

BOARD OF REGENTS, STATE OF IOWA
MASTER LEASE 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 provider under a Master Lease 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 Master Lease Agreement.

The Master Lease Agreement sets forth the terms and conditions under which the Regent institutions may finance real and personal property with lease financing. In providing the Master Lease Agreement, the firm selected will work closely with Board staff, the Regent institutions, and the Board's bond counsel and financial advisor.

Background:

The Board's current Master Lease Agreement expires on December 31, 2006. It provides for a total lease amount of \$20 million.

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 master lease provider. The Iowa Administrative Code policy 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 became effective in 1967. The University now offers broad curricula 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.

Summary of Terms:

The following considerations are to be addressed in the master lease agreement proposals.

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. Lessee will cooperate with Lessor in providing evidence as deemed necessary or desirable to substantiate such tax status.
Types of Property to be Leased: (not exclusive)	Laboratory Equipment Computer Equipment Office Equipment Maintenance Equipment Real Property Motor Vehicles
Anticipated Master Lease Initiation Date:	January 1, 2007
Lease Origination Period:	Two years with a possibility of three annual renewals for a total of five years.
Funding:	Funds are normally expected to be advanced as property is acquired. However, an escrow arrangement for pre- funding is considered desirable. Lessee may finance less than the estimated amount and may terminate the master lease at any time.
Lease Term:	Three to ten years from date of advance of funds.

Interest Rate:	<p>The tax-exempt and taxable interest rates for each separate financing under the master lease agreement will be the Delphis Hanover Yield Curve Scale rate for the “A” rated tax-exempt debt in the maturity as indicated in the proposal content, plus a single, fixed increment to be established for the master lease contract.</p> <p>Alternative interest rate indexing proposals may be submitted for consideration.</p>
Lease Payments:	Semi-annually with dates to be determined.
Option to Prepay:	Prepayment options and any applicable restrictions, costs, or fees associated with prepayment.
Billing:	Each item financed should be billed separately to the appropriate institution.
Purchase Option:	All property should 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 agrees to provide an attorney’s opinion confirming the events of non-appropriation and Lessee’s exercise of diligence to obtain funds.
Net Lease:	There will be net lease transactions whereby maintenance, insurance, taxes, compliance with laws, and similar expenses shall be borne by the Lessee. Tax opinion will be provided by the Board’s bond counsel, the cost of which will be borne by the institution acquiring the assets.

Rating: The Lessee does not intend the leases to be rated by bond rating agencies. If the Lessor desires to do so, the Lessor will bear any associated cost.

Re-offerings: Lessor may assign its interest in a lease, sell, or grant a security interest in the leased property only 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, yet include 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 master lease agreements.
- Describe the organization of the firm and the range of services it provides, its underlying philosophy or mission statement as a provider of master lease agreements, and any organizational aspects that uniquely qualify the firm for this assignment.
- Describe the firm's relevant master lease agreement experience with the public sector, higher education, the Board of Regents and its institutions, and entities in Iowa.
- List the master lease agreements for which the firm has acted as lessor over the past three years, and provide examples of comparable master lease agreements.
- Identify and provide credentials of the partner who will assume primary responsibility for managing the Regents' master lease 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 drawdowns.
- Describe the firm's familiarity with existing Board master lease agreement arrangements.

- 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 master lease agreement activities? If so, provide an explanation and indicate the current status or disposition.
- All tax-exempt and taxable interest rate proposals should be in terms of an increment over the “A” rated value from the most current daily Range of Yield Curve Scale published by the Delphis Hanover Corporation for the maturity equal to the average maturity indicated in the table below for each lease term. Proposals may include tax-exempt financing only, taxable financing only, or both.

Lease Term	Average Maturity	Tax-Exempt Increment over Delphis Scale	Taxable Increment over Delphis Scale
Three Years	Two Years	_____ %	_____ %
Four Years	Two Years	_____ %	_____ %
Five Years	Three Years	_____ %	_____ %
Six Years	Three Years	_____ %	_____ %
Seven Years	Four Years	_____ %	_____ %
Ten Years	Seven Years	_____ %	_____ %

- If an alternative interest rate proposal is provided, 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 master lease 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 master lease.
- Indicate whether assignments of the firm’s interest in the master lease 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 master lease agreement the firm would expect to use and indicate if there are any provisions that the 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.

- 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 master lease 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:

Twelve 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

Two copies **each** should be submitted to:

Doug True
Senior Vice President and Treasurer
University of Iowa
4 Jessup Hall
Iowa City, IA 52242
(319) 335-1968

Warren Madden
Vice President for Business and Finance
Iowa State University
122 Beardshear Hall
Ames, IA 50011
(515) 294-4363

Tom Schellhardt
Vice President, Administration and Finance
University of Northern Iowa
204 Commons
Cedar Falls, IA 50614

Copies of the proposal must be received at the above addresses **not later than 4:30 p.m. Central Daylight Time on June 9, 2006.**

All questions concerning this Request for Proposals should be directed to Pamela Elliott Cain at (515) 281-3934 or pelliott@iastate.edu.

Information provided by firms in response to this Request for Proposals will be considered confidential by the Board throughout the selection process, to the extent permitted by law.

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 in price 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.
- Relevant experience in providing master lease 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 a tax-exempt and a taxable master lease agreement proposal that best meets the requirements of the Board. The Board reserves the right to issue separate awards to bidders for tax-exempt and taxable leases. 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.