

Contact: Brad Berg

**MASTER LEASE FINANCING**

**Action Requested:** Receive the master lease financing report.

**Executive Summary:** Board policy authorizes the Executive Director to execute lease agreements with a master lease provider on behalf of the Regent institutions. The policy requires master lease financings be reported to the Board at the next available meeting.

The Executive Director authorized a five-year master lease financing of \$531,477.50 on behalf of Iowa State University for a Magnetic Resonance Imaging System (MRI) at a tax-exempt interest rate of 3.557% with Banc of America. The annual debt service for the financing is \$116,718.04 and will be paid from revenue generated from the use of the equipment.

The MRI will be utilized by the Veterinary Teaching Hospital at ISU to scan body systems for early disease detection and diagnosis. The radiology, neurology, oncology, and several other residency programs require training with the MRI. Students in the residency programs must be able to interpret the results of MRI studies to successfully pass the board certification examinations.

**Background**

The Board solicits bids for a master lease agreement provider(s) through a competitive process every five years. In February 2006, the Board approved the issuance of a Request for Proposal for a master lease agreement provider(s). In accordance with the established competitive process, a selection committee comprised of University representatives and Board Office staff reviewed the proposals and interviewed candidate firms.

The Board approved the selection of the following master lease providers at the November 2006 meeting:

- Banc of America Leasing for tax-exempt issues
- Regions Bank for taxable issues