

# MASTER LEASE LINE OF CREDIT PROGRAM

RFP #97-022

## CITY AND BOROUGH OF JUNEAU, ALASKA

**SCOPE/INTENT:** This Request For Proposal (RFP) is to obtain a multi year master lease line of credit program to procure equipment for the City and Borough of Juneau (CBJ). This program will allow the CBJ to plan its leased equipment acquisitions over the next several years.

**LEASE PROVISIONS:** The lease agreement will be construed in accordance with, and governed by, the laws of the State of Alaska. The successful proposer (the lessor) will not assign or transfer the lease without prior written approval of the CBJ. Such permission will not be unduly withheld. Proposers must provide a sample lease agreement with their proposal. This lease form is subject to review, modification, and approval by the CBJ Law Department. ***Failure to provide a sample lease agreement will be cause for rejection.***

**NATURE OF LEASE AGREEMENT:** The lease agreement is to be structured as a tax-exempt master lease line of credit. CBJ will grant to the successful proposer, a security interest in the assets, with title remaining in the CBJ's name. The anticipated takedown/acquisition schedules appear below.

**BANK QUALIFICATION:** Under the definitions of the U.S. Internal Revenue Code, the acquisitions to be lease/financed in Fiscal Year 1997 will be considered bank qualified.

**PROPOSAL SUBMITTAL DATE:** 2:00 p.m. Local Time, August 9, 1996

### **FIRST YEAR ACQUISITIONS:**

Equipment      Pumper Fire Trucks (2)  
                         Data Processing Equipment

Cost              Fire Trucks: \$448,000  
                         Data Processing Equipment: \$250,000 to \$500,000

Use                Fire Trucks  
                         The two (2) Pumper fire trucks will be stationed at the Juneau and the Glacier Valley Fire Stations to serve the down town and the A valley@ areas of the community as well as some limited outlying areas. The new equipment is considered essential to maintaining the current level of emergency fire protection within the community. These vehicles will replace two older pumper trucks in the existing fleet. The vehicles to be replace are a 1971 Crown and a 1973 Seagrave fire engines.

Use                Data Processing Equipment

The computers, peripheral equipment and supporting software will be used for a variety of general governmental functions. It is the CBJ's intent to periodically upgrade its desktop and multi-user computers and communications equipment to keep current with industry technology standards. This equipment is considered essential in maintaining the CBJ's internal communications and processing capabilities necessary to provide public services.

Acceptance  
Dates

Fire Trucks: The CBJ will have completed the operational tested and authorized acceptance of the two vehicle in late September 1996. The successful proposer is to make these payments to the equipment vendor upon notification of acceptance by the CBJ. The successful proposer will provide a lease payment schedule to the CBJ reflecting these progress payments.

Computer Equipment: It is anticipated that the majority of the computer equipment will be acquired between September 1996 and January 1, 1997. The successful proposer is to make these payments to the equipment vendor upon notification of acceptance by the CBJ. The successful proposer will provide a lease payment schedule to the CBJ reflecting these progress payments.

**PROPOSED LEASE CLOSING DATE:** Within four (4) weeks of award.

**FUTURE ACQUISITIONS:** The CBJ anticipates acquiring additional equipment during the term of the master lease agreement. The CBJ may choose to acquire a variety of other types of equipment through the lease line of credit. Items contemplated for this program include data processing equipment, telecommunications, additional fire apparatus, safety equipment, hospital , street maintenance and utility support equipment. The annual dollar volume for future equipment acquisitions is estimated to be between \$500,000 and \$1,000,000.

**LEASE TERMS:**

Master Lease Term     One year from July 1 through June 30 with options to renew on terms mutually agreed upon by the CBJ and Vendor.

Payment Frequency     Quarterly in arrears.

Lease Term             Fire Truck: Five or Seven years  
                              Computer Equipment and Software: Three to Five years

Non-appropriation     All leases into which the CBJ enters must contain non-appropriations

language.

Other Terms Provide lease rates for 3, 5 and 7 years.

CBJ requires that the financing rate be fixed to US Treasury Notes of similar maturity as published in The Wall Street Journal or another City-approved index on the Monday of the week that funds will be provided to the equipment vendor. Interest is to be calculated using the rate published on Monday of any given week.

Indicate if terms differ depending on the types of items purchased through the master lease. If so, please give an appropriate example showing comparative schedules or differences in the terms, for example on a fire truck versus the terms for new computer hardware.

CBJ will sign statements of essentiality, availability of funds, and acceptance; and certificates of incumbency and insurance; and other similar documentation as reasonably requested.

CBJ's counsel will provide an opinion that the lease transaction is legal, valid and binding.

CBJ will provide a "declaration of intent" executed before any payments are disbursed to vendors, that it intends to reimburse itself for payments made prior to the lease funds being available

CBJ reserves the right to prepay any funds due and owing on the lease. Indicate what, if any, prepayment premium the CBJ will pay if it exercises this right.

**NOTE:** If you take exception to any of these terms, please so identify and explain.

**PROPOSAL RESPONSE REQUIREMENTS:**

1. Submit two (2) copies of the proposal.
2. Specify how long your rate quote (or commitment) is effective.
3. Indicate the proportion of the U.S. Treasury note rate to which the lease rate will be set. The rate shall be set on the Monday of the week that funds are provided to the equipment vendor. Rates should be stated as annual interest rates. **The annual interest rate you show must include any and all administrative and documentation fees.**
4. Show what the rate would be on the Monday, July 22, 1996. For evaluation

purposes, provide amortization schedules for the fire truck (5 and 7 years) using a purchase price of \$448,000 on September 23, 1996 and \$200,000 in Computer Equipment and Software (3 and 5 years) on September 23, 1996, including a prepayment option that reflects the quoted index rate.

5. Include the terms and conditions of your lease program. Provide all necessary information to fully explain your program.
6. If appropriate, please state any and all exceptions to the lease and program terms as stated in this Request For Proposal.
7. Include three (3) copies of the lease documents you propose to use.
8. Provide the names, addresses and phone numbers and a description of leases arranged for three municipal lessees for whom your company has provided master lease lines of credit.
9. Include information on prepayment premiums, if any.

**EVALUATION AND AWARD:** Evaluation will be made on the basis of lowest interest rate, the ability of the proposer to best meet the CBJ's specified requirements and the acceptability of the proposed lease terms and conditions.

The City and Borough of Juneau reserves the right to reject any and all proposals and to determine which proposal, if any, should be accepted in the best interests of the CBJ.

### **ABOUT JUNEAU**

The City and Borough of Juneau (CBJ) is located on the southeastern panhandle of Alaska, approximately 575 air miles south of Anchorage and 850 air miles north of Seattle. CBJ encompasses of 3, 200 square miles.

The population has increased from 22,700 in 1982 to just under 30,000 in 1996. School enrollment during the same period has increased from 4,150 to over 5,500 students. Assessed valuation in 1982 of \$623 million has increased by 295% in our most recent assessment year to over \$1.84 billion in 1996. At June 30, 1996, outstanding general obligation debt of the City and Borough of Juneau was approximately \$41 million with an additional \$400,000 in revenue bond debt. In May 1996, Moody's Investors Services upgraded the CBJ's bond rating from Baa to an A rating.

Government is the largest employer in Juneau. As Alaska's capital city, it is the center of state employment with strong federal presence and private employment. The largest private employer is tourism that is an important and growing industry in Juneau. CBJ is the most frequent port of call for cruise ships which sail throughout southeast Alaska between May and September each year.

Among the major attractions in the Juneau and the surrounding area are the Mendenhall

Glacier, the Inside Passage waterway, the Eaglecrest ski area, and Glacier Bay. Visitors to Juneau spend approximately \$30 million annually on tours, recreations, gifts, souvenirs and art work (paintings, sculptures) and crafts (jewelry, native carvings and hand crafted items).

**City and Borough of Juneau**

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**PROPOSAL EVALUATION SCORING SHEET**

Rater \_\_\_\_\_

Date \_\_\_\_\_

LEASE TERMS (50)	SCORE
1. Master Lease Term (10 points possible)	_____
Payment Frequencies (10 points possible)	_____
Lease Term:	
Fire Truck, 5 & 7 years (5 points possible)	_____
Computer Equip, 3 & 5 yrs (5 points possible)	_____
Prepayment penalty, if any (10 points possible)	_____
Other Terms (10 points possible)	_____
LEASE RATE (50 points possible)	_____
TOTAL POINTS 100	TOTAL _____