

BOARD OF REGENTS, STATE OF IOWA

LEASE PURCHASE AGREEMENT

REQUEST FOR PROPOSALS

Executive Summary:

The Board of Regents, State of Iowa, (the "Board") is soliciting proposals from qualified and experienced firms for selection as a taxable and tax-exempt provider under a lease purchase agreement.

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. The Board also governs the Iowa Braille and Sight Saving School in Vinton and the Iowa School for the Deaf in Council Bluffs. As such, the Board establishes financing policy and objectives for these institutions.

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 the execution of lease agreements under the lease purchase arrangement.

It is anticipated by the Board that the lease purchase agreement will be on a non-exclusive basis under which the Regent institutions may finance real and personal property with lease financing on either a taxable or tax exempt basis. The selected firm will work closely with Board staff, the Regent institutions, and the Board's bond counsel and financial advisor.

Background:

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 1950s. The University operates one of the nation's largest university-owned teaching hospitals. Approximately 800,000 visits are made to the State University of Iowa Hospitals and Clinics every year.

Fall 2011 headcount enrollment at the University totals 30,893 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 Henry B. Tippie College of Business, the College of Education, the College of Engineering, the College of Public Health, the Roy J. and Lucille A. 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 2011 headcount enrollment at the University totals 29,887 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 and Life Sciences, 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 2011 headcount enrollment at the University totals 13,168 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.

Summary of Terms:

It is anticipated by the Issuer/Lessee that the following terms and considerations be addressed in the lease purchase agreement.

Issuer/Lessee:	Board of Regents, State of Iowa
Institutions:	University of Iowa, Iowa City, Iowa; Iowa State University, Ames, Iowa; University of Northern Iowa, Cedar Falls, Iowa; Iowa School for the Deaf, Council Bluffs, Iowa; Iowa Braille and Sight Saving School, Vinton, Iowa.
Tax Status:	The Lessee is a political subdivision of the State of Iowa within the meaning of Section 103 of the Internal Revenue Code of 1986, as amended.
Types of Property to be Leased: (not exclusive)	Laboratory Equipment Computer Equipment Office Equipment Maintenance Equipment Real Property Motor Vehicles
Anticipated Commencement Date:	January 3rd, 2012
Lease Origination Period:	Two years with an option by the Issuer/Lessee of three annual renewals for a total term of five years. However, the Issuer may terminate the lease purchase arrangement at any time upon advance notice.
Closings/Funding:	Funds are normally expected to be advanced as property is acquired. However, an escrow arrangement for pre- funding may be considered in certain circumstances. Issuer/Lessee may finance less than the full cost of the property.
Lease Term:	To be negotiated for each transaction, but it is anticipated to be three to fifteen years from date of each advance of funds.

Interest Rate: It is anticipated that the interest rates will be established for each separate financing at a mutually agreeable time prior to each financing. It is anticipated by the lessee that the interest rate will be based off an index rate for fixed rate leases (LIBOR) and for variable rate leases (SIFMA) to be mutually agreed to between the lessee and lessor, and adjusted by a spread to be outlined in the document.

Alternative interest rate indexing proposals may be submitted for consideration.

Lease Payments: Semi-annual with dates to be determined.

Option to Prepay: Prepayment options and any applicable restrictions, costs, or fees associated with prepayment should be outlined in the proposals. Furthermore, please describe in your proposal the prepayment methodology in connection with drawdowns or advances.

Billing: Fees for each item financed under the lease purchase arrangement will be billed to the appropriate institution. These should be described in the proposal.

Purchase Option: All property will be financed on a self-liquidating basis and provide for a purchase option of \$1.00 at lease end.

Title: Title to the property shall pass to the Lessee on the acceptance date. Title will remain with the Lessee so long as all payments in the agreement have been made.

Non-appropriation/Termination: The Lessee will make reasonable efforts to obtain funds to satisfy the obligation in each fiscal year. However, the lease may be terminated without penalty in the event of non-appropriation by the Iowa General Assembly of funds for payment of the operating costs of an institution. In such event, the Lessee expects to provide an opinion of counsel confirming the events of non-appropriation and Lessee's exercise of due diligence to obtain funds.

Net Lease:	The Lease will be a net lease transaction with all maintenance, insurance, taxes, compliance with laws, and expenses related to the use of the property to be paid by the Lessee. For tax exempt financings, a tax opinion will be provided by the Board's bond counsel, the cost of which will be paid by the institution acquiring the assets.
Rating:	The Lessee does not intend the leases to be rated by bond credit rating agencies. If the Lessor desires to do so, the Lessor will bear any associated cost.
Re-offerings & Assignment:	Lessor may only assign its interest in a lease, sell, or grant a security interest in the leased property to accredited investors as defined in the Securities Act of 1933 who have an investment letter which has been approved by the Lessee.

Format and Content of Proposal:

The proposals should be presented in a clear and concise manner, including sufficient detail to enable evaluation of the firm's suitability for the assignment. Firms with multiple offices may utilize expertise from more than one office in their proposal. 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 experience in providing lease purchase agreements.
- Describe the organization of the firm and the range of services it provides, its underlying philosophy or mission statement as a provider of lease purchase agreements, and any organizational aspects that uniquely qualify the firm for this assignment.
- Describe the firm's relevant lease purchase experience with the public sector, higher education, the Board of Regents and its institutions, and entities in Iowa.
- List the lease purchase agreements for which the firm has acted as lessor over the past three years, and provide examples of comparable lease purchase agreements.
- Identify and provide credentials of the partner who will assume primary responsibility for managing the Lessee's lease purchase agreement, including telephone/fax number and e-mail address. Also identify and provide credentials of a secondary contact should the primary be unavailable.

- List the personnel, including name, title, and resume, of individuals who will communicate with the Regent institutions on individual financings.
- Within the last five years, has your organization, or an officer or principal, been involved in any business litigation or other legal proceedings relating to your lease purchase agreement activities? If so, provide an explanation and indicate the current status or disposition.
- Please describe whether your organization is willing to provide multiple draws or advances for certain projects identified by the Lessee and how you organization proposes to price same.
- Provide a response to the following hypothetical examples as to your organization's pricing methodology and proposed interest rate, if the financing were to be priced as of October 19, 2011, both on a fixed rate and variable rate basis and for a tax-exempt and a taxable lease:

Example 1: \$3,000,000, 5 year equipment financing lease purchase.

Example 2: \$10,000,000 10 year real property financing lease purchase.

- If an alternative interest rate proposal is suggested, outline the computation details of the proposed interest rates.
- Indicate separately any administrative fee or upfront costs to be added to each funding request and any pre-payment penalties for early redemption.
- Describe the scope and extent of the security interests expected under the firm's required lease purchase proposal. Indicate whether or not additional fees would be charged if the scope or extent of the firm's security interest in the assets being acquired is reduced as principal is paid on the lease.
- Indicate whether assignments of the firm's interest in the lease purchase are expected and whether any additional fees will be charged if the Lessee's consent to an assignment is required (not to be unreasonably withheld, so long as appropriate documentation is provided to and by the Assignee).
- Please provide the proposed form of lease purchase agreement the firm would expect to use and indicate any provisions of the proposed form that your firm is not willing to adjust or modify if so requested by the Board.
- Most transactions are expected to be consummated at or near the time of acquisition of the property, but in certain cases where lead-times are involved it may be necessary or desirable to lock in the financing before the property is acquired. Describe your willingness to establish an escrow agreement structure for use in such situations and identify any applicable fees.

- Describe the timing and process of your commitment to a firm interest rate on a typical transaction in relation to the institutions' request and the actual advance of funds.
- No proposal should be qualified based on creditworthiness of the lessee or any similar consideration.
- Indicate the intended method of placement, if the lease obligations are not intended to be held by the firm (e.g., private placement, certificate of participation).
- Provide a list of not less than three (3) current clients that may be contacted as references.
- Provide the names of all clients who have terminated your firm's services as a lease purchase agreement provider 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 firm's qualifications or proposal.

Submission of Proposal:

Please send one electronic copy of each proposal and paper copies as described below to the following:

Four paper copies and one electronic copy of each proposal should be submitted to:

Board of Regents, State of Iowa
11260 Aurora Ave
Urbandale, IA 50322-7905
Attention: Brad Berg, Policy and Operations Officer
baberg@iastate.edu
(515) 281-3934

Two paper copies and one electronic copy of each proposal should be submitted to:

Doug True
Senior Vice President and Treasurer
University of Iowa
4 Jessup Hall
Iowa City, IA 52242
douglas-true@uiowa.edu

Warren Madden
Vice President for Business and Finance
Iowa State University
122 Beardshear Hall
Ames, IA 50011
wmadden@iastate.edu

Jan Hanish
Interim Vice President, Administration and Finance
University of Northern Iowa
204 Commons
Cedar Falls, IA 50614
jan.hanish@uni.edu

Copies of the proposal must be received at the above addresses **not later than 4:30 p.m. Central Daylight Time on October 31, 2011.**

All questions concerning this Request for Proposals are to be directed to Brad Berg at baberg@iastate.edu by noon (CST) October 18, 2011. Responses to all questions received will be posted on the Board of Regents web site (<http://www.regents.iowa.gov/rfp/rfpcover.html>) no later than October 21, 2011.

Information provided 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:

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

Evaluation of each proposal will include, but not be limited to the following:

- Overall quality of the firm's proposal.
- The firm's demonstrated performance as a lease provider.
- Relevant experience in providing lease purchase agreements to higher education and in the public sector.
- Familiarity with the State of Iowa, the Board of Regents, and the Regent institutions.
- Experience and demonstrated success, as indicated by the listing of current major clients.
- 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 and estimated costs, but price will not be the sole determining factor.

After review of the proposals submitted and other information as needed, the Board is expected to select one or more lease purchase provider(s) at their sole discretion that best meets the requirements of the Board. 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.

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.