



CITY OF ORANGEBURG
SOUTH CAROLINA
REQUEST FOR PROPOSALS
Equipment Lease-Purchase Financing #1

Issue Date: May 15, 2020
Response Due: June 10, 2020 at 12:00 Noon

Bank Qualified

The City of Orangeburg, South Carolina (the “City”) is requesting proposals from various banks and financial institutions for not exceeding \$659,000 tax-exempt lease-purchase financing for the acquisition of certain equipment as described herein. The City invites interested parties to submit a proposal to finance the equipment by specifying a fixed annual percentage rate.

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

Mr. John D. Singh, Assistant City Administrator
City of Orangeburg
979 Middleton Street
Post Office Drawer 387
Orangeburg, South Carolina 29116-0387

Facsimile Bids: 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 bids submitted by facsimile transmission. Any delays in receipt of a facsimile bid, and any incompleteness or illegible portions of such bid are the responsibility of the bidder. Bids by facsimile should be transmitted to the attention of John D. Singh, Assistant City Administrator Fax Number 803-533-6007.

E-Mail Bids: Electronic proposals may be e-mailed to the attention of John D. Singh at e-mail address: jsingh@orangeburg.sc.us

PROPOSALS MAY BE DELIVERED BY HAND, MAIL, E-MAIL OR 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 BIDS.

Please note that this solicitation is also being sent to a number of other institutions as well and that the City 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. The City reserves the right to reject any or all bid proposals as well as negotiate with the lowest responsible bidder.

I. Terms and Conditions

- (a) Amount to be financed: Not exceeding \$659,000/3 years. The City retains the option to reduce the total amount to be financed due to budget constraints and may request an updated amortization schedule to reflect the new total amount financed.
- (b) Payments: The principal amounts of the lease will be payable annually on September 1 in each of the years.

The City reserves the right to adjust the principal amount of the maturity of the lease by up to 10%.

Interest will be payable on the unpaid principal balance of the lease commencing September 1, 2020 and ending September 1, 2022. Unless otherwise designated by a bidder, interest on the lease will be calculated based on a 360-day year comprising twelve 30-day months.

- (c) 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 before June 24, 2020).
- (d) Equipment: See attached Exhibit A.
- (e) Form of Equipment Lease-Purchase Agreement: A bidder's proposed form of lease agreement ("Lease Agreement") should be provided 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.

- (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 Lease Agreement must allow the City to obtain full, unencumbered title to the various items of equipment on or about September 15, 2022.
- (j) Acquisition Account: If a bidder requires that the acquisition or escrow account (the “Acquisition/Escrow Account”) be held by it or its designee, the bidder needs to indicate so on its proposal. Interest earnings in the Acquisition/Escrow Account must accrue to the City. Payments there from must be made to the City as reimbursement for prior expenditures.
- (k) Costs of Issuance: **Any fees and costs of the bidder (i.e. transfer titles, processing fees, wiring fees, etc.) to be paid by the City must be stated in the response to this Request for Proposals.** The Lease Agreement shall 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 provides insurance through the South Carolina Insurance Reserve Fund for equipment/personal property. The equipment will be insured in a similar manner at face value. The lessor may be listed as a loss-payee but may not be listed as an additional insured under the City’s insurance arrangement with the South Carolina Insurance Reserve Fund.
- (m) Lease Agreement Designated as Qualified Tax-Exempt Obligation: The City has designated the Lease Agreement as a “qualified tax-exempt obligation” for purposes of Section 265 of the Internal Revenue Code of 1986 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.
- (n) Closing: The City will accept the proposals on or before June 10, 2020. Proposals will be accepted until 12:00 noon on June 10, 2020. The City would like to close the transaction on, before or about June 24, 2020.

II. Form of Proposal

- (a) The proposal must be in writing.
- (b) No response 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 its bid.
- (e) Proposals must indicate a single interest rate for the lease term and include an amortization schedule showing annual payment principal and interest detailed 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 responses must be firm credit commitments and not subject to further credit review.
- (h) Any prepayment penalty or any other fee requirements (such as wire transfer fees, transfer of title fees) should be detailed in the proposal.

The City reserves the right to request unused lease funds.

III. Evaluation of Proposals and Award

After the proposals are received, the officials of the City based on various factors, including the interest rate, redemption terms, additional covenants, will evaluate them and terms, if any, ease of past transactions with the institution, and other conditions set forth therein. The City reserves the right to reject any bids or to waive irregularities in any proposal. The City will accept the proposals on or before **June 10, 2020, @ 12:00 Noon.**

IV. Legal Opinion The execution and delivery of the Lease Agreement is subject to the respective opinion the City's attorney, James F. Walsh, Esquire, and any other legal counsel the City may choose to employ.

V. Tax Exemption and Other Tax Matters The Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated there under, imposes various restrictions, conditions and requirements relating to the excludability from gross income for federal income tax purposes of interest paid on obligations such as the Lease Agreement. The City will covenant to comply with certain covenants, restrictions, conditions and requirements designed to

ensure that interest paid under the Lease Agreement will not become includable in gross income of the recipients thereof for federal income tax purposes. Failure to comply with these covenants could cause interest paid under the Lease Agreement to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Lease Agreement. The Code imposes an alternative minimum tax on a taxpayer's "alternative minimum taxable income" if the amount of such alternative minimum tax is greater than the amount of such taxpayer's regular income tax. The interest component of the Lease Agreement is not a specific preference item of tax preference for purposes of the individual and Corporate Federal alternative minimum tax; however, interest on the Lease Agreement will be taken into account in calculating adjusted current earnings for purposes of computing the alternative minimum tax of corporations.

The accrual or receipt of interest on the Lease Agreement may affect the Federal Income Tax liability of the lessor. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Purchasers of the Lease Agreement are advised to consult their tax advisors as to the tax consequences of purchasing or holding 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 this Request for Proposals, you should contact:

John D. Singh
Assistant City Administrator
City of Orangeburg
Phone: 803.533.6000
E-mail: jsingh@orangeburg.sc.us

**EXHIBIT A
2019-2020 LEASE PURCHASE**



<u>Lease</u>	<u>Dept/Division</u>	<u>Purchase</u>
Metal Detector	01/30	\$ 5,000
Software	10/30	80,000
Portable Battery Power Supply Booster	40/30	4,000
A/C Recharger, Recycle, Recovery Machine	40/30	5,500
Garbage Truck	40/60	260,000
Three Vehicles	60/20	120,000
SUV Truck	60/25	38,500
Two Vehicles	60/30	76,000
Two Pick-Up Trucks	70/15	40,000
Two Kubota Mowers	70/40	<u>30,000</u>
TOTAL		\$659,000