

ROOSEVELT UNION FREE SCHOOL DISTRICT
NASSAU COUNTY, NEW YORK

REQUEST FOR PROPOSALS
TO FINANCE AN ENERGY PERFORMANCE LEASE PURCHASE AGREEMENT

Overview

The Roosevelt Union Free School District, Nassau 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 Honeywell International Inc. (the "Performance Contract"). The Performance Contract with Honeywell International, Inc. was executed on February 7, 2023. NYSED approval is pending, but expected to occur in early July, 2023. The District's building aid ratio is approximately 82%.

The District seeks competitive proposals for the \$23,350,000 lease-purchase with a final maturity of July 21, 2038.

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: Roosevelt High School, Roosevelt Middle School, Centennial Avenue Elementary School, Ulysses Byas Elementary School and Washington-Rose Elementary School. The energy conservation measures and related work to be financed are set forth below.

Equipment Measures by Category

LED Lighting and Lighting Controls Upgrade - \$2,455,684
Boiler Plant Upgrades - \$3,874,652
DHW Heater Upgrades - \$514,231
Mechanical Upgrades - \$1,515,864
Install De-Stratification Fans - \$60,412
Building Management System Upgrades - \$1,735,936
Building Envelope Improvements - \$78,475
Install Pipe Insulation - \$61,447
Install Walk-In Freezer/Cooler Controllers - \$128,216
Install Solar PV System - \$12,925,083

Total: \$23,350,000

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, escrow 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. The lease shall further provide that certificates of participation shall not be executed and delivered without the express written approval of the District, which approval may be withheld by the District in its sole and absolute discretion.

Amount

The amount to be financed under the Lease is expected to be \$23,350,000. 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 July 21, 2038 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. **Subject to the terms of the Inflation Reduction Act, the District may be eligible for a grant for a portion of the project. The District retains the ability to make an additional one time prepayment of the loan.**

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 July 21, 2023 when developing an amortization schedule. Thereafter, debt service payments will be made semiannually in arrears on each July 21 and January 21 with the first debt service payment to be interest only due on July 21, 2024 and the first principal and interest payment to be on July 21, 2025. 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 August 15, 2023. The Lease shall not become effective until the delivery of funds.

Term: The Lease-Purchase Agreement is scheduled to close on or around July 21, 2023 and mature on July 21, 2038.

Escrow: Upon closing, it is anticipated that lease proceeds will be deposited and collateralized in an interest bearing escrow account to be utilized over the course of project construction (the "Project Fund"). The District shall not be responsible for any costs associated with establishment, maintenance or transfer of escrow account. 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 June 30, 2023. 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: Moody's Investors Service rating of "A3" was withdrawn in 2020 after the outstanding bonds of the District matured. The District has approximately \$96,540,000 in bonds outstanding that were originally issued through the Dormitory Authority of the State of New York. Such bonds are rated pursuant to the State's 99-b Intercept rating of "Aa3".

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, 2018 through and including June 30, 2022 and the Energy Performance Contract 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 5:00 p.m. on Monday, June 26, 2023 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 the District is excluded from 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 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 Guercio & Guercio LLP (“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:	June 12, 2023
Proposal Due:	June 26, 2023 (by 5:00 p.m.)
Selected Lessor Tentatively Approved:	June 28, 2023*
Closing of Lease:	July 21, 2023

*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 Roosevelt Union Free School District.

END OF RFP



Book	Roosevelt Union Free School District Board Policy
Section	5000 NON-INSTRUCTIONAL/BUSINESS OPERATIONS
Title	District Investments
Code	5220
Status	Active
Adopted	September 1, 2006

SUBJECT: DISTRICT INVESTMENTS

Whenever the District has funds (including operating funds, reserve funds and proceeds of obligations) that exceed those necessary to meet current expenses, the Board of Education shall authorize the Assistant Superintendent for Business and Finance to invest such funds in accordance with all applicable laws and regulations and in conformity with the guidelines established by this policy.

Objectives

The objectives of this investment policy are four-fold:

- a. Investments shall be made in a manner so as to safeguard the funds of the School District; and
- b. Bank deposits shall be made in a manner so as to safeguard the funds of the School District.
- c. Investments shall be sufficiently liquid so as to allow funds to be available as needed to meet the obligations of the School District.
- d. Funds shall be invested in such a way as to earn the maximum yield possible given the first three (3) investment objectives.

Authorization

The authority to deposit and invest funds is delegated to the Assistant Superintendent for Business and Finance. These functions shall be performed in accordance with the applicable sections of the General Municipal Law and the Local Finance Law of the State of New York.

The Assistant Superintendent for Business and Finance may invest funds in the following eligible investments:

- a. Obligations of the State of New York.
- b. Obligations of the United States Government, or any obligations for which principal and interest are fully guaranteed by the United States Government.
- c. Time Deposit Accounts placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law. (Banking Law Section 237(2) prohibits a savings bank from accepting a deposit from a local government. This also applies to savings and loan associations.)
- d. Transaction accounts (demand deposits) both interest bearing and non-interest bearing that do not require notice of withdrawal placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law.
- e. Certificates of Deposits placed in a commercial bank authorized to do business in the State of New York providing the Certificates are collateralized as required by law.

f. Securities purchased pursuant to a Repurchase Agreement whereby one party purchases securities from a second party and the second party agrees to repurchase those same securities on a specific future date at an agreed rate of return (the interest rate).

Implementation

Using the policy as a framework, regulations and procedures shall be developed which reflect:

- a. A list of authorized investments;
- b. Procedures including a signed agreement to insure the School District's financial interest in investments;
- c. Standards for written agreements consistent with legal requirements;
- d. Procedures for the monitoring, control, deposit and retention of investments and collateral which shall be done at least once a month;
- e. Standards for security agreements and custodial agreements consistent with legal requirements;
- f. Standards for diversification of investments including diversification as to type of investments, and firms and banks with whom the School District transacts business; and
- g. Standards for qualification of investment agents which transact business with the School District including, at minimum, the Annual Report of the Trading Partner.

This policy shall be reviewed and re-adopted at least annually or whenever new investment legislation becomes law, as staff capabilities change, or whenever external or internal issues warrant modification.

Education Law Sections 1604-a, 1723(a), 2503(1) and 3652
General Municipal Law Section 39
Local Finance Law Section 165