

MEMORANDUM

To: Banking Committee
From: Board Office
Subject: Authorize Request for Proposals for Investment Advisor and Master Lease Agreement
Date: July 6, 2001

Recommended Action:

Authorize the issuance of Requests for Proposals (RFPs) for the Board's:

- Investment Advisor; and
- Master Lease Agreement.

Executive Summary:**Investment Advisor**

The Board of Regents employs an investment advisor and money managers to guide its policy of active investment management. There is no established Board policy or other requirement to conduct a periodic review of the contract or performance of the investment advisor.

Wilshire Associates has been the investment advisor to the Board and Regent institutions since May 1996. Although the contract is open ended, the annual contract service fee amount was subject to change June 30, 2001. As reported to the Banking Committee in December 2000, the principal consultant had resigned from Wilshire Associates in October 2000 and Wilshire named a new representative to interact with the Board and its institutions. The Board and Wilshire agreed to extend the contract at the current rate until December 31, 2001. This extension provided university officials and Board Office staff an opportunity to work with the new Wilshire representative.

Master Lease Agreement

Since July 1985, the Board has utilized a master lease concept to provide short-term financing (3 to 10 years) for real and personal property. This financing mechanism offers certain advantages over other Board financing options, such as bonding.

The Board's current agreement with Wells Fargo Brokerage Services, LLC ends December 1, 2001. The aggregate amount for all leased real and personal property financed under the current master lease agreement is limited to \$15 million, a maximum set by the Board. Previous discussions during Banking Committee meetings suggest that consideration be given to increasing the master lease agreement limit.

Requests for Proposals

Past practice of the Board has been to encourage competitive bidding through the issuance of Requests for Proposals (RFP) to selected candidate firms. The RFP process allows the Board and its institutions to evaluate current services and analyze the needs for additional services. This process allows for the objective comparison of services offered.

The attached RFPs have been reviewed by the institutions and outline the requested services. The Board bond counsel and financial advisor have also reviewed the master lease RFP. The RFPs will be sent to the attached list of candidate firms and any other firms the Banking Committee wishes to consider.

- Attachment A (page 4) is the RFP for the investment advisor. Representatives of the Board Office and the universities will review the submittals in response to this RFP.
- Attachment B (page 11) is the RFP for the master lease provider. Representatives of the Board Office, the universities, the Board's bond counsel, and the Board's financial advisor will review the submittals in response to this RFP.

It is anticipated that recommendations for both the investment advisor and the master lease agreement will be made no later than the November Banking Committee meeting.

Background:

Investment Advisor

In May 1996, the Board approved Wilshire Associates as the Board's Investment Consultant through a Request for Proposals (RFP) process and interviews of selected firms. The effective date of the contract was July 1, 1996, with a term for one (1) year, renewable without further action each year on the anniversary date. The annual service fee of \$75,000 is subject to change following the fifth year of service; the end of the fifth year is June 30, 2001. The Board extended the contract until December 31, 2001.

As of March 31, 2001, total Regent combined operating and endowment portfolios exceeded \$1 billion. The market value of the combined institutional operating portfolios totaled \$862.3 million and the endowment portfolio totaled \$284.9 million. The investment advisor provides a comprehensive range of investment advisory services, focusing primarily upon the investment of endowment funds managed by external fund managers.

There is no established Board policy or other requirement to conduct a periodic review of the contract or performance of the investment advisor. Past practice of the Board has been to select an investment advisor through competitive bidding, including issuance of a Request for Proposals (RFP).

Master Lease Agreement

The Board has utilized the master lease concept since July 1985. The Board's first utilization of the master lease concept was through an agreement between Iowa State University and Dougherty Dawkins, and ran through June 1988. The master lease vehicle for lease financing subsequently was made available to all Regent institutions in June 1988. As a result of competitive bidding using the RFP process, the Board entered into a master lease agreement with BancNew England Leasing Group (later acquired by Bank of Tokyo).

From June 1988 through June 1991, the master lease program operated through the Bank of Tokyo. Since November 1991, the master lease program has operated through Wells Fargo (previously known as Norwest Investment Services) as a result of RFP processes held in 1991 and 1996. The current master lease agreement is effective until December 1, 2001.

The master lease financing option offers certain advantages for financing necessary and essential property.

- Leases do not have the high origination costs of small bond issues that result from establishment of bond reserve funds, underwriter discounts, and issuance expenses.
- The negotiation of lease financing terms and amortization schedules allows lease payments to be better matched with available cash flows. (The interest rate formula under the Wells Fargo agreement sets the rate at .58% over the "A" rated tax-exempt municipal bond yield for a ten-year lease, rising to a spread of 1.13% for a three-year lease.)

The Board approves each financing utilizing the master lease agreement and Wells Fargo must agree to lease the property. The Regents hold title to the leased real and personal property while Wells Fargo holds a first lien security interest; the extent of Wells Fargo's security interest is reduced as the principal is paid.

As of March 31, 2001, leases issued under the 1996 master lease agreement totaled \$12.4 million leaving \$2.6 million of the \$15 million available for use. The outstanding balances as of March 31, 2001, were \$7.95 million for the 1996 agreement and \$200,000 for the 1991 agreement.

Past practice of the Board has been to issue a Request for Proposals (RFP) for the master lease agreement.

INVESTMENT CONSULTANT CANDIDATES

Bryton Capital Management
1454 30th Street, Suite 104
West Des Moines, IA 50266

Stratford Advisory Group, Inc.
500 West Madison Street, Suite 2960
Chicago, IL 60661

Cambridge Associates, Inc.
One Financial Center, 16th Floor
Boston, MA 02111

Wilshire Associates
FreeMarkets Center
210 Sixth Avenue, Suite 3720
Pittsburgh, PA 15222

DeMarche Associates, Inc.
1900 W. 47th Place, Suite 300
Westwood, KS 66205

Wyatt Asset Services, Inc.
303 W. Madison Street, Suite 200
Chicago, IL 60606

Ennis, Knupp and Associates
10 South Riverside Plaza, Suite 700
Chicago, IL 60606

Frank Russell, Inc.
909 A. Street
Tacoma, WA 98401

Fund Evaluation Group
205 West Fourth Street, Suite 810
Cincinnati, OH 45202

Jeffrey Slocum & Associates
430 First Avenue North, Suite 720
Minneapolis, MN 55401

J.H. Ellwood & Associates
104 S. Michigan Ave., Suite 110
Chicago, IL 60603

KPMG
345 Park Avenue
New York, NY 10154

BOARD OF REGENTS, STATE OF IOWA

INVESTMENT ADVISOR

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 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 Banking 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.

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 Banking Committee and 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 March 31, 2001**

	<u>Operating</u>	<u>Endowment/ Quasi-Endowment</u>
University of Iowa ¹	\$538,453	\$194,241 ²
Iowa State University	256,646	90,682 ³
University of Northern Iowa	64,651	-
Iowa School for the Deaf	1,893	-
Iowa Braille and Sight Saving School	<u>643</u>	<u>-</u>
Total	\$862,286	\$284,923

¹ Includes University of Iowa Hospitals and Clinics.

² Includes UNI.

³ Includes ISD and IBSSS.

Scope of Services to be Provided:

The Board is seeking an Investment Advisor to provide a comprehensive range of investment advisory services, focusing primarily upon the investment of Endowment Funds. 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.
2. Review current Board investment procedural guidelines pertaining to endowment fund investment (not including Foundation endowments), and provide a detailed presentation of policy issues and alternatives for consideration.
3. Analyze the Board's current asset allocation of endowment fund portfolios and prepare recommendations for optimal portfolios, taking into consideration established Board policy with regard to asset allocation guidelines, fund and asset class objectives, risk tolerance, and authorized investment restrictions.
4. Review and evaluate endowment fund investment management performance. Make recommendations for retention or changes, consistent with Board performance objectives and criteria.
5. Assist in the search and selection process for external investment managers for the institutions' endowment funds.
6. 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
100 Court Avenue, Suite 203
Des Moines, IA 50319
Attention: Pamela M. Elliott, Director, Business and Finance

One copy **each** should be submitted to:

Cynthia S. Bartels
Director, Treasury Operations
University of Iowa
7 Jessup Hall
Iowa City, IA 52242-1316

Joan Thompson
Treasurer
Iowa State University
122 Beardshear
Ames, IA 50011

Gary Shontz
Controller and University Secretary
University of Northern Iowa
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 August 31, 2001.**

All questions concerning this Request for Proposals are to be directed to the Director of Business and Finance, Pamela M. Elliott 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.

Each proposal should be limited to 25 pages, exclusive of attachments. Although overall format is at the discretion of the respondents, each proposal should provide the following information as 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 officer 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.
- Describe in detail the type and frequency of research that would be provided by your firm. 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:

Size (\$ Millions)	Corporate Funds	Endowments/ Foundations	Public Pension Funds	Other
\$0 - 50				
51 - 500				
501 - 1,000				
1,001 - 5,000				
Over \$5,000				

- 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 finalist firms will be invited to an oral interview with representatives of the Banking Committee, 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 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, 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.

MASTER LEASE AGREEMENT CANDIDATE FIRMS

BOT Financial Services, Inc.

Bell Atlantic Tri-Con Leasing

Chrysler Capital

A.G. Edwards & Sons, Inc.

CFC Associates, Inc.

Chicorp Financial Services

Firststar Capital Markets Group

First Continental Capital Corporation

Juran & Moody, Inc.

Lehigh Municipal Leasing

G.E. Capital

Allied Group Leasing Corporation

Wells Fargo Brokerage Services, LLC

Dillon Leasing Company

Alex Brown & Sons, Inc.

Leaseamerica Inc.

Bankers Trust Company

US Bank Corporation Piper, Jaffray

Friedman, Luzzatto & Co.

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 delegates to its Banking Committee the authority for monitoring the financing policies, practices, and performance of the 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 and its Banking Committee 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 1, 2001. It provides for a total lease amount of \$15 million. The Board and its institutions are interested in the possibility of increasing the lease amount to \$20 million for the period of the next agreement.

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 2000 headcount enrollment at the University was 28,311 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, the Henry B. Tippie College of Business Administration, the College of Education, the College of Engineering, the College of Public Health, the College of Medicine, and the College of Nursing. These colleges all confer undergraduate degrees. The Graduate College supervises graduate study offered by the University's various departments, schools and colleges. The Graduate College confers master's degrees and doctorates. The Colleges of Dentistry, Law, Medicine and Pharmacy confer degrees at the doctorate level.

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 2000 headcount enrollment at the University was 26,845 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 Education, the College of Engineering, the College of Family and Consumer 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 a broad curricula on both the undergraduate and graduate level.

Fall 2000 headcount enrollment at the University was 13,774 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:	December 3, 2001
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 interest rate 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:	<p>Semi-annually on May 1 and November 1.</p>
Option to Prepay:	<p>Except for a non-appropriation, each lease will not be prepayable for the first 18 months. Thereafter, the lease shall be prepayable at any time on the semiannual payment date for 100% of the remaining principal plus accrued interest. If the lease is prepaid before the midpoint of its term, an additional prepayment fee shall be due in the amount of one-half of one percent of outstanding principal.</p>
Billing:	<p>Each item financed should be billed separately to the appropriate institution.</p>
Purchase Option:	<p>All property should be financed on a self-liquidating basis and provide for a purchase option of \$1.00 at lease end.</p>
Title:	<p>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.</p>

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 (if applicable), 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.
Reofferings:	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. Although overall format is at the discretion of the respondents, each proposal should provide 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 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 the principal contact that will assume primary responsibility for managing the Regents’ master lease agreement, including telephone/fax number and e-mail address.
- 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 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, of the maturity equal to the average maturity indicated in the table below for each lease term.

<u>Lease Term</u>	<u>Average Maturity</u>	<u>Increment over Delphis Scale</u>
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 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:

Eight copies of each proposal should be submitted to:

Board of Regents, State of Iowa
100 Court Avenue, Suite 203
Des Moines, IA 50319
Attention: Pamela M. Elliott, Director, Business and Finance

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

Doug True
Vice President for Finance and University Services/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

Eunice Dell
Interim Vice President for Administration and Finance
University of Northern Iowa
228 Gilchrist Hall
Cedar Falls, IA 50614
(319) 273-22382

Ken Haynie
Ahlers Law Firm
Kurtz Building
100 Court Avenue, Suite 600
Des Moines, IA 50309
(515) 243-7611

Barry Fick
Senior Vice President
Springsted, Inc.
85 East Seventh Place, Suite 100
St. Paul, MN 55101
(612) 223-3000

Copies of the proposal must be received at the above addresses **not later than 4:30 p.m. Central Daylight Time on August 20, 2001.**

All questions concerning this Request for Proposals should be directed to the Director of Business and Finance, Pamela M. Elliott 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:

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, 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 master lease agreement proposal that best meets the requirements of the Board. The Board expressly reserves the right to reject any or all proposals received.