelines pertaining to endowment and operating fund investment (not including Foundation endowments), and provide a detailed presentation of policy issues and alternatives for consideration.

3. Analyze the Board’s current endowment and operating fund portfolios and prepare recommendations for optimization. Consider applicable Board policies for each portfolio with regard to fund and asset class objectives, risk tolerance, and authorized investment restrictions, and asset allocation guidelines.

4. Review and evaluate endowment and operating fund investment management performance. Make recommendations for retention or changes, consistent with Board performance objectives and criteria.

5. Review and evaluate operating fund money market and other cash investment accounts for policy compliance, quality and diversification, management experience and risk controls, and competitive yield in relation to expense ratios and service capabilities.
6. Assist in the search and selection process for external investment managers for the institutions’ endowment and operating funds.

7. Provide assistance, as requested by the Board Office and Treasurers of the universities, in the area of operating fund investments, risk assessment, or evaluation of alternatives being considered.

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 assess its probability of success.

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:

Cynthia S. Bartels  
Director, Treasury Operations  
University of Iowa  
7 Jessup Hall  
Iowa City, IA 52242-1316  
(319) 335-0127

Joan Piscitello  
Treasurer  
Iowa State University  
122 Beardshear  
Ames, IA 50011  
(515) 294-6854

Gary Shontz  
Controller and Secretary/Treasurer  
University of Northern Iowa  
445 Library  
Cedar Falls, IA 50614-0009  
(319) 273-2000

Copies of the proposal must be received at the above addresses not later than 4:30 p.m. Central Daylight Time on Thursday, November 30, 2006.

All questions concerning this Request for Proposals are to be directed to Pamela Elliott Cain at (515) 281-3934 or pelliott@iastate.edu.
Information provided by investment advisors 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. 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 investment advisory profession.
- Describe the organization of the firm and the range of services it provides, its underlying philosophy or mission statement as investment advisory consultant, and any organizational aspects that uniquely qualify the firm for this assignment.
- Is your firm, its parent, or affiliate a registered investment advisor with the SEC under the Investment Advisors Act of 1940? If not, what is your fiduciary classification?
- Within the last five years, has your organization or an office or principal been involved in any business litigation or other legal proceedings relating to your consulting activities? If so, provide an explanation and indicate the current status or disposition.
- How many analysts, responsible solely for investment manager research are employed by your organization? How many analysts are responsible for performance valuations, performance attribution analyses, manager searches, etc?
- List senior staff hires and departures over the last three years. For departures, indicate the reason for termination.
- List personnel who would be assigned to work for the Board, including name, title, and resume. In addition, telephone/fax number of the principal contact.
- Describe relevant investment advisory service experience with higher education, the public sector, and in Iowa.
- Describe the process that would be used for review and assessment of existing Board investment policy, procedures, and current portfolio status (endowment and operating).
- Describe in detail the type and frequency of research that would be provided by your firm and the media utilized. Through what media is it provided.
- Provide the titles of all recent research reports provided within the last 24 months to your clients. Include with your response three research reports on special topics generated by your firm. If you have recently reviewed international equity investments, please include in your response.
- Describe the process that would be used to analyze and recommend appropriate asset allocation strategies.
- Describe the risk assessment capabilities and experience of your firm.
- Describe the process that would be used to evaluate investment performance.
- Discuss the international equity, international fixed income, and emerging markets capabilities of your performance evaluation system. Do you have the capability of handling currencies other than the U.S. Dollar, and how many clients use this capability?
- Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios. Can your firm provide custom/style benchmarks and universes? List all available universes against which performance and other attributes can be measured. Are the returns in your universe actual client returns or composite returns as reported by managers?
- Describe how you would monitor the style adherence of our investment managers. Specifically, what types of reports would you use?
- Describe your process of reviewing investment manager compliance with investment objectives and guidelines.
- What do you require of the client custodian bank in terms of time and information in order to provide performance measurement and attribution services.
- Describe the process that would be used to provide recommendations for selection of external investment managers. How many managers are included in your database? Are managers required to pay your firm either hard dollar or soft dollar fees to be included in your database? If so, how do you control conflicts of interest? In addition to performance information, what other types of data are available on your database?
- Do you charge investment managers any direct or indirect fees when they are successful in manager searches that you conduct on behalf of your clients? What are the fees? How do you prevent conflicts of interest?
- Certify that the firm is an independent financial advisor, neither engaged in the sale of services to investment managers nor sale of investments to fund sponsors.
- Are there any circumstances specifically related to your investment consulting activities under which your firm, its officers, or employees receive direct or indirect compensation from investment managers. If so, describe in detail.
- Provide details of the proposed fee structure, including expenses. Indicate specifically if there are any costs to be borne by the Board outside the basic fee structure.
- Discuss the turnaround time for relaying financial indices and preparation of quarterly reports on manager performance.
• Enter the number of institutional retainer clients by asset size in each of the following categories:

<table>
<thead>
<tr>
<th>Size ($ Millions)</th>
<th>Corporate Funds</th>
<th>Endowments/Foundations</th>
<th>Public Pension Funds</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - 50</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>51 - 500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>501 - 1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1,001 - 5,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over $5,000</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

• 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 investment advisor’s qualifications.

**Selection Process:**

Representatives of the Board Office and universities will screen the written proposals. The finalists will be invited to an oral interview with representatives of the Board Office and universities. Each investment advisor selected for final interview should be prepared to fully discuss 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 investment requirements, a well-reasoned strategy for success, and a proven capability to perform the required services with distinction. Evaluation of each investment advisor will include, but not be limited to the following:

• Quality of the firm’s proposal as an indicator of its probability for success.
• Relevant investment advisory experience with higher education and the public sector.
• Familiarity with the State of Iowa, the Board of Regents, and the Regent institutions.
• Experience and demonstrated success as indicated in its listing of current major clients.
• Professional reputation of the firm.
• Independence from any activities 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.