

**REQUEST FOR PROPOSAL  
FOR  
TAX-EXEMPT LEASE PURCHASE  
FOR AN ENERGY PERFORMANCE CONTRACT PROJECT  
FOR FREDERICK COUNTY PUBLIC SCHOOLS**



**Proposals Due: Wednesday, May 17<sup>th</sup>, 2018 @ 4:00 PM Eastern Standard Time**

RFP for Financing

Ryan Beard  
Johnson Controls, Inc.  
507 East Michigan Street, Milwaukee, WI 53201  
Tel (414) 524-6708



## REQUEST FOR PROPOSAL

### Tax-Exempt Lease Purchase for a Performance Contract Project

#### Introduction

This is a request for proposal (“RFP”) administered by Johnson Controls, Inc. (“JCI”) on behalf of Frederick County Public Schools Board (the “Customer”).

The purpose of this RFP is to solicit financing offers from qualified financial institutions (each a “Respondent”). It is contemplated that the selected Respondent, as lessor, will enter into a tax-exempt lease purchase (“TELP”) with the Customer, as lessee, to finance the Customer’s performance contract to purchase certain Facility Improvement Measures (“FIMs”) from JCI.

#### Project Background

This project involves the sale and installation of FIMs, which will be installed throughout the Customer’s facilities. Specifically, the FIMs will include:

FIM 1	Lighting Retrofits	\$6,085,957.25
FIM 2	Controls	\$5,431,506.41
FIM 3	Bldg. Envelope Improvements	\$819,027.47
FIM 4	Boiler Upgrades	\$1,003,702.09
FIM 5	Water Conservation	\$378,493.48
FIM 6	Variable Frequency Drives	\$513,625.74
FIM 7	AHU Upgrades	\$51,646.63
FIM 8	Demand Control Ventilation	\$138,870.41
FIM 9	Kitchen Upgrades	\$18,445.23
FIM 10	Training – SchoolDude Scheduler	\$36,778.30
<b>Project Total</b>		<b>\$14,478,053.91</b>

The details of the FIMs can be provided separately upon request.



**Lease Information**

1. The TELP involves a transaction between the selected Respondent, as lessor, and the Customer, as lessee. JCI is not a party to the TELP.
2. Respondents are allowed to use an escrow and paying agent if so desired.
3. Once installation commences, JCI will invoice the Customer on a monthly basis for the amount owed for the project. The Customer will direct the lessor to pay JCI from the TELP proceeds, which may be held in escrow. If such proceeds are not sufficient, due to a change order for scope expansion or other reason, the Customer is responsible for funding the additional cost. The Customer may ask the lessor to expand the credit capacity to finance the additional cost, but the lessor is not obligated to do so.
4. Subject to change due to state and local laws, to secure the transaction, the lessor will receive a first priority security interest in the FIMs and any money related to the project held in escrow. The security interest will be evidenced by a UCC-1 financing statement.
5. JCI will provide a payment and performance bond for the project and will list the lessor as a dual obligee.
6. The Customer, as lessee, is responsible for all maintenance and insurance. The Customer bears all risk of loss. Lessor shall be named as an additional insured and loss payee on the lessee's insurance policy, which is subject to lessor's approval.
7. Respondents shall clearly describe any prepayment rights, timing and expenses. Respondents shall clarify if the prepayment right is in whole or in part.
8. Respondents shall describe any closing costs and if they are capitalized in the TELP.
9. Title to the FIMs shall transfer to the Customer upon installation.
10. The lessor shall have the right to assign the TELP if it first obtains permission from the Customer, which permission shall not be unreasonably withheld.
11. Respondents shall offer a fixed interest rate for the term of the TELP. Respondents shall state the expiration date (i.e. the end of the lock period) for the offered rate and an index for how the fixed rate would be calculated at closing after the initial expiration date.
12. Respondents should assume that this transaction will not be Bank Qualified.
13. Respondents shall attach a table of cash flows in their responses that includes amounts financed, amortization of principal, interest due, payment amounts, payment dates and early termination values.

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14. TELP payments for principal and interest shall be due annually and in advance of the savings / benefits. The first TELP payment is due one (1) months after the expected commencement of the performance period. Except for the final payment, which may vary based upon the outstanding balance, the TELP payments shall be equal to: (Annual Net Benefits).

15. The attached spreadsheet of Annual Net Benefits shows a fifteen (15) year performance period after installation.

### **Scoring Criteria**

Proposals will be evaluated on a 100-point basis as follows:

- Interest rate and term = 80/100 points
- Prepayment rights and expenses = 10/100 points
- Other terms and conditions of the lease = 10/100 points

### **Response Deadline**

Please submit your response to this RFP no later than **4:00 PM EST on May 17, 2018**. All responses should be emailed in “soft copy” form with attachments to:

Ryan Beard  
Lead Financial Analyst, Structured Finance  
Johnson Controls, Inc.  
(414) 524 – 6708  
[Ryan.J.Beard@jci.com](mailto:Ryan.J.Beard@jci.com)

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### **Selection**

All responses will be provided to the Customer for their evaluation. The Customer is responsible for selection of the Respondent as well as the ultimate structure of the financing.

### **Questions**

For questions related to the RFP, related documents, project details or other pertinent issues, please contact Ryan Beard at the aforementioned contact information.

### **Disclaimer**

Johnson Controls is not a registered Municipal Advisor with the U.S. Securities and Exchange Commission, and is not acting as a municipal or financial advisor to the Customer. The information provided in this document is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934 and the municipal advisor rules of the SEC. Johnson Controls is not acting as a broker, dealer, underwriter or placement agent with respect to the potential transactions discussed herein. This RFP pertains to a TELP and not the issuance of securities. JCI is issuing this RFP and collecting responses as a matter of convenience for the Customer. All responses will be provided to the Customer for their evaluation.

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Appendix A  
Dates and Amounts for Respondents to Assume

Project Price:	\$14,478,053.00
State Energy Office Fee:	(\$0.00)
Rebates:	(\$0.00)
Customer Provided Capital:	\$218,000.00
Net Amount Financed:	\$14,260,053.00

Estimated Finance Closing Date: 6/15/2018

Construction Term: 14 Months

Construction Draw Schedule:

6/30/2018	30.00%	\$	4,343,415.90
7/31/2018	2.00%	\$	289,561.06
8/31/2018	2.00%	\$	289,561.06
9/30/2018	9.00%	\$	1,303,024.77
10/31/2018	8.00%	\$	1,158,244.24
11/30/2018	8.00%	\$	1,158,244.24
12/31/2018	8.00%	\$	1,158,244.24
1/31/2019	7.00%	\$	1,013,463.71
2/28/2019	7.00%	\$	1,013,463.71
3/31/2019	5.00%	\$	723,902.65
4/30/2019	5.00%	\$	723,902.65
5/31/2019	4.00%	\$	579,122.12
6/30/2019	2.50%	\$	361,951.33
7/31/2019	2.50%	\$	361,951.33

**Start of the Performance Period:** 8/1/2019

**First Annual Lease Payment:** 9/1/2019

**Last Possible Annual Lease Payment:** 9/1/2034

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Performance Year	Measured Utility Savings	Non Measured Utility Savings	Non Measured O&M Savings	Rebates	Gross Savings	M&V	Gross Performance Period Costs	Net Annual Benefits
1	\$908,973.92	\$48,365.36	\$99,643.58	\$1,780,968	\$2,837,950.86	\$91,918.20	\$91,918.20	\$2,746,032.66
2	\$936,243.13	\$49,816.32	\$102,632.89	\$0.00	\$1,088,692.35	\$94,675.75	\$94,675.75	\$994,016.60
3	\$964,330.43	\$51,310.81	\$105,711.87	\$0.00	\$1,121,353.12	\$97,516.02	\$97,516.02	\$1,023,837.10
4	\$993,260.34	\$52,850.14	\$108,883.23	\$0.00	\$1,154,993.71	\$100,441.50	\$100,441.50	\$1,054,552.21
5	\$1,023,058.15	\$54,435.64	\$112,149.73	\$0.00	\$1,189,643.52	\$103,454.74	\$103,454.74	\$1,086,188.78
6	\$1,053,749.89	\$56,068.71	\$115,514.22	\$0.00	\$1,225,332.83	\$68,302.34	\$68,302.34	\$1,157,030.48
7	\$1,085,362.39	\$57,750.77	\$118,979.65	\$0.00	\$1,262,092.81	\$70,351.41	\$70,351.41	\$1,191,741.40
8	\$1,117,923.26	\$59,483.30	\$122,549.04	\$0.00	\$1,299,955.60	\$72,461.95	\$72,461.95	\$1,227,493.64
9	\$1,151,460.96	\$61,267.80	\$126,225.51	\$0.00	\$1,338,954.26	\$16,111.04	\$16,111.04	\$1,322,843.23
10	\$1,186,004.79	\$63,105.83	\$130,012.27	\$0.00	\$1,379,122.89	\$16,594.37	\$16,594.37	\$1,362,528.52
11	\$1,221,584.93	\$64,999.00		\$0.00	\$1,286,583.94	\$0.00	\$0.00	\$1,286,583.94
12	\$1,258,232.48	\$66,948.97		\$0.00	\$1,325,181.46	\$0.00	\$0.00	\$1,325,181.46
13	\$1,295,979.46	\$68,957.44		\$0.00	\$1,364,936.90	\$0.00	\$0.00	\$1,364,936.90
14	\$1,334,858.84	\$71,026.17		\$0.00	\$1,405,885.01	\$0.00	\$0.00	\$1,405,885.01
15	\$1,374,904.60	\$73,156.95		\$0.00	\$1,448,061.56	\$0.00	\$0.00	\$1,448,061.56