

# Request for Proposals

## City of Placerville

### 2022 Equipment Lease/Purchase Agreement

#### City of Placerville

The City of Placerville (the “City”), population 10,869, is centrally located between Sacramento, the State capitol, and South Lake Tahoe, world-famous recreation center. Situated above the fog line and below the snow line, Placerville boasts an ideal climate with four distinct seasons. Accessibility to Placerville is via State Highway 49 and U.S. Highway 50, along one of the most traveled corridors in California. Placerville's treasured heritage is reflected in the historical, nineteenth century architecture of its downtown core. In addition, Placerville is the County seat of El Dorado County and the center of financial, commercial, civic, and Government activity. The City's adopted Budgets and Comprehensive Annual Financial Reports are found at the following website: <https://www.cityofplacerville.org/financial-statements>

#### Project Description

The City of Placerville is seeking to establish a master equipment lease-purchase program that will allow the financing of items of equipment and other personal property with a useful life of 5 to 20 years pursuant to one or more leases entered into from time to time in accordance with and subject to the terms and conditions of a Master Equipment/Lease Purchase Agreement (“Master Lease Agreement”) to be entered into with the winning purchaser.

Initially, the City would like to finance with the Master Lease Agreement a Vactor Truck in the preliminary estimated amount of \$340,653 with a useful life of 15 years and a CAD/RMS Hardware and Software in the approximate amount of \$315,890 with a useful life of 20 years (the “2022 Lease”). It is the City's intent to close the lease financing by late 2022 or early 2023.

In this context, the City is seeking proposals from qualified purchasers for a master lease program and a private placement of its 2022 Lease. The City has retained the respective services of Fieldman, Rolapp and Associates, Inc. and Norton Rose Fulbright to assist in administering and evaluating the RFP. The City retains discretion for all decisions related to the RFP.

#### Selection

The City expects that it will select the responsible offering Purchaser whose proposal is determined to be the most advantageous to the City, taking into consideration the requirements of this Request for Proposal (“RFP”) and all of the terms of the proposal. The City reserves the right to reject all proposals. **Any exceptions or conditions to the terms of this RFP must be described in writing. The terms included in this RFP are subject to negotiation only to the extent conditions or proposed modifications are provided as part of the successful proposal.**

#### Key Dates

**Proposals are due by 4:00 pm PM PST on October 31, 2022; late proposals shall not be accepted. Please submit a complete Bid Form (Attachment A or use your own) by email to Dave Warren, Assistant City Manager/Director of Finance at [dwarren@cityofplacerville.org](mailto:dwarren@cityofplacerville.org) with a copy to the City's Municipal Advisor, Anna Sarabian, Principal at [asarabian@fieldman.com](mailto:asarabian@fieldman.com)**

The City plans to select the purchaser shortly thereafter in anticipation of reporting the bid results and taking the financing for approval by the City Council as soon as possible thereafter. The City's preliminary schedule contemplates closing the 2022 Lease financing by late 2022 or early 2023.

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**Questions**

Questions regarding this solicitation should be submitted by no later than 4:00 p.m. on October 13, 2022 via email to Dave Warren, Assistant City Manager/Director of Finance at [dwarren@cityofplacerville.org](mailto:dwarren@cityofplacerville.org). Contact with personnel other than Dave Warren regarding this RFP may be grounds for elimination from the selection process.

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**Terms of the 2022 Lease**

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SECURITY:	Lease obligation of City’s General Fund revenues lawfully available with a covenant to annually appropriate lease payments in its approved budget and other usual and customary terms and conditions for this type of credit. The 2022 Lease will be structured as a tax-exempt municipal lease, with title in the Lessor’s name and the Lessor holding a first priority security interest in the equipment during the term.
LEGAL STRUCTURE:	Equipment lease-purchase. The equipment being financed will serve as collateral for the lease.
LEGAL DOCUMENTATION:	The City can produce legal documents and an opinion of counsel as necessary and adopt a resolution authorizing the 2022 Lease and approving the legal documents as early as possible. If required, Special Counsel to the City can provide an opinion of tax-exemption, but the additional cost will be a factor in the award. The expectation is for the winning bidder to provide the form of Master Lease Agreement for review and negotiation by the City and its counsel. Please indicate what documentation you require.
BANK SERVICES:	The selected Purchaser may be expected to disburse on the closing date the cost of issuance amounts to the respective payees upon receipt of an invoice from each payee. In addition, the City might like to establish an escrow account for the proceeds of the 2022 Lease or elect to receive reimbursement for the equipment in the 2022 Lease that is purchased between the date of this RFP and the closing of the 2022 Lease. Please indicate your reimbursement terms and include a form of Escrow Agreement as part of the form of Master Lease Agreement provided with your proposal.
PRINCIPAL AMOUNT:	Approximate par amount of the 2022 Lease of \$700,000 (comprised of the purchase price of the Vactor Truck and CAD/RMS Hardware and Software, and estimated costs of issuance). This amount is preliminary, subject to change. The par amount for the Master Lease program should be assumed at \$2 million.
INTEREST RATE:	For the 2022 Lease, fixed interest rate on a 30/360 day year. For the Master Lease program, the City would like to establish a fixed rate at the time of each additional lease. Please provide a detailed description of your proposed pricing mechanism and the index it will be based on, e.g. SIFMA, SOFR, etc., as well as any additional spread built in addition to the benchmark index, that will be used to arrive at the fixed rate that will be then utilized for the term of the lease.
AMORTIZATION:	Semi-annual principal and interest payments beginning October 1, 2023 and on every April 1 <sup>st</sup> and October 1 <sup>st</sup> for the term of the 2022 Lease.

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**PAYMENT STRUCTURE:** Please provide a proposal for the two types of equipment included in the 2022 Lease assuming level annual interest and principal payments per the amortization described above and a closing date of December 30, 2022. Indicate whether payments are in advance or in arrears. As part of your bid, provide detailed sample amortization schedules (illustrating the annual breakdown between principal and interest and outstanding par amount during the lease term).

**AUTHORIZED DENOMINATIONS:** \$100,000, and any integral multiple of \$1,000 in excess thereof.

**TAX STATUS:** Tax-Exempt

**OPTIONAL REDEMPTION:** The City prefers to be able to prepay the 2022 Lease on any date but will entertain other proposed prepayment options. Please provide your best prepayment terms.

**FEES:** Please outline any additional fees your firm would charge as part of this 2022 Lease and any future fees for other leases as part of the Master Lease Program. Your fee quote should be all-inclusive and should be a firm fee commitment including: upfront fees, termination fees, and any other upfront or ongoing fees (CDIAC fees will be paid from costs of issuance). Please also indicate whether you will be using internal or external bank counsel and provide their contact information and not-to-exceed fee. All fees are contingent upon closing of the 2022 Lease.

**RATE LOCK:** Please provide your proposed fixed interest rate as of October 31, 2022, for the 2022 Lease. This rate should be locked through December 30, 2022. In order to enable the City to evaluate all responses, each bidder's proposal should reflect a fixed interest rate for the 2022 Lease that is firm through the anticipated closing date of December 30, 2022. If the submitted proposal does not comply with this requirement, such proposal will be disqualified, unless in the sole discretion of the City it would be in the best interest of the City to consider such proposal.

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**Attachment A – Bid Form (or use your own)**

Confirm rate locked through 12/30/2022: \_\_\_\_\_

Fill in Proposed Fixed Rate for each scenario:

Term (Years)	Interest Rate	Annual Payment (\$)	Payment in Advance/Arrears
5	%		
10	%		
15	%		
20	%		

Optional Redemption Provisions and Redemption Price: \_\_\_\_\_

Purchaser’s not-to-exceed legal costs (if any): \_\_\_\_\_

Purchaser’s Counsel (Name of attorney and firm): \_\_\_\_\_

Provide 2 references from recent similar projects where you established a Master Lease Purchase program and financed a similar type of equipment lease purchases, including the client’s name, contact information, amount financed and a brief description of work performed.

Client	
Contact Info	
Year	
Amount Financed	
Description of Services	
Client	
Contact Info	
Year	
Amount Financed	
Description of Services	

Describe conditions or modifications, if any. Unless otherwise noted, this Proposal complies with the terms of the RFP: \_\_\_\_\_

Provide a brief summary of the main terms of your proposed Master Lease Agreement (or provide a form of the Master Lease Agreement that you intend to use for this financing), including any insurance requirements for the equipment and other pertinent information required for the evaluation of your proposal. Describe any documentation you would require from the City apart from standard documents (e.g., tax opinion, etc.).

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The undersigned certifies that it has the necessary licenses and/or approvals to do business in California and that it has authority to purchase the 2022 Lease.

DATED on this October \_\_\_\_\_, 2022

Respectfully submitted,

Proposer: \_\_\_\_\_

By: \_\_\_\_\_