

EASTPORT SOUTH MANOR CENTRAL SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK

REQUEST FOR PROPOSALS
TO FINANCE AN EQUIPMENT LEASE PURCHASE AGREEMENT

Overview

The Eastport South Manor Central School District, Suffolk County, New York (the "District"), is seeking proposals (the "Proposal") from qualified respondents to be a third party lessor to a lease purchase agreement with the District (the "Lease"), the proceeds of which will be used to finance equipment and related work for the implementation of energy conservation measures pursuant to an energy performance contract between the District and Johnson Controls, Inc. (the "Performance Contract"). The Performance Contract with Johnson Controls Inc. was executed on October 7th, 2020. NYSED approval was received on September 22, 2022. The District's building aid ratio is approximately 67%

The District seeks competitive proposals for the \$18,517,925 lease-purchase on the basis of a 15-year term with maturity of November 15, 2037.

Project Description

The Project contemplates implementation of various energy saving measures including installation of equipment and related work (the "Equipment"). Energy conservation measures are to be installed in the following District buildings: Eastport South Manor Junior Senior High School, Dayton Avenue School, Eastport Elementary School, South Street School and Tuttle Avenue Elementary School. The energy conservation measures and related work to be financed are set forth below.

<u>Equipment Measures by Category</u>	<u>Project Cost</u>
Replace Lighting - Interior Lighting	\$1,960,035
Replace Lighting - Exterior Lighting	75,635
Building Envelope – Weatherization	250,635
Energy Management System	442,185
Energy Efficient Motors Replacement	19,922
Heating System – Pipe and Valve Insulation	23,466
Cooling System – Chiller Replacement	1,085,597
Refrigeration Compressor Controllers	2,820
Energy Efficient Transformers	341,067
Renewable Energy – Photovoltaic Generation	10,473,663
Energy Management System – Re-Commissioning	32,727
Plug Load Controllers	16,034
Vending Machine Controllers	2,618
Heating System – DHW Replacement	224,018
AC Compressor Controllers	19,226
Johnson Controls Construction Management, General Conditions, Energy Engineering and Energia SED Engineering Fees	3,548,276
	<hr/>
Total	<u><u>\$18,517,925</u></u>

Lease

Any proposed Lease shall define the purpose and objective of the financing and the rights and obligations of each party to the financing. Further, the Lease will specify the applicable interest rate, as well as standard contractual terms and conditions. The form of the lease purchase agreement, and any related documents must be submitted with the proposal. Proposers must satisfy themselves that credit approval will be granted prior to submitting a proposal. All finance documents are subject to negotiation and modification by the District's counsel. All agreements and contractual conditions are required to conform with the laws of the State of New York, including but not limited to New York General Municipal Law, Local Finance Law, Education Law, Energy Law and the regulations of the New York State Education Department, the Commissioner of Education and the Office of the New York State Comptroller. The District's attorneys will review and approve all documents before consideration and/or approval by the Board of Education.

Lessor will be required to provide a form of standard lease purchase agreement and escrow agreement with proposal.

Lease Assignment

Assignment of the Lease and related documents by the successful proposer shall be subject to the prior, written consent of the District. The Lease must state that any assignment or transfer of the Lessor's interest shall not be effective until the District has received prior, written notice, signed by the Lessor, of the name, contact person, address, telephone number and tax identification number of the proposed assignee and the District has given its consent in writing. No assignment will be valid unless the Lessor has received the District's prior, written consent.

Amount

The amount to be financed under the Lease is \$18,517,925. Lessor shall be responsible for all fees of Lessor including legal, issuance, origination, commitment and closing costs. The District shall not incur or absorb any fees of Lessor related to Lessor's proposal, negotiations, closing or other activities related to this RFP or the proposed transaction. In the event that a transaction does not close because of the successful proposer's failure to meet the terms of this RFP, the successful proposer shall be responsible for any and all costs incurred by the District in connection with the failed transaction and its negotiation.

Specifications

Interest Rate: The Lease Proposal must provide interest rate terms for a lease-purchase option to mature on November 15, 2037 and shall state the interest rates under any options at which the proposing firm will provide the District with financing under the Lease. The Proposal must also cite the index and margin used in establishing the interest rates cited.

Prepayment: The Proposal must state that District will have the right, at its option, to prepay the principal portion outstanding on the Lease, in whole or in part, at any time following 30 days written notice to the Lessor. The Proposal must disclose additional fees and terms, if any, that are required upon the execution of this prepayment right, in addition to interest payable. The Proposal must also disclose how such amounts are to be calculated in the event that the District exercises its right of partial or whole prepayment. The proposal shall include an option to prepay without penalty.

Lease Payments: The District will make periodic payments to the Lessor under the Lease. The Lease shall separately state the principal and interest component of the periodic payments to be made thereunder. The total of these payments, which include both principal and interest components made by the District each year throughout the term of the Lease, shall result in substantially level or declining annual debt service (without taking into account projected State aid or annual energy savings). Debt service payments shall be detailed in an amortization schedule prepared by the proposer and provided to the District with its Proposal. For illustrative purposes, please assume a closing date of November 15, 2022 when developing an amortization schedule. Thereafter, debt service payments will be made semiannually in arrears on each November 15 and May 15 with the first debt service payment to be interest only due on November 15, 2023 and the first principal and interest payment to be on May 15, 2024. Thereafter, semi-annual lease payments will be both principal and interest. Lessor shall provide a statement and thirty days notification prior to each payment due date.

The Proposal must state that the interest rate and other terms cited in the proposal will be good through November 15, 2022. The Lease shall not become effective until the delivery of funds.

Term: The Lease-Purchase Agreement is scheduled to close no later than November 15, 2022 and mature on November 15, 2037.

Escrow: Upon closing, it is anticipated that lease proceeds will be deposited in an escrow account to be utilized over the course of project construction (the "Project Fund"). The escrow provider must be a bank or trust company located and authorized to do business in New York State (the "Escrow Agent"). Investment and collateralization of the moneys in such fund will be solely at the direction of the District and must be in compliance with the New York State General Municipal Law Sections 10 and 11 as well as District investment policy. A copy of the District's Investment Policy is attached to this RFP. The Escrow Agent shall be an agent of the District. The Project Fund shall be free of any security interest of the Escrow Agent.

1. At the option of the District, the moneys in the Project Fund may be held uninvested in the Project Fund. If invested, the Escrow Agent shall invest amounts on deposit in the Project Fund solely at the written direction of an Authorized Officer of the District. All investments made shall be subject to the following conditions:

(a) Such obligations shall be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Any obligation that provides for the adjustment of its interest rate on set dates shall be deemed to be payable or redeemable for purposes of this paragraph on the date on which the principal amount can be recovered through demand by the holder thereof.

(b) Such obligations, shall be registered or inscribed in the name of the District and shall be purchased through, delivered to and held in the custody of the Escrow Agent. Such obligations shall be purchased, sold or presented for redemption or payment by such Escrow Agent in obligations only in accordance with prior written authorization from an Authorized Officer. All such transactions shall be confirmed in writing to the District by the Escrow Agent.

2. All investments described above shall be made and ownership recorded in accordance with all applicable requirements of Section 10 and Section 11 of the General Municipal Law, including the required collateralization of escrow funds.

3. The Escrow Agent will expressly acknowledge that the Lessee is not authorized to invest in mutual funds registered with the Securities Act of 1933, as amended and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, including no-load money market mutual funds limited to investments in obligations of or guaranteed by the United States of America or in obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, or any similar mutual fund or other money market or liquid deposit investment vehicles.

4. Monies and investments in the Escrow Fund shall not be subject to levy, attachment or lien by or for the benefit of the Escrow Agent, or any creditor thereof.

Excess Proceeds: In the event that there are excess proceeds available in the Project Fund at the end of the construction period, proceeds shall be transferred by the Escrow Agent to the Lessor and applied to the next succeeding lease payment and each lease payment thereafter until fully utilized. Such use of funds will not constitute lease prepayment and will not be subject to administrative fees or charges.

UCC Filing: The District will not provide a legal description for each District property in connection with this financing. In the event the winning proposer requires this information for the purposes of making a fixture filing pursuant to the applicable provisions of the Uniform Commercial Code, the winning proposer shall obtain such information at its own effort and expense.

Warranties: All manufacturers' warranties, expressed or implied with respect to the Equipment acquired shall be assigned by the Lessor to the District.

Annual Appropriation: The District's obligation to make lease payments is subject to appropriation each year by the Board of Education of the District.

Non-Funding/Executory Clause: Pursuant to the General Municipal Law §109-b, and the Energy Law §9-103, the Lease-Purchase Agreement shall contain an executory clause which shall state that should payments not be appropriated by the District in any fiscal year; the District will not be obligated to pay the amounts due beyond the end of the last funded fiscal year and no liability on account thereof shall be incurred by the District beyond the amount of such monies. The financing contract is not a general obligation of the District. Neither the faith and credit nor the taxing powers of the District are pledged to the payment of any amount due or to become due under the financing contract. In the case of a failure to appropriate, the sole security under the Lease shall be the Equipment. Prior to the sale or seizure of such equipment, the District shall be provided adequate written notice, no less than ninety (90) days, to cure any default. Should such a sale or seizure take place there shall be no disruption to the District's operation to the extent possible. Any such sale or seizure must be conducted in conformity with all applicable law, including the New York Uniform Commercial Code.

Financing Documents: Upon submission of the proposal and following notification of the award, the prospective Lessor must provide the District with a draft of its proposed financing documents, which will incorporate proposed terms and append sample documents provided with submission. Proposed financing documents and notification of credit approval for the transaction will be due no later than October 17, 2022. All financing documents are subject to modification by District counsel. Closing is subject to successful negotiation and approval of all documents by counsel to the District. The District reserves the right to rescind any award due to failure of successful negotiation of the parties to agree to the terms and conditions thereof and to recover its costs in connection therewith. Unless otherwise provided by a duly adopted Resolution of the Board of Education, the prospective Lessor is advised that the President of the Board of Education is the sole authorized representative of the District for the purpose of signing financing documents.

Lease Termination: Upon termination of a Lease through exercise of Lessee's option to prepay or through payment by Lessee of all Rental Payments and other amounts due with respect to such particular Equipment, Lessor's security interest in such Equipment shall terminate, and Lessor shall execute and deliver to Lessee such documents as Lessee may reasonably request to evidence the termination of Lessor's security interest in such Equipment.

Tax Status: The Lease shall qualify as a tax-exempt lease financing, that is, the interest component of the Lease will be exempt from Federal, New York State and, where applicable, New York City taxation. The Lease-Purchase Agreement will not be designated as "bank qualified" pursuant to Section 265(b)(3) of the Internal Revenue Code. The District will not defend or hold the Lessor harmless from any adverse changes in the tax status of the transaction, after tax yield or cash flows resulting from changes in the Federal or State tax codes or regulations.

Credit Rating: S&P Global Ratings currently maintains a "AA-" rating with stable outlook on the District's outstanding general obligation debt. The District will not seek a rating for the Lease.

Binding Authority: Each Proposal must be signed by an individual who is legally authorized to contractually bind the proposing firm.

Purchase Price and Certificate: The Lessor must submit to the District a certificate (the "Issue Price Certificate"), satisfactory to Bond Counsel, prior to the delivery of the Agreement, assuming the Lessor does not reoffer the Agreement to the general public, which states that the Lessor has purchased the Agreement for its own account and not with a view to distribution or resale and not in the capacity of a bond house, broker or other intermediary, and the price or prices at which such purchase was made, in such form and including such additional information as the District and Bond Counsel shall reasonably require.

Financial Information: The audited financial statements for the FYE June 30, 2019 through and including June 30, 2021. The audited financial statements for the fiscal year ending June 30, 2022 are expected to be complete by the 4th quarter of 2022. The Energy Performance Contract and Amendments may be found on Munistat's website: www.munistat.com.

Evaluation Process

During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information or clarifications from proposers, or to allow corrections of error or omissions.

Amendments to RFP

Any verbal information obtained from or statements made by the representative of the District or its designee at the time of examination of the documents or site shall not be construed as, in any way, amending RFP documents or binding upon the District. Only such corrections or addenda that are issued in writing to all proposers shall become a part of the RFP. Any addendum issued during RFP process shall be included in the RFP response and become a part of any subsequent contract agreement.

Legal Requirements

The Lease is required to conform to the laws of the State of New York, including, but not limited to, General Municipal Law, Local Finance Law, Education Law, Energy Law and regulations promulgated by the Commissioner of Education and the Office of the State Comptroller.

Submission Requirements

Proposals are due by 2:00 p.m. on Friday, October 21, 2022 by e-mail to:

Noah Nadelson, CEO
Munistat Services, Inc
12 Roosevelt Avenue
Port Jefferson Station, NY 11776
Tel: (631) 331-8888
nnadelson@munistat.com

Questions regarding this RFP may be directed to Noah Nadelson

Basis of Award

The District reserves the right, in its sole discretion, to reject any and all proposals, or any part thereof, received in response to this Request for Proposals, to re-solicit for new proposals, to waive formalities, to request additional information from any proposer, and to award and negotiate the terms of the contract with any proposer. The District intends to select the firm whose proposal is most advantageous to the District and meets the District's needs or this lease-purchase agreement, and not necessarily the firm with the lowest cost proposal. In determining which proposal is most advantageous and in the District's best interests, the District will evaluate, among other things, the overall financing cost (inclusive of any interest and fees) to the District, optional redemption provisions, responsiveness of each proposal to the terms of this RFP and applicable law, the terms and conditions of the proposed agreement, experience and reputation of the proposer in the State of New York. The District will not have any liability to any proposer for any costs or expenses incurred in connection with your response to the request for proposals.

All proposals shall be signed by an individual legally authorized to bind the proposing firm and the signer's name shall also be typed or printed to or under the signature together with his/her title or designation.

Following receipt of the completed proposals, tentative notification will be made to the prospective Lessor whose response best meets the District's needs and otherwise appears to meet the basis for award. It is expected that a formal award will be made by the Board of Education at a meeting date to be determined in late July or early August, subject to and contingent upon final review of the Lease Purchase Agreement and all financing documents by the District's legal counsels. Note that the prospective Lessor must provide the District with a draft of its proposed financing documents, together with notification of credit approval in order for District officials to accept and grant final approval.

Tax Opinion

The successful proposer will be furnished without cost with the opinion as to tax exemption of the law firm of Hawkins Delafield & Wood LLP ("Bond Counsel"). The opinion of Bond Counsel shall contain statements to the effect that, in the opinion of said law firm, under existing statutes and court decision and assuming continuing compliance with certain tax certifications described in the Tax Certificate of the District, (i) the portion of the rental payment designated as and constituting interest paid by District and received by successful proposer during the term of the lease is excluded from successful proposer's gross income for federal income tax purposes under Section 103 of the Code; and (ii) such interest component is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; however for tax years beginning after December 31, 2022, such interest component is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the District, which will be delivered concurrently with the delivery of the lease will contain provisions and procedures relating to compliance with applicable requirements of the Code.

Opinion of School Attorney

At closing, the District shall furnish a validity opinion of Volz & Vigliotta, PLLC (“School Attorney”), dated the closing date, including a statement to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the execution or delivery of the installment financing agreement.

Summary of Estimated Dates

RFP sent to providers:	October 7, 2022
Proposal Due:	October 21, 2022 (by 2:00 p.m.)
Selected Lessor Tentatively Approved:	October 26, 2022*
Closing of Lease:	November 15, 2022

*Subject to formal award by Trustees of the Board of Education. The District reserves the right to modify these dates.

Thank you for your interest in the Eastport South-Manor Central School District.

END OF RFP

EASTPORT-SOUTH MANOR CENTRAL SCHOOL DISTRICT

FORM OF DISCLOSURE

PLEASE LIST ALL OFFICERS, DIRECTORS AND PRINCIPALS, SUCH AS OWNERS AND PARTNERS OF THE VENDOR. IN THE CASE OF CORPORATIONS, SHAREHOLDERS OWNING OR CONTROLLING FIVE PERCENT (5%) OR MORE OF THE OUTSTANDING STOCK SHOULD BE LISTED. ADDITIONAL PAGES MAY BE ATTACHED IF NECESSARY.

<u>Name</u>	<u>Title</u>
_____	_____
_____	_____

PLEASE LIST ANY AND ALL BOARD MEMBERS, SCHOOL DISTRICT OFFICERS OR STAFF THAT, TO THE VENDOR'S KNOWLEDGE, HAVE AN INTEREST IN THE PROPOSED CONTRACT.

An "Interest" is defined as "a direct or indirect pecuniary or material benefit accruing to a Municipal officer or employee as a result of a contract with municipality which such officer or employee serves." A municipal officer or employee is deemed to have an interest in: (1) the contract of a corporation of which the officer is an employee, officer or director; (2) a contract of his/her spouse, minor child and dependent except for an unemployment contract; (3) a contract of a corporation which is owned or controlled directly or indirectly by the officer or employee.

<u>Name</u>	<u>Title</u>
_____	_____
_____	_____

PLEASE BE ADVISED, IF THE VENDOR IS AWARE OF ANY PROHIBITED CONFLICT OF INTEREST AND KNOWS THE CONFLICT HAS GONE UNREPORTED, THE CONTRACT IS VOID UNDER GENERAL MUNICIPAL LAW SECTION 804.

Vendor: _____

Signature: _____ Date: _____

Print Name: _____ Title: _____

BIDDER'S STATEMENT ON SEXUAL HARASSMENT

IN ACCORDANCE WITH NEW YORK STATE FINANCE LAW §139-I

In accordance with State Finance Law §139-I, which generally prohibits the School District from entering into contracts pursuant to the bid process with persons who fail to submit a certification affirming compliance with New York Labor Law §201-g, the bidder submits the following certification under the penalty of perjury:

By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that the bidder has and has implemented a written policy addressing sexual harassment prevention in the workplace and provides annual sexual harassment prevention training to all of its employees. Such policy shall, at a minimum, meet the requirements of Section 201-g of the Labor Law.

Dated: _____, New York
_____, 20____

Name of Bidder

Signature of Authorized Official

Printed or Typed Name of Official and Title

Sworn to before me this
_____ day of _____, 20_____

IRAN DIVESTMENT ACT CERTIFICATION

The Iran Divestment Act of 2012 (“Act”), Chapter 1 of the 2012 Laws of New York, added State Finance Law (SFL), §165-a and General Municipal Law §103-g, effective April 12, 2012. Under the Act, the Commissioner of the New York State Office of General Services (“OGS”) developed a list (“Prohibited Entities List”) of “persons” who are engaged in “investment activities in Iran” (both are defined terms in the law). In accordance with SFL §165-a(3), the Prohibited Entities List may be found on the OGS website at <http://www.ogs.ny.gov/about/regs/docs/listofentities.pdf>.

Pursuant to General Municipal Law §103-g, by signing below, the Bidder certifies as true and under the penalties of perjury, that: by submission of this proposal/bid, each Bidder and each person signing on behalf of any Bidder certifies, and in the case of a joint proposal each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each Bidder is not on the list created pursuant to paragraph (b) subdivision 3 of section §165-a of the SFL.

A proposal shall not be considered for award nor shall any award be made where the certification has not been made, provided, however, that if in any case the Bidder cannot make the certification, the Bidder shall so state and shall furnish with the proposal/bid a signed statement which sets forth in detail the reasons therefor. The Eastport-South Manor Central School District (“District”) may award a contract to a Bidder who cannot make the required certification on a case-by-case basis if:

1. The investment activities in Iran were made before April 12, 2012, the investment activities in Iran have not been expanded or renewed after April 12, 2012, and the person has adopted, publicized, and is implementing a formal plan to cease the investment activities in Iran and to refrain from engaging in any new investments in Iran; or
2. The District makes a determination that the goods and services are necessary for the District to perform its functions and that, absent such an exemption, the District would be unable to obtain the goods or services for which the contract is offered. Such determination shall be made in writing and shall be a public document.

During the term of the Contract, should the District receive information that a person is in violation of the above-referenced certifications, the District will offer the person an opportunity to respond. If the person fails to demonstrate that it has ceased its engagement in the investment which is in violation of the Act within 90 days after the determination of such violation, then the District shall take such action as may be appropriate including, but not limited to, imposing sanctions, seeking compliance, recovering damages, or declaring the contractor in default.

The District reserves the right to reject any bid, proposal, contract or request for assignment for an entity that appears on the Prohibited Entities List prior to the award or execution of a contract or any renewal thereof, as applicable, and to pursue a responsibility review with respect to any entity that is awarded a contract and appears on the Prohibited Entities List after contract award.

DATE

SIGNATURE

BUSINESS NAME

NAME (PRINTED)

TITLE (PRINTED)

Eastport-South Manor CSD

NON-COLLUSIVE BIDDING CERTIFICATION

Chapter 751 of the Laws of 1965 amended Section 103-d of the General Municipal Law required that every bid or proposal submitted to a political subdivision of New York State must contain the following certification properly signed and executed:

The undersigned hereby certifies that:

- (a) This bid or proposal has been independently arrived at without collusion with any other bidder with any competitor or potential competitor;
- (b) This bid or proposal has not been knowingly disclosed and will not be knowingly disclosed, prior to the opening of bids or proposals for this project, to any other bidder, competitor or potential competitor;
- (c) No attempt has been or will be made to induce any other person, partnership or corporation to submit or not to submit a bid or proposal.
- (d) The person signing this bid or proposal certifies that he has fully informed himself regarding the accuracy of the statements contained in this certification, and under the penalties of perjury, affirms the truth thereof, such penalties being applicable to the bidder as well as to the person signing in its behalf;
- (e) That attached hereto (if a corporate bidder) is a certified copy of resolution authorizing the execution of this certificate by the signatory of this bid or proposal in behalf of the corporate bidder.

(signed) _____

Title

RESOLUTION - for corporate bidders only

RESOLVED that _____ be authorized to sign

and submit. The bid or proposal of this corporation for the following project

(describe project)

and to include in such bid or proposal the certificate as to non-collusion required by Section one hundred three - d of the General Municipal Law as the act and deed of such corporation, and for any inaccuracies or misstatements in such certificate this corporate bidder shall be liable under the penalties of perjury.

_____ The foregoing is a true and correct copy of the resolution adopted by _____

_____ corporation at a meeting
the _____ day of _____ 20 _____ and is still in full force and

the _____ day of _____ 20 _____ and is still in full

force and effect on this _____ day of _____ 20 _____.

(SEAL OF THE CORPORATION)

_____ Secretary

INDEMNIFICATION AGREEMENT

The Contractor agrees:

(a) that except for the amount, if any, of damage contributed to, caused by or resulting from the negligence of the District, the Contractor agrees to indemnify and hold harmless the Eastport/South Manor CSD, its officers, employees and agents from and against any and all liability, damage, claims, demands, costs, judgments, fees, attorney's fees or loss arising directly or indirectly out of the performance or failure to perform hereunder by the Contractor or third parties under the direction or control of the Contractor; and

(b) to provide defense for and defend, at its sole expense, any and all claims, demands or causes of action directly or indirectly arising out of the Agreement and to bear all other costs and expenses related thereto.

AUTHORIZED SIGNATURE

DATE

NOTARY PUBLIC

DATE