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REQUEST FOR PROPOSALS #069-17
UMS Master Lease Financing Services
RESPONSE ADDENDUM #1
April 18, 2017

This addendum responds to initial questions submitted by vendors.

- The University of Maine
- University of Maine
at Augusta
- University of Maine
at Farmington
- University of Maine
at Fort Kent
- University of Maine
at Machias
- University of Maine
at Presque Isle
- University of
Southern Maine
- Q1. What is the historical yearly volume under master lease in the past 5 years?
- A1. *The University currently does not have a standing Master Lease with any financial firm however has utilized individual capital leases in the past. This Master Lease Contract will provide the University System a tool for acquiring planned and unplanned Capital Equipment needs with pre-negotiated terms and conditions and fixed basis point markup.*
- Q2. What is the breakdown of leased assets based on the 3, 4, 5, 7, & 10 year terms?
- A2. *This information is not available at this time.*
- Q3. Is there a budget for leased assets for this or next calendar year?
- A3. *The University System is unable to commit a set budget each year. The Master Lease Financing Services will provide each of the seven (7) campuses that make up the University of Maine System an additional financing tool for acquiring capital equipment.*
- The University of Maine System may use the Master Lease Financing Services for acquiring Capital Equipment that includes, but not limited to, motor vehicles, heavy equipment, furniture for dorms, grounds equipment, non-CDL and CDL passenger buses, and other equipment.*
- Q4. Is Section 1.1.4 it asks for rates based on the H15 publication, the H15 is no longer published, the interest rate swaps index remains available from the original information source, ICE (Intercontinental Exchange, Inc.) Benchmark Administration, can we this ICE publication for swap rates (<https://www.theice.com/marketdata/reprots/180>) by selecting "USD Rates 1100"?)
- A4. *The University will accept alternative index(s) however the rate Base Point(s) above Index shall remain firm and rates shall be fixed for each individual schedule with the \$1 buyout. Responses shall indicate the source of the index rate if different from the H15 publication.*

- Q5. On page 25 of 60, for pricing it asks banks to use the “Treasury Constant Maturities”, we use the “Average Life Swap Rate” instead which is safer in longer term contracts, can we use the Average Life Swaps instead of Constant Maturities?
- A5. *See A4.*
- Q6. Is the University of Maine System open to evaluating asset renewal leasing programs for some of your equipment that has a shorter useful life (computer equipment)?
- A6. *The University, at this time, is not seeking an asset renewal leasing program.*
- Q7. Section 1.2 1.2 (a) – Would the University consider indemnifying the Lessor?
- A7. *No, the University will not consider indemnifying the Lessor.*
- Q8. Appendix E – Contract for Services – Non-Appropriation – In the event of non-appropriation, the Lessor would expect the Lessee to deliver possession of the Property. This was not included in the Contract provision, is the University willing to include?
- A8. *Yes, the University would consider including this in the Contract depending on the return destination.*
- Q9. Appendix E – Contract for Services – Termination – Would the University be willing to strike this provision from the Contract?
- A9. *No, the University would not be willing to strike this provision from the Contract.*
- Q10. Could the Respondent provide sample TELP (Tax-exempt Equipment Lease Purchase) documentation with their response?
- A10. *Respondents are allowed to submit alternative solutions that meets the overall Scope of Work of the RFP. Alternative solutions are to be identified and are required to meet the University’s tax exempt status.*
- Q11. Does the University currently have a Master Lease arrangement in place (or similar agreement) that is available or being utilized?
- A11. *See A1.*
- Q12. Please provide an approximate dollar amount of the planned Capital Expenditures for each campus and any examples of Equipment types which are considered within those expenditures.
- A12. *See A3.*
- Q13. Regarding the annual Appropriation of funds to meet the rental payments due under the Master Lease, please provide a description of

this process as it relates to this proposed Agreement, both at the University approval level and the State of Maine legislature.

A13. *The University is funded through annual Appropriation from the State of Maine; however, the majority of the funding comes from other sources such as student charges (tuition, fees, room & board), private giving, etc. As part of the budgeting process, the University Accounting Department calculates the annual amount of debt service and requires that sufficient funding (from all sources) is available at each University to meet these financial commitments.*

Q14. Please provide an estimate of the utilization of the Master Lease arrangement by time period if one exists (i.e. year 1, 2 & 3).

A14. *See A1.*

Q15. Will the University consider a minimum dollar amount of an individual Lease schedule greater than \$5,000? (See section 1.1.4 page 7 of the RFP).

A15. *Respondents are allowed to submit alternative minimum dollar amount of an individual lease schedule however the University reserves the right to determine if the alternative minimum dollar amount is in the best interest of the University.*

Q16. Will the University consider an alternative pricing index to the Federal Reserve Publication H.15?

A16. *See A4.*

Q17. Regarding location, can you confirm the Equipment will be on the premise, or in the case of vehicles - garaged, on one of the seven (7) University campus at all times during the Lease arrangement.

A17. *The primary location of equipment will be at either of the seven (7) campuses or one of the University's satellite locations. In regards for motor vehicles the University does utilize them for business travel between campuses and off-site locations however they are primarily kept at one of the University's campuses or satellite locations. Motor vehicles are not garaged and are parked in the designated parking lot.*

Q18. On page 33 of the RFP, a requirement to provide an option to "piggyback" various Terms and Conditions of this Master lease is requested. Are those entities, The Community College System and Maine Maritime Academy (and others) to be documented as part of University obligation under the Master Lease Agreement.

A18. *No, if the Community College System and / or Maine Maritime Academy requests to utilize this contract they will be required to enter into agreement with the awarded financial firm under a separate Master Lease Agreement.*

Q19. Does the University consider all of the Equipment to be placed under the Master Lease Agreement to be of "essential use" for the support and operation of their facilities and will the University be willing to provide an Opinion of Counsel to that effect?

A19. *The University is willing to provide an appropriate opinion of Counsel.*

Q20. Does the University foresee any situation or circumstances where any unit of Equipment could be returned prior to the end of a scheduled Lease Term?

A20. *Non-appropriation would be one circumstance.*

Q21. Will all the Equipment to be acquired under the Master Lease Agreement be new and unused? And, when certain Vendors may require advance payments or deposits – does the University plan to make those payments and seek reimbursement after the full cost is paid.

A21. *The University would prefer to have the flexibility / option to utilize the Master Lease Agreement in acquiring new / unused equipment as well as new-used equipment. The University would prefer to have the flexibility / option to seek reimbursement after the full cost is paid.*

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