

REQUEST FOR PROPOSALS

City of Columbia, South Carolina Equipment Lease-Purchase Financing, 2016

Response Due: September 13, 2016
12:00 Noon, South Carolina Time
Proposals by facsimile: 803.545.3051

NOT BANK QUALIFIED

The City of Columbia, South Carolina (the "City"), is requesting proposals from various banks and financial institutions for a not exceeding \$8,100,000 tax-exempt lease-purchase financing to defray the costs of acquiring certain equipment as described herein. The City invites interested parties to submit a proposal to finance the equipment by specifying a rate of interest and other conditions for such financing.

Mailed or Hand Delivered Proposals: Each mailed or hand delivered proposal shall be enclosed in a sealed envelope marked "Proposal for 2016 Equipment Lease Purchase" and should be mailed or delivered to:

Jeffery M. Palen
Assistant City Manager for Finance
and Economic Services
City of Columbia
1737 Main Street
Columbia, SC 29201

Facsimile Proposals: The City will accept the facsimile transmission of a proposal at the risk of the bidder. The City shall not be responsible for the confidentiality of proposals submitted by facsimile transmission. Any delay in receipt of a facsimile proposal, and any incompleteness or illegible portions of such proposal are the responsibility of the bidder. Proposals by facsimile should be transmitted to the attention of Mr. Jeffery M. Palen (c/o Ms. Janice L. Alonso), Fax No. 803.343.8720.

E-Mail Proposals: Electronic proposals may be e-mailed to the attention of Mr. Jeffery M. Palen, City Manager, at jmpalen@columbiasc.net, with a copy to Michael J. Seezen, Special Counsel, at mseezen@mcnair.net.

PROPOSALS MAY BE DELIVERED BY HAND, BY MAIL, BY E-MAIL OR BY FACSIMILE TRANSMISSION, BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE CITY AT THE PLACE, DATE AND TIME APPOINTED. THE CITY SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MISDIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF PROPOSALS.

Please note that this Request for Proposals is also being sent to a number of other institutions as well and that the City, in its sole discretion, reserves the right to select the proposal determined to be the most advantageous to the City. The selection process will be heavily weighted toward lowest financing costs; however, lowest financing cost is not the only factor that may be considered by the City. The City reserves the right to reject any or all proposals as well as negotiate with the lowest responsible bidder.

I. Terms and Conditions

(a) Amount to be Financed: Not exceeding \$8,100,000. The City retains the option to reduce the total amount to be financed by up to 10%.

(b) Funding Options. Bidders may submit proposals on either or both of the following two basis:

1. Fully-Funded. Proceeds of the financing will be fully funded at closing, and deposited to an account held for the benefit of the City (the "Acquisition Account"). Interest will accrue on the full principal amount of the financing from the date of closing. If a bidder requires that the Acquisition Account be held by the bidder or its designee, the bidder must so indicate on its proposal (including any fees required thereunder). Otherwise, the City retains the right to designate a bank to act as custodian of the Acquisition Account. Interest earnings in the Acquisition Account must accrue to the City.

2. Draw-Down. Proceeds of the financing will be advanced to the City on an as-needed basis, during the first twenty-four (24) months after the execution of the financing. Interest will accrue from the respective dates of each advance.

(c) Payments: The final payment of principal and interest shall be due on or before September 30, 2023. Payments of principal and interest shall be made monthly, commencing on the later of November 1, 2016, or the first day of the month following the first advance (if applicable), in approximately equal amounts until maturity.

Unless otherwise designated by a bidder, interest will be calculated based on a 360-day year comprised of twelve 30-day months.

(d) Guarantee of Interest Rate: The interest rate, costs and other terms of the bid submitted must be guaranteed from the date of your proposal to the closing date (expected to be on or about September 28, 2016). The fixed rate shall be a single rate of interest per annum which the Lease Agreement (as defined herein) is to bear until maturity or prior redemption

and should be expressed as a percentage interest rate of one one-hundredth (1/100th) of a percent.

- (e) Equipment/Form of Equipment Lease-Purchase Agreement: See attached Exhibit A for a description of the equipment proposed to be financed. The successful bidder's proposed form of lease agreement ("Lease Agreement") should be provided to the City's Special Counsel within three (3) business days of the award of the successful proposal.
- (f) Non-appropriation: A non-appropriation provision acceptable to the City must be included in the Lease Agreement. Any and all amounts due including, but not limited to, scheduled lease payments, reimbursements, penalties or fees under the Lease Agreement or any Acquisition Account (as defined below) must be subject to annual appropriation by the City.
- (g) Non-substitution: A non-substitution provision is not permitted to be included in the Lease Agreement.
- (h) Deficiency Judgment: No deficiency judgment can be assessed or imposed against the City nor will the full faith, credit and taxing power of the City be pledged to the payment of the Lease Agreement.
- (i) Title: Title to the equipment will be in the name of the City subject to the bidder's rights under the Lease Agreement. The successful bidder shall be responsible for taking all actions it deems necessary to impose its lien upon or perfect any security interest in the equipment. The Lease Agreement must allow the City to dispose of certain of the equipment in its sole discretion prior to the termination of the Lease Agreement provided the value of the remaining items of equipment is not less than the outstanding principal balance of the Lease Agreement at the time of such disposition.
- (j) Payments for Equipment: Payments from the Acquisition Account or amounts advanced by the successful bidder, as applicable, may be made either to the City as reimbursement for prior expenditures or directly to the equipment vendor for payment of the equipment as directed by the City, up to twenty-four (24) months following the execution of the financing. Without limitation of the foregoing, payments therefrom must be made available upon request of the City for periodic partial payments to equipment vendors for the manufacture and/or assembly of equipment prior to delivery and acceptance of such equipment by the City.
- (k) Costs of Issuance: All costs relating to the preparation of the Lease Agreement and fees of Special Counsel will be paid by the City. Any fees and costs of the bidder to be paid by the City must be stated in the

response to this Request for Proposals. The Lease Agreement must allow the City to pay its legal fees and costs related to execution and delivery of the Lease Agreement out of the proceeds of the Lease Agreement.

- (l) Insurance: The City is self-insured for property, casualty and general liability risks. The equipment will be insured in a similar manner.
- (m) Closing: The City expects to accept the successful proposal on September 13, 2016, and close the transaction on September 28, 2016.
- (n) Prepayment: Unless otherwise specifically provided in a bidder's proposal and agreed to by the City, the Lease Agreement will be subject to prepayment at the option of the City in whole or in part at any time without any prepayment penalty.
- (o) Lease Agreement Not Designated as Qualified Tax-Exempt Obligation: The City has not designated the Lease Agreement as a "qualified tax-exempt obligation" for purposes of Section 265 of the Internal Revenue Code, as amended (the "Code"), relating to the ability of financial institutions to deduct from income for federal income tax purposes interest expense that is allocable to carrying and acquiring tax-exempt obligations.

II. Proposal Requirements

- (a) The proposal must be in writing. It is preferred that a bidder's proposal not be subject to further credit or underwriting approval.
- (b) No proposal may be modified by a bidder after it has been submitted.
- (c) Proposals should include: the name, address, telephone number of your institution; the primary contact; and identity of legal counsel, if any.
- (d) Proposals must be accompanied with a list of all requirements and conditions associated with the proposal.
- (e) Proposals must indicate a single interest rate for the lease term and it is requested that proposals include an amortization schedule showing annual payment amounts for the term of the financing.
- (f) Proposals must provide full disclosure of all financing costs, including any closing, legal, and tax opinion charges.
- (g) Any prepayment penalty or other fee requirements should be detailed in the proposal.

III. Evaluation of Proposals and Award

The Lease Agreement will be awarded to the bidder that provides the most advantageous proposal as determined by the City in its sole and absolute discretion. After the proposals are received, they will be evaluated by the officials of the City based on various factors, including, but not limited to, the interest rate, proposed form of Lease Agreement, redemption terms, prepayment penalties or limitations, additional credit or underwriting approval, additional covenants and terms, if any, and other conditions set forth therein. The City reserves the right to reject any and all proposals or to waive irregularities in any proposal. The City expects to accept the successful proposal by the close of business on September 13, 2016.

IV. Legal Opinion. The execution and delivery of the Lease Agreement is subject to the approving opinion of the McNair Law Firm, P.A., Special Counsel, and the City's attorney, Teresa A. Knox, Esq.

V. Tax Exemption and Other Tax Matters. The Code, and the Treasury Regulations promulgated thereunder, include provisions that relate to tax exempt obligations, such as the Lease Agreement, including, among other things, permitted uses and investment of the proceeds of the Lease Agreement and the rebate of certain net arbitrage earnings from the investment of such proceeds to the United States Treasury. Noncompliance with these requirements may result in interest paid under the Lease Agreement becoming subject to federal income taxation retroactive to the date of issuance of the Lease Agreement. The City has covenanted to comply with the requirements of the Code to the extent required to maintain the exclusion of interest on the Lease Agreement from gross income for federal tax purposes. Failure of the City to comply with these covenants could cause the interest on the Lease Agreement to be taxable retroactively to its date of issuance.

The Code imposes an alternative minimum tax on a taxpayer's alternative minimum taxable income. Interest on the Lease Agreement is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations.

The accrual or receipt of interest on the Lease Agreement may affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Prospective purchasers of the Lease Agreement should be aware that ownership of the Lease Agreement may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers otherwise entitled to claim the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Lease Agreement. Special Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Lease Agreement should consult their tax advisors as

to collateral federal income tax consequences.

Special Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or event occurring (or not occurring) after the date of issuance of the Lease Agreement may affect the tax status of interest on the Lease Agreement. In rendering its opinion, Special Counsel will rely upon certificates and representations of the City with respect to certain material facts solely within the knowledge of the City relating to the application of the proceeds of the Lease Agreement.

VI. Investment Letter. The lessor will be requested to execute a letter to the City in substantially the form submitted with this Request for Proposals.

VII. Additional Information. If you should have any questions regarding the Request for Proposals, you should contact:

Jeffery M. Palen
Assistant City Manager for Finance
and Economic Services
Phone: 803.545.3026
E-Mail: jmpalen@columbiasc.net

Michael J. Seezen, Esq.
McNair Law Firm, P.A.
Phone: 803.753.3257
E-Mail: mseezen@mcnair.net

Bidders are encouraged to submit any questions or requests for further information to the City at least two days prior to the date proposals are due (September 13, 2016), in order to ensure sufficient time for the City to review and respond to such questions or requests.

No questions may be directed to or contacts made with the Mayor, other members of City Council or any City staff not identified in this Request for Proposals as points of contacts during the period of time that this Request for Proposals is made public until the final selection is made, except as otherwise provided for herein. Violation of this prohibition may disqualify the bidder from further consideration.

/s/ Jeffery M. Palen
City of Columbia, South Carolina
Assistant City Manager for Finance and
Economic Services

August 31, 2016

EXHIBIT A

Equipment

Acquisition, replacement and installation of certain rolling stock and other equipment, including but not limited to the following: purchase of new cars, trucks and other vehicles and equipment for the police, fire, public works and parks departments of the City and purchase and installation of computers, software, equipment and systems for various departments of the City.