



OFFICE OF THE CLERK/TREASURER

City of Burlington

City Hall, Room 20, 149 Church Street, Burlington, VT

05401

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~ Request for Proposal ~

Capital Lease Financing

For

City of Burlington, Vermont

November 21, 2017

Proposals Due by 2:00 P.M. Eastern Standard Time
December 15, 2017

**Please Label Proposals with Firm's Name and Address
and**

~ RFP for Capital Lease Financing for City of Burlington ~

**REQUEST FOR PROPOSAL
FOR CAPITAL LEASE FINANCING
CITY OF BURLINGTON, VT**

The purpose of this Request for Proposal (“RFP”) is to solicit proposals from qualified firms to enter into a capital lease agreement (the “Lease”) in the amount of \$5,500,000 million with the City of Burlington for the financing of various capital purchases.

The City of Burlington plans to enter into purchase contracts for the operating needs of several City departments. The proposed capital purchases include Parking Access Revenue Control System (PARCS), software for City’s Retirement Fund, Copiers & Misc. for Library & Parks Department. The City desires to finance these capital purchases through a capital lease agreement in the amount of \$5,500,000 million. This financing should be bid as a non-bank qualified borrowing.

Some of this equipment has already been purchased and paid for by the City during the fiscal year, and the lease financing will be funded directly back to the City. The remainder will be held in escrow until final submittal to vendors has been paid by the City. Authority for capital lease purchases is contained in the City’s approved budget, and the master lease agreement will also be approved by the City’s Board of Finance and City Council.

The City seeks a Lease that will be structured as a tax-exempt capital lease. The City seeks bids with terms of the financing that include a \$300,000 5-year and a \$5,200,000 10-year principal and interest payments, or a term not to exceed the useful life of the asset, level annual debt service, with funds anticipated to be transferred from the lessor to the City on or before February 9, 2018.

All lease quotations should be calculated with semi-annual payments in arrears and must include “non-appropriation” clauses. The annual interest rate, the semi-annual payment amount, and the total payment amount should be included in the bid.

Because of the length of time between when the financing proposals are due (i.e., December 15, 2017), and when funds are expected to be transferred (on or before, February 9, 2017) the City requests that the proposals include a fixed rate bid that is good for 45 days from the proposal due date. The fixed rate bid is requested in order to allow sufficient time for the Office of Clerk/Treasurer to obtain the City’s Board of Finance approval of the Respondent’s fixed rate bid proposal.

Respondents to this RFP are advised to review Appendices A through C before beginning work on the proposal.

- (1) Term Sheet and Bid Form (Appendix A)
- (2) Investor Representation Letter (Appendix B)
- (3) Capital Asset schedule for this transaction (Appendix C)

The City's annual financial report for the most recent three fiscal years ending June 30th are found on the City's website: <https://www.burlingtonvt.gov/CT/Audit-Reports>

Other general and background information regarding the City of Burlington may be obtained at the following web address: <https://www.burlingtonvt.gov/>

Terms and Conditions:

The City has the right to accept or reject any or all proposals, to negotiate with one or more bidders to further modify the proposal; to amend or modify any proposal or bid term; or to award the contract to the bidder the City deems will best serve the City's best interests. Submittal of a proposal does not create any right in or expectation to a contract with the City.

The City has the right to reduce the amount to be financed; to utilize alternative financing mechanisms; to disqualify any proposals for any reason it deems in the best interest of the City, including untimely submission or non-responsiveness; or to withdraw this RFP at any time before the contract is awarded.

In determining the successful bidder, the City has the right to take into consideration both the abstract quality and the formal content of the proposal and intends to accept the bid it determines to be in the best interests of the City, based on the overall proposal, not exclusively on cost or any other specific factor.

The City is not responsible for any costs incurred by any company or person in preparing their proposals or responding to any requests for additional information or any other cost incurred by a respondent prior to the issuance of the contract.

The City reserves the right to request clarification of submitted information and to request additional information from Respondents.

All proposals and materials submitted in conjunction with the proposals will become the property of the City.

The City has the right to extend or waive timelines, but if it does so, will provide the same extension or waiver to all bidders.

Bidders warrant that no elected or appointed official or employee of the City will benefit personally from this contract. The City reserves the right to refuse to award any contract to or to rescind any contract entered into with any bidder who offers any gratuity of any kind to a public official to induce the City to enter into this agreement.

All communications with or documents provided to or generated by the City are subject to the Vermont Public Records Act. If a bidder believes that any material submitted to the

City is proprietary or a trade secret, it must specifically identify that material by marking it “Confidential” and separating it from other sections of the submission. The bidder must provide the City with a convincing rationale to justify any exemption from the Public Records Act, as the decision whether to release or exempt any materials rests solely with the City.

The successful bidder shall act in an independent capacity, and none of its officers or employees will be considered officers or employees of the City. The successful bidder shall indemnify, defend, and hold harmless the City and its officials, employees, and agents from liability or claims arising as a result of the bidder’s acts or omissions. The City is responsible for its own actions, and the bidder’s indemnification will not extend to the City’s own actions or omissions.

Bidders are required to comply with all applicable provisions of federal, state, or local law.

The City of Burlington does not tolerate unlawful harassment or discrimination on the basis of political or religious affiliation, race, color, national origin, place of birth, ancestry, age, sex, sexual orientation, gender identity, marital status, veteran status, disability, HIV positive status or genetic information. The City will also provide reasonable accommodation and appropriate access to services, facilities, or employment opportunities for individuals with disabilities.

Additional Considerations:

Respondents wishing to negotiate modification of terms and conditions stated within this RFP must attach a copy of the City’s RFP and show proposed changes (deleted sections with a strike over and added sections in boldface type). A Respondent’s failure to identify any such changes in their Proposal may preclude the Respondent from raising any such changes thereafter. The City’s selection of any Respondent who proposes changes to the City’s RFP terms shall not be deemed as acceptance of the Respondent’s proposed changes unless the City’s acceptance notice specifically acknowledges acceptance of those changes. If bids are subject to additional terms that the City decides are not in its best interest, the City reserves the right to deem that proposal as unresponsive. At all times, the City reserves the right to evaluate other criteria it deems appropriate, whether or not such factors have been stated in this RFP, and to award the bid to a Respondent that is not the lowest bidder.

Master Lease Agreement:

The proposal should include a draft of the proposed Master Lease Agreement and a full set of lease documents. At all times, the City reserves the right to use its own lease documents and to negotiate changes in the proposed agreements, to accept or reject any changes in language, and to make final conforming changes to the documents.

QUESTIONS & INQUIRIES

Firms interested in responding to the RFP are specifically directed NOT to contact any employees or officials of the City other than those specifically designated in this RFP. Unauthorized contact may be cause for rejection of proposals at the City's sole and absolute discretion.

If you have questions regarding this RFP, *e-mail* your questions to: dbayko@burlingtonvt.gov or rgoodwin@burlingtonvt.gov by 2:00 pm EST Monday, December 1st or contact **Darlene Bayko at (802) 865-7015 or Rich Goodwin at (802) 865-7013.**

A summary of the substantive information pertaining to this RFP will be posted on the City's Clerk and Treasurer website at: <https://www.burlingtonvt.gov/> under "Requests for Proposals".

After December 1st, no substantive questions or requests for interpretation will be accepted with the exception of questions about delivery or other compliance issues.

PROPOSAL SUBMISSION REQUIREMENTS

Time and Place for Submission of Proposals

Two copies of proposals and all related materials must be received by 2:00 PM EST on December 15. Proposals may be hand delivered to the Clerk & Treasurer Office at City Hall or mailed to:

City of Burlington
Attention: Darlene Bayko, Banking & Cash Operations Manager or
Rich Goodwin, Director Finance Operations
Office of Clerk/Treasurer
Room 20, 149 Church Street,
Burlington, VT 05401

(Faxed proposals will not be considered.). Proposals and all related materials in pdf format may also be emailed to dbayko@burlingtonvt.gov or rgoodwin@burlingtonvt.gov, but confirmation of receipt will only be provided upon request.

Contents of Proposal

The following items must be included in your proposal and packaged in a box clearly marked with the Firm's Name and Address and **"RFP for Capital Lease Financing for City of Burlington, Vermont"**.

Complete but concise proposals are recommended for ease of review by the evaluation team. All parts, pages, figures, and tables should be numbered and clearly labeled.

A. Respondent's Contact Information

This section should contain the name of the contact person, the address, and the telephone number of the firm submitting the proposal.

B. Professional Experience

This section should contain all pertinent information relating to the Respondent's organization and experience that would substantiate its qualifications and capabilities to satisfy the requirements of the RFP. Proposals should provide a straightforward, concise description of the Respondent's company, certifications, licenses, and experience with municipal capital lease agreements.

This section should also include the resume of the lead professional staff person who will be assigned to this transaction, and two concise but descriptive summaries of this person's prior experience with representative lease financing transactions.

Marketing and sales type information should be excluded.

The Respondent's use of any and all third parties and subcontractors, as it relates to providing services under this proposal, must be fully disclosed and explained.

C. Proposal Statement

This section must contain a confirmation of all terms and conditions of the RFP, the completed bid form, and all other required documents noted in the appendices.

D. Original copies of all documents required to execute the financing

Respondents are required to submit their proposals with copies of all documentation required to execute financing. This includes but is not limited to: all standard lease documents, equipment schedules, escrow agreement, proof of insurance, municipal guarantees, upfront payment requirements, and any security deposit requirements.

Also, each Respondent must indicate any specific covenants or security features that will be required to obtain a financing commitment.

Failure to provide all documentation required to execute the financing with the proposal package will result in the proposal being considered unresponsive.

APPENDIX A

Term Sheet and Bid Form

TERM SHEET
TAX-EXEMPT LEASE PURCHASE TRANSACTION
FOR
CITY OF BURLINGTON, VERMONT
December 15, 2017

This term sheet is a summary of the terms for this financing and is not intended to be a complete description. Please refer to information provided in this RFP and its three Appendices for additional information.

Lessee:	City of Burlington
Total Transaction Size:	\$ 5,500,000
Structure:	Tax-Exempt Capital Lease Subject to Appropriation Level Debt Service
Rating:	Unrated
Method of Sale:	Private Placement
Term:	\$300,000 5 years \$5,200,000 10 years
Credit Enhancement:	None
Security:	The equipment
Use of Proceeds:	The proceeds will be used to finance capital purchases such as: Parking Access Revenue Control System (PARCS), a rental car Quick-Turn-Around (QTA) Facility hosts numerous rental car agencies and consists of automotive fueling bays, car wash facility, automotive maintenance bays, and administrative offices, software for City Retirement Fund and Copiers & Misc. A detailed description of the equipment to be acquired is contained in Appendix C.

* Subject to change

It is anticipated that the selection of a firm will be completed by December 22, 2017. The following are approximate key dates in connection with the lease financing. Actual dates will be set by the City and may be altered or extended, as the City deems in its best interests.

RFP Timeline *

RFP issued by the City	November 21, 2017
Deadline for RFP questions (2:00 PM EST)	December 11, 2017
Answers to RFP questions available on-line	December 12, 2017
Proposals Due (2:00 PM EST)	December 15, 2017
Selection of Finalists	December 22, 2017
Board of Finance Approval Process	January 8, 2018
Submit proposed contract to City Council	January 22, 2018
Lease Closing on or before	February 9, 2018

* Each date is subject to change. Check website for latest schedule.

Transaction Description:

This transaction for \$5,500,000 will be an advanced funded transaction with a portion of the proceeds to be disbursed directly to the City for capital assets purchased prior to lease closing date and the remaining portion to be placed in an escrow account(s) to be held until final submittal to vendors has been paid by the City. For equipment that has been purchased and paid for by the City prior to Lease Closing, the City will submit invoices and payment documentation in order to receive the direct disbursement of proceeds. The City will make semi-annual principal and interest payments on the lease financing directly to the Investor; and the first principal and interest payment will be due in March, 2018.

Please attach the bid form and an amortization schedule for \$300,000 and \$5,200,000 to complete the documentation.

The successful Respondent will be required to provide an investor representation letter at the time of closing. A proposed form of the Investor Representation Letter is contained in Appendix B.

OFFICIAL BID FORM
 TAX-EXEMPT LEASE PURCHASE TRANSACTION
 FOR CITY OF BURLINGTON, VT
 December 15, 2017

Transaction Size: \$5,500,000

Term: \$300,000 5 years
 \$5,200,000 10 years

Structure: Semi-annual or monthly payments of principal and interest in arrears

Annual level debt service
 Funds are estimated to be required in February 9, 2018.
 First payment by Lessee will be in March, 2018.
Proposers should provide their all-in cost of financing.

I. FIXED RATE RESPONSE

<p>Interest Rate: _____% This is a fixed rate bid that is good for the 30 days from the proposal due date to and including the timeline lease closing date of February 9, 2018. Specify the basis for the recalculation of the rate should the lease closing occur after February 9th</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>																
<p>Payment Structure:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 40%;">Total Principal Payment</td> <td style="width: 10%;">\$</td> <td style="width: 50%;"></td> </tr> <tr> <td>Issuance Cost</td> <td>\$</td> <td>_____</td> </tr> <tr> <td>Total financing</td> <td>\$</td> <td>_____</td> </tr> <tr> <td>Total Interest Cost Over Term</td> <td>\$</td> <td>_____</td> </tr> <tr> <td>Semi-annual Payment Amount</td> <td>\$</td> <td>_____</td> </tr> </table> <p>*subject to change</p>		Total Principal Payment	\$		Issuance Cost	\$	_____	Total financing	\$	_____	Total Interest Cost Over Term	\$	_____	Semi-annual Payment Amount	\$	_____
Total Principal Payment	\$															
Issuance Cost	\$	_____														
Total financing	\$	_____														
Total Interest Cost Over Term	\$	_____														
Semi-annual Payment Amount	\$	_____														
<p>Firm Name _____</p>																

Contact Person: _____
Email Address: _____
Telephone Number: _____

ATTACH AMORTIZATION SCHEDULE

APPENDIX B

Form of Investor Representation Letter

INVESTOR REPRESENTATION LETTER

To: City of Burlington, Vermont

Ladies and Gentlemen:

The undersigned (the “Lessor”) intends to enter into a Master Capital Lease Agreement dated as of February 9, 2018 (the “Lease”) with City of Burlington, Vermont (the “Lessee”), to finance various capital purchases (the “Fixed Assets”) for several City Departments. The Lessor will advance funds under the Lease. All payments by the City under the Lease are subject to annual appropriation by the City Board of Supervisors of the Lessor.

The Lessor hereby agrees that its investment under the Lease shall constitute an affirmation, with respect to its investment under such Lease, of the following representations, upon which you may rely:

1. The Lessor understands that no official statement, prospectus, offering circular, private placement memorandum or other offering statement containing material information with respect to the Lease is being furnished and that the Lessor is responsible for making its own inquiry and analysis, exercising due diligence, with respect to the Lessee, the Lease, the security therefore and other material factors affecting the security for and payment of the Lease.
2. The Lessor acknowledges that it has had the opportunity to obtain such information and materials as the Lessor believes to be necessary to evaluate the merits and risks of its investment in the Lease. In making its investment decision, the Lessor has relied solely upon its independent investigation and had the opportunity to ask questions and receive answers concerning the Lessee, the Lease, and the security therefore.
3. The Lessor has knowledge and experience in the financial and business matters that make it capable of evaluating the merits and risks of its investment in the Lease. The Lessor acknowledges that no market may exist for resale of the Lease. The Lessor is able to bear the economic risks of such investment for an indefinite period of time.
4. The Lessor acknowledges that it is an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended.

5. The Lessor recognizes that in this transaction, the Lessor assumes responsibility for obtaining complete and accurate information needed to make its proposal, and for making such investigation as it deems necessary or desirable in connection with its decision to make its investment under the Lease.

6. The Lessor understands that the Lease will carry no rating from any rating service, and pursuant to exemptions therefrom, are not being registered under the Securities Act of 1933 as amended, and is not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state. The Lessor acknowledges that the Lease may be resold in the future only in compliance with applicable federal and state securities laws.

7. The Lessor is entering into the Lease solely for investment for the Lessor’s own account and not with a view to, or for offer or sale in connection with, a public distribution of the Lease. This letter is intended solely for the use and benefit of the addressees; no other person may rely hereon.

Lessor

Date

APPENDIX C
City of Burlington, Vermont
Proposed Equipment to be Leased
December 15, 2018

Example: Layout of items to be leased

<u>DESCRIPTION</u>	<u>AMOUNT</u>
<u>AIRPORT</u>	
PARKING ACCESS REVENUE CONTROL SYSTEM (PARCS)	\$1,200,000
QTC FACILITY	\$3,000,000
<u>TRAFFIC</u>	
PARKING ACCESS REVENUE CONTROL SYSTEM (PARCS)	\$1,000,000
<u>RETIREMENT</u>	
SOFTWARE	270,000
<u>LIBRARY</u>	
COPIERS & MISC	15,000
<u>PARKS DEPARTMENT</u>	
COPIERS & MISC	15,000
<u>Total Proposed Lease:</u>	\$5,500,000

