

# 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 Educational Services for the Blind and Visually Impaired 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 municipal 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 1,043,000 visits and more than 36,000 acute admissions are made to the State University of Iowa Hospitals and Clinics every year.

Fall 2021 headcount enrollment at the University totaled 29,909 students.

The University has been accredited by the Higher Learning Commission 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 2021 headcount enrollment at the University totaled 30,708 students.

The University is accredited by the Higher Learning Commission 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 Debbie and Jerry Ivy 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 2021 headcount enrollment at the University totaled 9,231 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 Higher Learning Commission. 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;
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 Technology Office Equipment Maintenance Equipment Real Property Motor Vehicles
Anticipated Commencement Date:	April 2022
Lease Origination Period:	The lease origination period will be five years and 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 (e.g. LIBOR) and for variable rate leases (e.g. 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 de-appropriation or non-appropriation by the Iowa General Assembly of funds for payment of the operating costs of an institution.
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 your organization proposes to price same. Also describe if funds would be held in escrow and if the escrow account would earn interest payable to the Lessee.
- 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 January 20, 2022, both on a fixed rate and variable rate basis and for a tax-exempt and a taxable lease:
  - Example 1: \$10,000,000, 5 year equipment financing lease purchase.
  - Example 2: \$15,000,000 10 year real property financing lease purchase. Note: Mortgage liens cannot be filed against real property.
- 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.

**Timeline:**

The following dates are set forth for informational and planning purposes however the Board of Regents reserves the right to change the schedule as needed.

RFP Release Date:	December 16, 2021
Written Questions Due:	January 12, 2022
Response to Questions Issued:	January 19, 2022
Bid Proposals Due:	February 1, 2022
Board Approval of Successful Firm:	April 6-7, 2022
Starting Date of Contract:	April 2022

**Submission of Proposal:**

Please send or e-mail an electronic copy of each proposal to each of the following:

Brad Berg  
 Chief Business Officer  
 Board of Regents, State of Iowa  
 11260 Aurora Ave  
 Urbandale, IA 50322-7905  
[brad.berg@iowaregents.edu](mailto:brad.berg@iowaregents.edu)

Terry Johnson  
 Chief Financial Officer and Treasurer  
 University of Iowa  
 105 Jessup Hall  
 Iowa City, IA 52242  
[terry-johnson@uiowa.edu](mailto:terry-johnson@uiowa.edu)

Pam Elliott-Cain  
 Senior Vice President, Operations and Finance and Treasurer  
 Iowa State University  
 1350 Beardshear Hall  
 Ames, IA 50011  
[pelliott@iastate.edu](mailto:pelliott@iastate.edu)

Michael Hager  
 Senior Vice President, Finance and Operations  
 University of Northern Iowa  
 Lang Hall 122  
 Cedar Falls, IA 50614  
[michael.hager@uni.edu](mailto:michael.hager@uni.edu)

The proposal must be received at the above addresses **not later than 4:00 p.m. Central Daylight Time on February 1, 2022.**

All questions concerning this Request for Proposals are to be directed to Brad Berg at [brad.berg@iowaregents.edu](mailto:brad.berg@iowaregents.edu) by noon (CDT) January 12, 2022. Responses to all questions received will be posted on the Board of Regents web site <http://www.iowaregents.edu/plans-and-policies/rfps/> no later than January 19, 2022.

### **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.
- Flexibility in property types and projects to be financed.
- 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.

**REJECTION OF PROPOSALS.** Proposals may be rejected and not reviewed by the Board for any of the following reasons:

- a. The proposal is not received timely.
- b. The Bidder fails to respond to any part of this RFP or does not provide information in the format required.
- c. The proposal is not signed by an authorized representative of the Bidder.
- d. There is evidence that the Bidder engaged in unfair bidding procedures.
- e. Financial insolvency of the Bidder.

LIMITATIONS and OTHER CONDITIONS. This RFP does not commit the Board to award a contract or to pay costs incurred by Bidder in the preparation, submission, presentation or any other action connected with proposing or otherwise responding to this RFP. The Board may accept other than the lowest bid, waive minor irregularities, and award a contract based only on the written proposal without any discussions with Bidder.

Such exemption from liability applies whether such costs are incurred directly by the vendor or indirectly through the vendor's agents, employees, assigns or others, whether related or not to the vendor.

Proposals will be opened and reviewed at the convenience of the Board; there is no public opening.

The Board reserves the right to award in part, in whole, or not at all and to multiple vendors.

AMENDMENTS TO RFP; POSTING TO INTERNET. The Board reserves the right to amend the RFP at any time. The Bidder shall acknowledge receipt of an amendment in its proposal. If the amendment occurs after the closing date for receipt of bid proposals, the Board may, in its sole discretion, allow Bidders to amend their bid proposals if necessary. Any bid amendment must be in writing, signed by the Bidder and received by the time set for the receipt of proposal amendments. Vendors who submit proposals in advance of the deadline may withdraw, modify, and resubmit proposals at any time prior to the deadline for submitting proposals. Vendors must notify the Board contact person in writing if they wish to withdraw their proposals.

All amendments will be posted on the Board's web page at:

<https://www.iowaregents.edu/plans-and-policies/rfps>. Each Bidder is advised to check this home page periodically for amendments to this RFP.

COPYRIGHTS. By submitting a bid proposal, the Bidder agrees that the Board may copy the bid proposal for purposes of facilitating the evaluation of the bid proposal or to respond to requests for public records. The Bidder consents to such copying by submitting a bid proposal and warrants that such copying will not violate the rights of any third party. The Board shall have the right to use ideas or adaptations of ideas that are presented in the bid proposals.

NONDISCRIMINATION. Firm is subject to and must comply with provisions of the Board of Regents and the State of Iowa Equal Opportunity Policy and applicable state and federal antidiscrimination laws, including the requirements set forth in 41 C.F.R. Section 60-1.4(b), which is incorporated herein by reference.

PUBLIC RECORDS AND REQUESTS FOR CONFIDENTIAL TREATMENT.

- a. As an agency of the State of Iowa, the Board is subject to the requirements of Iowa Code Chapter 22, the Iowa Open Records Act. Bidders are encouraged to familiarize themselves with Chapter 22 before submitting a proposal. The Board will treat all information submitted by a Bidder as public information following the conclusion of the selection process to the fullest extent permitted or required by law. A Bidder shall identify information provided in response to this RFP which the Bidder believes represents confidential information that may fall within one of the exceptions identified in Iowa Code section 22.7.
- b. Any request for confidential treatment of information must be included in the transmittal letter with the Bidder's bid proposal. In addition, the Bidder must enumerate the specific grounds in Iowa Code Chapter 22 or other applicable law which support treatment of the material as confidential and explain why disclosure is not in the best interest of the public. The request for confidential treatment of information must also include the name, address, and telephone number of the person authorized by the Bidder to respond to any inquiries by the Board concerning the confidential status of the

materials. Any bid proposal submitted which contains confidential information must be conspicuously marked on the outside as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as containing confidential information. Identification of the entire bid proposal or substantially all of a bid proposal as confidential may be deemed non-responsive and disqualify the Bidder from the selection process.

- c. If the Bidder designates any portion of the bid proposal as confidential, the Bidder must submit one copy of the bid proposal from which the confidential information has been excised. This excised copy is in addition to the number of copies requested in this RFP. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the bid proposal as possible.
- d. The Board will make a reasonable effort to provide the bidder with written notice seven calendar days in advance of the release of information identified by the Bidder as confidential. However, the Board may release all or a portion of the proposal immediately, without providing notice to the Bidder, if the Board determines there is no reasonable basis for a claim of confidentiality.

DISPOSITION OF BID PROPOSALS. All proposals become the property of the Board and shall not be returned to the Bidder unless all bid proposals are rejected or the RFP is cancelled. In either event, Bidders will be asked to send prepaid shipping instruments to the Board for return of the bid proposals submitted. In the event the Board does not receive shipping instruments, the Board will destroy the bid proposals. Otherwise, at the conclusion of the selection process, the contents of all bid proposals will be in the public domain and be open to inspection by interested parties subject to exceptions provided in Iowa Code Chapter 22 or other applicable law.

LAWS. Terms and provisions of this proposal and any agreement resulting from this proposal shall be construed in accordance with the laws of the State of Iowa, and any and all litigation or actions commenced in connection with this proposal or agreement resulting from this proposal shall be instituted in the appropriate courts of the State of Iowa.

USE OF NAME OR INTELLECTUAL PROPERTY. Firm agrees it will not use the name or any intellectual property, including but not limited to, any Regent's or Universities' trademarks or logos in any manner, including commercial advertising or as a business reference, without the expressed prior written consent of the specific institution and the Board.

IOWA PREFERENCE LAW. Preference shall be given to purchasing products produced within the State of Iowa, when they are of a quality reasonably suited to the purpose intended, and can be secured without additional cost over foreign products or products of other states, according to Iowa Code §73.1. Preference shall be given to purchasing from Iowa-based businesses if the offers submitted are comparable in price to those submitted by other Firms and meet the required specifications, according to Iowa Code §73.1.

GRATUITIES. The laws of the State of Iowa provide that it is a criminal offense to offer, promise or give anything of value or benefit to a state employee with the intent to influence that employee's acts, opinion, judgment, or exercise of discretion with respect to that employee's duties. Evidence of violation of this statute will be turned over to the proper prosecuting attorney.

ANTI-COLLUSION. The submittal of a proposal constitutes agreement that Firm has not divulged the proposal to any other potential firm, nor has colluded with any other firm in developing a response to this RFP.

CONFIDENTIALITY AND RESTRICTIONS ON COMMUNICATIONS. Until the Effective Date of an agreement pursuant to this Request for Proposals, this Request for Proposals, any responses and other related documents, including but not limited to, attachments, appendices, and exhibits, shall be marked and treated as CONFIDENTIAL, as provided for preliminary correspondence under State of Iowa law. Firms should not communicate about the subject of the Request for Proposal with any administrator, faculty, or staff of the Buyer with the exception of the official Board of Regents representative for this RFP.

TAXES. The Board and the Universities are exempt from Federal Excise Taxes, and no payment will be made for any taxes levied on Firm's employee's wages. The Buyer Institutions are exempt from State and Local Sales and Use Taxes on the services. Tax Exemption Certificates will be furnished upon request.

CONFLICT OF INTEREST. Should the proposer be a paid employee of the Board, the Universities or any other Iowa Regent Institution or State of Iowa Agency, the proposer may be considered a "conflict of interest vendor." In addition, should any individual who is a paid employee of the Board, the Universities or any other Regent institution or State of Iowa Agency, also be a partner in the proposer's firm or own five percent (5%) or more of the proposer's corporate stock or receive consulting payments, a conflict of interest may exist.

Please sign and date Attachment A and submit along with the bid proposal.

## ATTACHMENT A

### ASSURANCES, REPRESENTATIONS AND AUTHORIZATION TO RELEASE INFORMATION

The Bidder hereby assures and represents with respect to this proposal that:

1. It possesses legal authority to submit this proposal; that a resolution, motion or similar action has been duly adopted or passed as an official act of the Bidder's governing entity authorizing the submittal of this proposal, including all assurances, representations contained herein, and directing and authorizing the person signing below to act in connection with the application and to provide additional information as may be required.
2. It will comply with all applicable federal and state equal opportunity and affirmative action requirements.
3. All statements and information made or furnished to the Board are true and correct in all material respects. Bidder has not knowingly made any false statements in its proposal. Bidder acknowledges that supplying any information determined to be false, misleading or deceptive will be grounds for disqualification from consideration.
4. Bidder hereby authorizes The Universities to obtain information regarding its performance on other contracts, agreements or other business arrangements, its business reputation, and any other matter pertinent to evaluation and the selection of a successful Bidder in response to this Request for Proposal. It authorizes The Universities to research the company's history, contact former and current clients of the company, and perform other related activities necessary for reasonable evaluation of this proposal.
5. The Bidder acknowledges that it may not agree with the information and opinions given by such person or entity in response to a reference request. The Bidder acknowledges that the information and opinions given by such person or entity may hurt its chances to receive contract awards from The Universities or may otherwise hurt its reputation or operations. The Bidder is willing to take that risk.
6. The Bidder hereby releases, acquits, and forever discharges The Universities, State of Iowa, Board of Regents, their officers, directors, employees and agents from any and all liability whatsoever, including all claims, demands and causes of action of every nature and kind affecting the undersigned that it may have or ever claim to have relating to information, data, opinions, and references obtained by the Board in the evaluation and selection of a successful Bidder in response to this Request for Proposal.
7. The Bidder authorizes representatives of The Universities to contact any and all of the persons, entities, and references which are, directly or indirectly, listed, submitted, or referenced in the undersigned's proposal submitted in response to this Request for Proposal.

8. The Bidder further authorizes any and all persons or entities to provide information, data, and opinions with regard to the undersigned's performance under any contract, agreement, or other business arrangement, the undersigned's ability to perform, the undersigned's business reputation, and any other matter pertinent to the evaluation of the undersigned. The undersigned hereby releases, acquits and forever discharges any such person or entity and their officers, directors, employees and agents from any and all liability whatsoever, including all claims, demands and causes of action of every nature and kind affecting the undersigned that it may have or ever claim to have relating to information, data, opinions, and references supplied to The Universities in the evaluation and selection of a successful Bidder in response to this Request for Proposal.
9. Firm certifies compliance will all requirements, terms and conditions contained within this request for proposal. Any exceptions to the terms and conditions outlined herein have been clearly stated per the requirements outlined in the 'Format of Proposal' section.
10. A photocopy or facsimile of this signed Authorization is as valid as an original.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Type or Print Name, Title

\_\_\_\_\_  
Date

This form must be signed by an authorized representative of the Bidder and submitted to the Board along with Bidder's proposal.

RFP: Lease Purchase Agreement, Board of Regents, State of Iowa  
ENTITY: Board of Regents, State of Iowa  
RFP RELEASE DATE: December 16, 2021