



**TOWN OF SCARBOROUGH
259 US Route One
Scarborough, ME 04070-0360**

Request for Proposal

RFP # 01-2006

Date of Issue: June 13th, 2006

Title and Purpose of RFP: Town Master Lease Agreement

Offerors are not required to return this form.

Important Notice: If you received this solicitation from the Town of Scarborough's web site, you must register with the Purchasing Agent to receive subsequent amendments. Failure to contact the Purchasing Agent may result in the rejection of your offer.

**Keith L. Matherne
Purchasing Agent**

1. INTRODUCTION

1.1 Purpose:

1.1.1 This document constitutes a request for sealed proposals from prospective bidders, referred to herein as Lessor, with respect to a master lease financing program to provide for lease/purchase financing for various acquisitions by the Town of Scarborough (Town or Lessee). Most of the individual leases will qualify for tax exempt status, but a few will be taxable.

1.1.2 The contract period shall be for one year with the expectation of additional negotiated renewals. If the contract is not renewed, the individual leases originating during its term shall remain in effect subject to the terms of the master lease as modified by the individual leases.

1.2 Background:

1.2.1 The Town is a public Agency incorporated under the laws of the State of Maine. The Town is a taxing entity and is authorized to issue bonds, collect fees, and receive taxes. The Town provides the full range of services contemplated by statute or charter. These services include public safety, highways and traffic services, community health and social services, recreation, public improvements, planning and zoning and general administrative services.

1.2.2 Various financial reports are available on the Town's website at;
<http://www.scarborough.me.us/>

Such reports that may be of interest for the purposes of this RFP include the most recent Comprehensive Annual Financial Report (CAFR) which is located at;

http://www.scarborough.me.us/townhall/finance/statements/2005_annual_financial.pdf

and the 2007 Budget which is located at;

http://www.scarborough.me.us/townhall/manager/documents/2007budget_003.pdf

1.3 RFP Questions and Response Details:

1.3.1 Questions relating to the RFP must be directed to Keith Matherne, Purchasing Agent. All questions shall be submitted by 4:00 p.m., **Wednesday, June 14th, 2006**. Any questions received after that date will not be responded to unless such questions require a change to the RFP. The questions can be e-mailed to **Keith Matherne, Purchasing Agent** at kmathern@ci.scarborough.me.us. It shall be the bidders' responsibility to notify the Purchasing Agent immediately if any responses to questions appear to conflict with the RFP, including any amendments thereto. If a response to a question conflicts with the RFP, all bidders will be notified of a change in the language of the RFP.

1.3.2 The RFP will be available for download on the Town's website at
<http://www.scarborough.me.us/townhall/purchasing/openbids.html>.

1.3.3 The RFP responses are due by **Monday, June 26th, 2006 at 2:00 p.m.** and shall be directed to Keith Matherne, Purchasing Agent, PO Box 360, (or 259 US Route One if sending via method which does not deliver to PO Box), Scarborough, ME 04070-0360.

1.3.4 The Town's position shall be that which is contained in the RFP and all amendments thereto, and not in any oral or extraneous written communications.

1.4 Attachments:

1.4.1 The bidder is advised that attachments to this document exist, which provide additional information and instruction. The following describes the Attachments to this RFP:

- a. Attachment 1: Master Lease Agreement – Capital Items
- b. Attachment 2: Master Lease Agreement – Non-Capital Items

2. MASTER LEASE FINANCING PROGRAM REQUIREMENTS:

2.1 Purpose and General Overview:

2.1.1 The objectives of this RFP are to provide sufficient information necessary for qualified institutions capable of financing multiple lease-purchase requests to prepare and submit a proposal that meets the requirements set forth herein in a clear and concise form. In addition, the RFP will establish the method that will be used to evaluate the received proposals.

2.1.2 It is estimated that the Town's financing needs for the initial contract period of the Master Lease Program would be approximately \$911,290 for capital items (hereafter referred to as Category A), and \$111,219 for non-capital items (hereafter referred to as Category B).

2.1.3 The contracts resulting from this process shall constitute the "Master Lease Agreements" (See Attachment 1: Master Lease Agreement – Capital Items and Attachment 2: Master Lease Agreement – Non-Capital Items). For each individual lease/purchase financing transaction, a separate "Request for Funding" document (see Exhibit A of each Master Lease Agreement) shall be submitted by the Town. Upon funding through the specified Master Lease Agreement, the Lessor will provide a completed Individual Lease Schedule (see Exhibit B of each Master Lease Agreement) and other necessary documents. Such executed documents shall be in full conformance with the Master Lease Agreements. All payments under the Master Lease Agreements shall be subject to annual appropriation by the Town.

2.2 Acquisition and Financing Process:

2.2.1 Request for Funding Document: Prior to financing eligible projects under the contract, the Town will be required to submit a Request for Funding document (see Exhibit A of each Master Lease Agreement) to the Lessor. Upon submission of the Request for Funding document by the Town and after execution of necessary documents, the Lessor shall disburse the appropriate funds in payment to the Town within five working days. The Lessor will confirm funding by submitting a signed copy of the Request for Funding document to the Town.

2.2.2 Upon delivery and acceptance of the Request for Funding document, the Lessor will provide a completed Individual Lease Schedule (see Exhibit B of each Master Lease Agreement).

a. The interest rate for each item will be calculated based upon the interest rate for the Constant Maturity Treasury corresponding to the Repayment Term established in the Request for Funding Schedule for such purchase. The interest for such Constant Market Treasury shall be the rate shown on the U.S. Treasury website at <http://www.treas.gov/offices/domestic-finance/debt-management/interest-rate/yield.shtml> as of the business day in which the Request for Funding document is received by the Lessor. The Constant Maturity Treasury interest rate established as provided in the preceding sentence shall then be adjusted in the manner provided in the Lessor's pricing proposal and rounded to the nearest one hundredth of one percent (.00). The adjusted rate shall apply for the entire term of the individual lease schedule.

b. The Lessor shall prepare and submit to the Town an Individual Lease Schedule (see Exhibit B of the Master Lease Agreement) which will detail the amortization and will serve as an invoice for payments due under the contract. Amortization shall be computed based upon equal payments at the specified interest rate over the applicable term, as provided in paragraph 2.2.3 herein. The invoice must be in sufficient detail to afford a pre-audit or post-audit of the transaction. The Town will be responsible for the timely payment of the scheduled payments invoice.

2.2.3 All individual Town leases will have common semi-annual payment dates of May 15 and November 15. Once the Individual Lease Schedule is finalized, the Lessor shall establish the first payment due on the following semi-annual payment date. For example, an individual Town lease finalized on January 15 will have the first payment due on May 15.

2.2.4 Capital Items:

a. The Lessor shall provide to the Town, within 30 days after execution of the Individual Lease Schedule, a properly completed Form 8038-G or 8038-GC (as applicable), for execution. The Town agrees to execute such Form and deliver it to the Lessor in a timely manner for filing. Only one Form shall be executed per Individual Lease Schedule. The Lessor shall also provide to the Town a copy of the Form 8038-G or 8038-GC actually filed with the Internal Revenue Service, showing the date of filing.

b. The Lessor acknowledges that, by executing and filing IRS Form 8038-G or 8038-GC, the Town has no reason to believe that the interest component of the lease/purchase financing payments on the Master Lease Agreement(s) will be included in federal gross income of the recipients of lease/purchase financing payments. However, the Town has made no investigation of law or fact in this regard, and has not engaged Bond Counsel for this purpose. If it is ultimately determined that the interest component will be included in federal gross income of the recipients of lease/purchase financing payments, the project will be treated as a non-capital item transaction.

2.2.6 Lease Payments Subject to Annual Appropriation: All payments under the individual lease agreements shall be subject to annual appropriation by the Town. Neither the Master Lease Agreements nor any payments required under the individual lease agreements shall constitute a mandatory payment obligation of the Lessee in any year in which the Lessee does not make an annual appropriation, or constitute or give rise to a general obligation or other indebtedness of the Lessee. The Lessee will employ good faith efforts to budget and appropriate moneys for any fiscal year beyond the current fiscal year or any subsequent fiscal year in which the Master Lease Agreement

and individual lease agreements are in effect, and there can be no absolute assurance that the Lessee will appropriate funds to make payments or renew the Master Lease Agreements in any year. The Lessee may terminate its obligations under the Master Lease Agreements, as distinguished from individual lease agreements, on an annual basis at the end of a contract period which is also the end of the Town's fiscal year.

2.3 Master Lease Financing Provisions:

2.3.1 Category A Master Lease Requirements: The Lessor shall be required to provide financing for capital items.

a. The Category A Lease for capital items shall be required to finance items that may include, but shall not be limited to:

- 1) FD Municipal Holding Tank
- 2) FD Replace Asphalt Fire Station Roofs
- 3) FD Replace Service Truck
- 4) SEMA Canteen (Replacement Schedule)
- 5) FD ADA & Energy Improvements at Fire Stations
- 6) Unmarked Vehicle Replacement Program
- 7) Traffic Light Pre-Emptive Devices
- 8) Cruiser Modems
- 9) Video Forensic Software
- 10) APS Virtual Partner Software
- 11) Radio Headsets
- 12) Pickup Truck #4055
- 13) 12" Wood Chipper and 3-Ton Utility Trailer
- 14) 13,000 Municipal Waste and Recycling Containers

b. Financing under the Master Lease Agreement – Capital Items is expected to be for approximately \$925,090. Lease/purchases for Category A shall be for a term of no more than ten years or the weighted average useful life of the item financed, whichever is shorter. The Town does not intend to request lease terms of less than three years.

c. Category A financings shall not exceed \$1,000,000 in total over the life of the Master Lease Agreement (including renewal periods) unless mutually agreed to by the Lessor and the Town to increase the maximum amount of available financing. Such agreement to increase the amount shall necessitate a Master Lease Agreement amendment. The \$925,090 is established as a maximum only. The Town makes no representation or commitment to financing this or any other amounts indicated.

2.3.2 Category B Master Lease Requirements: The Lessor shall be required to provide financing for various non-capital items.

a. The Category B Lease for non-capital items shall be required to finance items that may include, but shall not be limited to:

- 1) MIS – Munis Content Management/Forms GoDocs
- 2) MIS – Permits and Code Enforcement/Forms Library
- 3) Building Reconfiguration Engineering Study

b. Each lease financing under the Master Lease Agreement – Non-Capital Items (Category B) must be for a term of no more than 7 Years or the typical useful life of the item financed, whichever is shorter. Project financing will be requested for the estimated cost of the entire project once the project is approved by the Town.

c. Category B financings shall not exceed \$100,000 in total over the life of the Master Lease Agreement (including renewal periods) unless mutually agreed to by the Lessor and the Town to increase the maximum amount of available financing. Such agreement to increase the amount shall necessitate a Master Lease Agreement amendment. The \$100,000 is established as a maximum only. The Town makes no representation or commitment to financing this or any other amounts indicated.

2.3.3 Contract Requirements Common to Category A and Category B:

a. The terms of the Master Lease Agreements awarded, including the language applied by the Exhibits, shall govern all Individual Lease Schedules. No language shall be included that is in addition to or conflicts with the Master Lease Agreement – Capital Items or Master Lease Agreement – Non-Capital Items.

3. BID INSTRUCTIONS AND REQUIREMENTS

3.1 Preparation and Submission of Proposals:

3.1.1 Organization: In order to provide optimal readability of their proposal by evaluators, bidders are strongly encouraged to organize their proposal as follows:

Table of Contents

Transmittal Letter/Executive Summary

Exhibit A - Cost (Pricing Pages)

Exhibit B - Experience and Reliability

Exhibit C - Signature Page and Contact Information

a. Bidders are strongly encouraged to structure their proposal so that the individual provisions of the exhibit language precede each of the bidder's responses. Bidders are discouraged from referring evaluators to other sections of their proposal to find their response to a particular RFP provision.

Poorly organized proposals may result in reduced subjective evaluation and consideration being given.

3.1.2 Conciseness/Completeness of Proposal: It is highly desirable that the bidder respond in a complete, but concise manner. It is the bidder's sole responsibility to submit information in their proposals as it relates to the evaluation categories. The Town is under no obligation to solicit such information if it is not included in the bidder's response. The bidder's failure to submit such information may cause an adverse impact on the evaluation of their proposal. Unnecessary information should be excluded from the bidder's proposal.

3.1.3 Copies: The bidder's proposal should include an original document, plus two copies for **a total of three (3) documents**. In addition, the bidder should include one (1) electronic copy of their entire proposal, including all attachments, in Microsoft or Adobe compatible format on CD(s).

3.1.4 Public Records: The bidder's proposal shall be considered a public record upon award of the RFP. **The bidder shall not submit their entire proposal as proprietary or confidential.** Also, the bidder shall not submit any part of their proposal as confidential unless the proprietary or confidential nature of the material is provided for by State of Maine statute. Proprietary or confidential portions of the bidder's proposal allowed by such statute shall be separated, sealed and clearly marked as confidential within the bidder's proposal. Also, the bidder shall provide adequate explanation of what qualifies the material as being held confidential under the provisions of such statute.

3.1.5 Compliance with Requirements, Terms and Conditions: In responding to RFPs, some bidders respond with their organizations' standard contractual requirements, terms and conditions, which often conflict with the Master Lease Agreements. The Town reserves the right to consider such responses, but the potential success of those responses may be affected by any conflicts with the Master Lease Agreements.

3.1.6 Business Compliance: The bidder must be in compliance in regards to the laws of conducting business in the State of Maine. The bidder certifies by signing the signature page of the bidder's response and any resulting agreement(s) that the bidder is presently in compliance with such laws.

3.1.7 Credit Review of the Town: Bidders may complete any credit review of the Town prior to submitting proposals and are directed to the resources referred to in Section 1.2.2.

3.2 Proposal Evaluation and Award:

Evaluative Criteria: After determining that a proposal satisfies the mandatory requirements, the evaluator(s) shall use both objective and subjective judgment in conducting a comparative assessment of the proposal in accordance with the evaluation criteria: 1) Cost; 2) Experience & Reliability and 3) Proposal Completeness.

3.2.1 Cost Evaluation: The evaluation of cost shall cover the original contract period.

3.2.2 Subjective Evaluation: The evaluation of the bidder's experience and reliability shall be subjective based on fact. Information provided by the bidder in response to this RFP, as well as information gained from any other source during the evaluation process, may be used in the subjective evaluation.

3.2.3 Proposal Presentation and/or Question/Answer Conferences: After an initial screening process, a proposal presentation and/or a question/answer conference may be conducted with the bidder, if deemed necessary. Attendance cost at the conference shall be at the bidders' own expense. All scheduling shall be coordinated by the Purchasing Agent.

3.2.4 The Town prefers to evaluate and award this RFP by single award; however, the Town reserves the right to make separate awards for Category A and B.

3.2.5 The Town reserves the right to accept the bid it deems in the best interest of the Town and to waive any errors or informalities. Selection of a Lessor will be subject to Lessee being satisfied with all proposed documents, including individual lease documents.

3.3 Bidder's Response to Evaluative Criteria:

3.3.1 Cost: The bidder shall respond to the following pricing option as follows:

a. **Exhibit A: Option 1-All Inclusive:** Firm, fixed pricing which would include all applicable costs necessary to satisfy the requirements of the RFP. All interest rate formulas quoted shall be firm, fixed for the contract period stated on page two in 1.1.2. Unless stated in Exhibit A Option 1, the Town shall assume that absolutely no other fees or charges will be assessed to the Town whatsoever in connection with the services provided herein and to satisfy the RFP requirements. Therefore, the successful bidder shall be responsible for any additional costs.

3.3.2 Experience and Reliability: The bidder should provide information relative to the bidder's proposed experience and reliability, especially information as it relates to the bidder's ability to provide the requirements of this RFP. It is highly desirable that the bidder respond to the information requested in Exhibit B for purposes of evaluating the bidder's proposed experience and reliability.

NOTE: FAILURE TO PROVIDE ADEQUATE INFORMATION TO COMPLETELY ADDRESS THE SPECIFIED EVALUATION CRITERIA MAY RESULT IN MINIMAL SUBJECTIVE CONSIDERATION OR REJECTION OF THE BIDDER'S PROPOSAL.

3.4 Signature Page and Contact Information:

3.4.1 The bidder should sign the RFP and respond to the contact information requested in Exhibit C, Signature Page and Contact Information.

**EXHIBIT A: -All Inclusive
COST (PRICING PAGE)**

The fixed interest rate for each item under the contract will be determined based on the specified deviation from the index for the selected repayment term, as specified by the winning bidder selected by the Town. The price proposal must specify, for each financing term, the amount of deviation from the index (as a percentage of the index and the specified adjustment (+ or -) to such percentage in basis points). The lowest overall interest cost to the Town will be calculated on a true interest cost basis.

Basis of Cost Evaluation: The evaluation of cost will be done on the basis of the true interest cost (“TIC”) as follows: the TIC is the discount rate (expressed as a per-annum percentage rate), when used in computing the present value of all payments of principal and interest on the anticipated leases, from the dates of disbursement to the end of the respective lease terms. The proposals will be evaluated using the indices in effect at the close of business on the date on which the proposals are opened and assuming that all of the below lease amounts are entered into and disbursed on an assumed date of May 1.

The evaluation of the true interest cost proposed by each Bidder will be based on the assumptions that: (i) the aggregate amount funded equals \$1,000,000 for Category A and \$100,000 for Category B; (ii) semi-annual payments of principal and interest over each repayment term will be determined as provided in the RFP; and (iii) the amounts funded under each possible repayment term are as follows:

CATEGORY A		CATEGORY B	
3-Year Term	\$1,000,000	3-Year Term	\$100,000
5-Year Term	\$1,000,000	5-Year Term	\$100,000
7-Year Term	\$1,000,000	7-Year Term	\$100,000
10-Year Term	\$1,000,000		

The interest rate index specified for each possible repayment term is as follows:

REPAYMENT TERM	INTEREST RATE INDEX
Three Years	Constant Maturity Treasury; 3 Year
Five Years	Constant Maturity Treasury; 5 Year
Seven Years	Constant Maturity Treasury; 7 Year
Ten Years	Constant Maturity Treasury; 10 Year

The Town is providing its best estimates of the amounts to be financed.

The interest rate on the Constant Maturity Treasury securities shall be determined as described in the RFP. The Constant Maturity Treasury interest rate established as provided in the preceding sentence shall then be adjusted in the manner provided in the Bidder’s pricing proposal and rounded to the nearest one-hundredth of one percent (.00).

The interest rates proposed by any Bidder shall be inclusive of all costs to the Town (i.e., there shall be no additional costs to the Town such as surety bond premiums, letter of credit fees, origination fees, escrow fees or administrative fees).

A.1 CATEGORY A REQUIRED PRICING

The bidder shall complete the following Required Cost pricing table (or in a form similar to the pricing tables) and provide firm, fixed pricing necessary to meet the requirements of the RFP. In the appropriate space, the bidder must provide the amount of deviation from the index (as a percentage of the index and the specified adjustment (+ or -) to such percentage in basis points) to determine the lease rate.

REPAYMENT TERM LENGTH	BASE RATE USED FOR COMPUTING LEASE RATE	PERCENTAGE OF BASE RATE TO DETERMINE LEASE RATE	ADJUSTMENT IN BASIS POINTS (+ OR -) TO SUCH PERCENTAGE
Three-Year Term	3-Year Constant Maturity Treasury	%	
Five-Year Term	5-Year Constant Maturity Treasury	%	
Seven-Year Term	7-Year Constant Maturity Treasury	%	
Ten-Year Term	10-Year Constant Maturity Treasury	%	

A.2 CATEGORY B REQUIRED PRICING

The bidder shall complete the following Required Cost pricing table (or in a form similar to the pricing tables) and provide firm, fixed pricing necessary to meet the requirements of the RFP. In the appropriate space, the bidder must provide the amount of deviation from the index (as a percentage of the index and the specified adjustment (+ or -) to such percentage in basis points) to determine the lease rate.

REPAYMENT TERM LENGTH	BASE RATE USED FOR COMPUTING LEASE RATE	PERCENTAGE OF BASE RATE TO DETERMINE LEASE RATE	ADJUSTMENT IN BASIS POINTS (+ OR -) TO SUCH PERCENTAGE
Three-Year Term	3-Year Constant Maturity Treasury	%	
Five-Year Term	5-Year Constant Maturity Treasury	%	
Seven-Year Term	7-Year Constant Maturity Treasury	%	

A.3 RENEWAL

The Town and the Lessor may, by mutual agreement regarding all terms, renew and extend the Master Lease Agreement. In that event, all terms and conditions, requirements and specifications of the Master Lease Agreement shall remain the same and apply during the renewal period, pursuant to applicable clauses of this document, except to the extent changed by the mutual agreement. The renewal period shall

facilitate new leases for the purpose of new acquisition of tangible property, software and capital improvement items. Upon exhaustion of renewals or the decision by the Town or the Lessor to not utilize the Master Lease Agreement for new leases, the Master Lease Agreement shall be extended to facilitate the completion of all prior lease obligations.

EXHIBIT B**EXPERIENCE AND RELIABILITY**

The evaluation of the bidder's proposed experience and reliability shall be subjective based on the ability of the bidder to perform the requirements stated herein. Therefore, the bidder should present detailed information regarding their experience and reliability. The following information should be provided by the bidder in order to assist the Town in evaluation of the bidder's experience and reliability. The Town reserves the right to use this information, including information gained from any other source, in the evaluation process.

B.1 EXPERIENCE AND RELIABILITY

- 1) The bidder should describe its previous experience in providing master or individual lease financing programs of a nature similar to what is described in this RFP to other governmental entities, preferably Municipal governments. The bidder should provide reference contact information (name, role in project, phone, and email) for the projects described pursuant to the above in order to allow the evaluators to verify the information.
- 2) The bidder should describe its reliability in terms of available capital resources.
- 3) The bidder should fully describe its organization and its ability to reliably perform the requirements stated herein.
- 4) The bidder may provide any other additional information that the bidder deems relevant to the Town's evaluation of the bidder's ability to perform the contract reliably.

EXHIBIT C

SIGNATURE PAGE AND CONTACT INFORMATION

C.1 By signing the signature block below the bidder hereby declares understanding that the selection of a Lessor will be subject to Lessee being satisfied with all proposed documents.

SIGNATURE REQUIRED

AUTHORIZED SIGNATURE	DATE
PRINTED NAME AND TITLE	
BIDDER'S COMPANY NAME	

C.2 CONTACT INFORMATION

The bidder should provide all necessary contact information including the RFP Coordinator, Contract Coordinator if awarded a contract, etc.

RFP COORDINATOR CONTACT INFORMATION	
<i>i.e. person to be contacted for questions and other coordination activities regarding the bidder's proposal</i>	
Name:	
Job Title:	
Phone:	
Fax:	
Email:	
CONTRACT COORDINATOR CONTACT INFORMATION	
<i>i.e. person to be contacted for questions and other coordination activities regarding an awarded contract</i>	
Name:	
Job Title:	
Phone:	
Fax:	
Email:	

TO: ALL POTENTIAL LEASE AGREEMENT BIDDERS
FROM: KEITH L. MATHERNE, PURCHASING AGENT
CC: RON OWENS, TOWN MANAGER
SUBJECT: RFP # 01-2006/TOWN MASTER LEASE AGREEMENT AMENDMENT #1
DATE: 6/15/06

Dear potential bidder,

An error was discovered in RFP # 01-2006 on pages 2, Section 1.3.1 regarding Questions; the original text is as follows:

All questions shall be submitted by 4:00 p.m., **Wednesday, June 14th, 2006**. Any questions received after that date will not be responded to unless such questions require a change to the RFP.

All questions shall be submitted **by 4:00p.m., Wednesday June 21st, 2006**. They shall be submitted by email where possible so the process of issuing amendments (if necessary) can be expedited.

If you have any questions regarding the RFP, or the amendment issued, please do not hesitate to contact me.

Best Regards,

Keith