

Bid #2018-06

**REQUEST FOR PROPOSALS
Town of Colchester, Connecticut
Tax Exempt Lease Purchase**

The Town of Colchester is soliciting bid proposals to provide tax exempt lease purchase financing in an amount of \$255,000 to finance the purchase of an Ambulance and associated equipment. The purchases are being made from Eastford Fire & Rescue Sales, Inc., and Stryker Medical.

Bid proposals must contain repayment schedules, including fixed interest rate(s) and total interest to be paid. The Town will award the contract based upon rate, terms, total repayment and what the Town deems to be in its best interest.

Sealed bid proposals shall be addressed to the First Selectman, 127 Norwich Avenue, Suite 201, Colchester, CT 06451 on or before **2:00pm Thursday, October 11, 2018**. Bids shall be submitted in a sealed envelope clearly marked, "2018-06 Tax Exempt Lease Purchase – Ambulance". Bid Opening shall take place at the Colchester Town Hall, Room 1, 127 Norwich Ave, Colchester CT at 2:00pm Thursday, October 11, 2018.

Any questions concerning this bid may be answered by contacting N. Maggie Cosgrove, Chief Financial Officer, in writing at mcosgrove@colchesterct.gov no later than Thursday, September 27, 2018

No right shall accrue to any person submitting a bid until such bids have been accepted and contract awarded in writing by the duly authorized representative of the Colchester Board of Selectmen. The Colchester Board of Selectmen reserves the right to reject any and all bids and to accept the lowest responsible bidder, and to waive any informalities, omissions, excess verbiage, or technical defects in the Bidding, if, in the opinion of the Board of Selectmen, it would be in their best interest to do so.

**TOWN OF COLCHESTER
REQUEST FOR PROPOSAL
SEPTEMBER 17, 2018**

TAX EXEMPT LEASE PURCHASE – AMBULANCE

1. INTRODUCTION

Purpose

The Town of Colchester is soliciting bid proposals to provide tax-exempt lease purchase financing in an amount of \$255,000 to finance the purchase of an Ambulance and associated equipment. The purchases are being made from Eastford Fire & Rescue Sales, Inc, and Stryker Medical.

Lease Requirements

The lease should be for a seven (7) year term with a fixed interest rate and level quarterly, semi-annual, or annual principal payments to be made in arrears on the anniversary of the closing date of the loan each year until the loan is paid in full.

The Town will assume all maintenance, insurance and all other costs with respect to the property during the lease term.

At the conclusion of the lease purchase agreement, the Town shall own the items described above and financed by the agreement. Within five (5) days from receipt of the final payment, or any prepayment, the lessor shall release any security interest on the property financed under the lease agreement.

Prepayment

The Town would like the option to prepay the loan at any time, preferably without penalty. Responses to the RFP should specify whether or not prepayment is allowed and what the penalty would be, if it is allowed. Responses must also include separate rates, if any, and applicable amortization schedules based on whether prepayment terms are taken by the Town.

Transaction Costs

The proposal should specifically identify all costs associated with the transaction not included in the interest rate, if any, that would be an obligation of the Town as either a direct payment or as additional project costs for purpose of determining the funded lease amount and/or ongoing lease payment obligation (i.e. escrow fees, rate lock fee, etc.).

Obligation Subject to Appropriation

The obligation of the Town to make payments under the lease purchase agreement shall constitute a current expense of the Town and shall not in any way be construed to be a debt of the Town, nor shall anything contained in the contract constitute a pledge of the full faith and credit of the general tax revenues or other funds of the Town. All obligations of the Town under the terms of the lease purchase agreement are subject to annual appropriation by the Town's governing authority. The lease purchase agreement must include a non-appropriation clause. The Town may terminate the agreement without penalty if the necessary funds are not appropriated.

Interest Rate

The interest rate assigned to the lease purchase agreement shall be a fixed rate expressed as a percentage carried to a maximum of four places after the decimal point. The Proposal should include interest rates with a thirty (30) day rate lock commitment and/or such other rate lock period as Lender may provide in the best interest of the Town.

Legal Opinion and Tax Exemption

Execution and delivery of the lease purchase agreement will be subject to review and approval by the Town's legal counsel. The Town will pay for the cost of the review by legal counsel of all contract documents related to this lease purchase. All such documents shall be satisfactory to the Town and its legal counsel as to form and substance, within the sole discretion of the Town and its legal counsel.

The Town anticipates that: (1) the interest component of payments under the lease purchase agreement will be excluded from gross income for Federal income tax purposes, and (2) that the lease purchase agreement will NOT be designated by the Town as a "qualified tax-exempt obligation" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Bond Rating and Financial Statements

- The Town currently has plans to issue \$20,850,000 of tax exempt debt in calendar year 2018 (\$12,000,000 general obligation bonds, and \$8,850,000 general obligation bond anticipation notes.
- The Town's general obligation debt is currently rated Aa3 by Moody's. The Town will be obtaining a rating on the 2018 debt issue from S&P Ratings.

Audited financial statements for the fiscal year ended June 30, 2017 are available on the Town's website at www.colchesterct.gov/Pages/ColchesterCT_Dept/FIN/Budget/Audit_Reports/ and are posted on the MSRB Electronic Municipal Market Access system (EMMA). The audit of the fiscal year ended June 30, 2018 is currently in process.

2. PROPOSAL REQUIREMENTS

To be considered for selection, the following information must be included in the proposal:

- Detail of total cost of financing, including all fees.
- Entity qualifications to include the following:
 - Address and telephone number of the entity and location, if different from the main office
 - Identify entity's representative designated as the contact person for this financing
 - Experience in issuing various types of financings for a wide variety of asset types
 - Experience in municipal/government financing
- Fixed interest rate(s) – rate should be available for not less than 30 days
- Amortization schedule based on lease term
- Detailed pre-payment terms, if any
- A statement as to whether the proposal is credit approved or subject to credit approval
- Listing of five or more current or past Connecticut municipal clients served, types of projects funded, and the type of financing vehicle used.
- Sample lease agreement, list of closing documents and samples of same.

3. PROPOSAL SUBMISSION

Proposals must be signed by an authorized member of the financing company, and the name, address and telephone number of a representative qualified to answer questions during the review process must be included.

Two copies of the proposal must be submitted to:

Art Shilosky
First Selectman
Town of Colchester
127 Norwich Avenue
Suite 201
Colchester, CT 06415

Phone: 860-537-7220
Fax: 860-537-0547

All proposals must be received by 2:00 p.m. on Thursday, October 11, 2018. Proposals submitted after the stated time and date will not be considered.

The Town reserves the right to accept or reject any and/or all proposals, to waive any and all informalities, defects or immaterial irregularities, and to request additional information or further clarification from proposing financing companies.

The Town intends to make a temporary advance of available funds for the purchase of the ambulance and related equipment. The Town expects to reimburse such advances from the proceeds of the lease.

There is no guarantee that the Town will enter into a lease purchase agreement to fund the purchase noted above. The Town reserves the right to use other sources of funding for this purchase, and to negotiate the exact amount to be financed as well as the actual financing date with the successful proposer.

4. EVALUATION CRITERIA

The successful proposer will be chosen using the following criteria:

- Completeness of proposal
- Lowest overall interest rate
- Ease of administration by the Town
- Prior lease purchase experience and reputation
- Such other information as may be required by the Town having a bearing on selection of the successful proposer

5. QUESTIONS

All questions about this RFP must be submitted in writing to N. Maggie Cosgrove at mcosgrove@colchesterct.gov no later than Thursday, September 27, 2018. All information given by the Town except by written addenda shall be informal and shall not be binding upon the Town nor shall it furnish a basis for legal action by a Proposer or prospective Proposer against the Town.

6. TERMS AND CONDITIONS

Participation or Public Distribution

The Town has not prepared an official statement or other offering materials in connection with this RFP and does not intend to prepare such materials in connection with the lease purchase agreement. Any preparation of such materials shall be the sole responsibility of the successful proposer, however, the Town shall have the right, but not the obligation, to review and approve such materials prior to their distribution to potential purchasers.

Any intent to offer interests in the lease purchase agreement must be specified in the proposal response. Any offering of fractionalized interests, certificates of participation, or other distribution of interests under the lease purchase agreement shall be offered in compliance with Securities and Exchange Commission Rule 15c2-12. Proposer should consult with their legal counsel as to the exact specifics of the Rule.

Indemnification/Hold Harmless

The lessor agrees that it shall indemnify, defend, and hold the Town harmless from and against any and all liability in any manner of claims, lawsuits, and damages for any type losses caused or alleged to be caused by, without limitation, with the sale or assignment of the lease purchase agreement or interests therein, or acts or omissions of the successful offeror, its employees, and invitees which arise out of the successful offeror's performance, or failure to perform as specified in the agreement.

Collusion

Any act or acts of misrepresentation or collusion shall be a basis for disqualification of any proposal or proposals submitted by such persons guilty of said misrepresentation or collusion. In the event that the Town enters into a contract with any respondent who is guilty of misrepresentation or collusion and such conduct is discovered after the execution of such contract, the Town may cancel said contract without incurring liability, penalty or damages.

Freedom of Information

The Town will not be liable for any costs incurred in the preparation of the response to this Request for Proposal. All proposal submissions and materials shall become the property of the Town and will not be returned. Respondents to this RFP are hereby notified that all proposals submitted and information contained therein and attached thereto shall be subject to disclosure under the Freedom of Information Act.

Confidentiality of Information

Entities responding to this RFP agree that all data obtained through this process that is not otherwise publicly available will be treated as confidential and not subject to disclosure. Upon request, respondents agree to return any information provided during this process to the Town.

Attachments

Form of Response to Request for Proposal

Form of Response to Request for Proposal

Date

Mr. Art Shilosky
First Selectman
Town of Colchester

RE: Response to Request for Proposal for the Town of Colchester, CT (the "Town")

Dear Mr. Shilosky:

_____ is pleased to submit the following financing proposal for the purchase of an Ambulance and associated equipment. This proposal is being submitted in response to the Town's request for proposals dated September 17, 2018.

I. Lender Information

Lender Name: _____
Address: _____

Contact: _____
Telephone: _____

Fax: _____
Email: _____

Background: *Discuss experience in financing municipal tax-exempt projects, with attention given to experience in the State of Connecticut, and what advantages your firm offers.*

II. Financing Structure

Purpose: To provide financing in the amount of \$255,000 for the purchase of an Ambulance and associated equipment.

Structure: Tax-Exempt Municipal Lease Purchase Agreement

Bank Qualification: The financing is not expected to meet the "bank qualified" representation at the time of funding.

Security: Security interest in the Ambulance and related equipment.

Term and Payments: Lease payments over a seven (7) year term with level quarterly, semi-annual, or annual principal payments to be made in arrears in annual aggregate amounts. See Exhibit A attachments for Lease Amortization Tables which provide the following details: columns for each of (1) lease payments, (2) interest payment portion, (3) principal payment portion, and (4) outstanding principal balance.

Interest Rate: _____% with a ___-day rate lock

Interest rate will be held until _____, 2018. After that date, the rate will be adjusted as follows: _____ (name and source of index).

Example: This rate will be held until November __, 2018. After that date, the rate will float at 75 basis points over the 10 year treasury, constant maturity, as published daily in the Federal Reserve Bulletin Statistical Release H-15.

Prepayment: List prepayment terms / conditions / penalty

Closing Costs: \$_____ [Note: if included, state whether they are due at closing or included in the financing]

Credit Approval: The transaction is / is not subject to credit approval of the lender. [Note: if credit approval is required, Colchester must be credit approved at the time of the bid response]

Estimated Closing Date: On or about November 15, 2018

III. Other Information

Please provide any other information that you would like to share regarding your firm's qualifications, references, contacts, etc.

Thank you for the opportunity to provide this proposal. If you have any questions or would like to discuss this proposal in further detail, please let us know.

Sincerely,

By: _____

Title: _____

Date: _____

Exhibit A
[INSERT LEASE AMORTIZATION SCHEDULES]