

REQUEST FOR PROPOSALS #2024-062
University Financing Services
RESPONSE ADDENDUM #1
April 26, 2024

CLARIFICATION

The University is updating the timeline for this RFP as follows:

| Reference Section | Event Name | Event Due Date |
|-------------------|--|---|
| Section 1.2.2 | Deadline for Written Inquiries/Questions | April 12, 2024 |
| Section 1.2.2 | Response to Written Inquiries/Questions (subject to change) | April 26, 2024 |
| Section 1.2.2 | Deadline for Proposal Submission | May 20, 2024 |
| Section 1.3.8 | Estimated Respondent Presentation Date (subject to change) | To be determined |
| Section 2.2 | Award Announcement (subject to change) | June 3, 2024 (Subject to Board Approval) |
| | Estimated Agreement Start Date (subject to change) | July 15, 2024 (Subject to Board Approval) |

QUESTIONS

Q1: What is the estimated volume (energy equipment v. traditional equipment) to be financed under the Master Lease?

A1:

Please see response to Q9.

With regard to energy financing, the University of Maine (UM) anticipates energy equipment of \$2.3 million in the fall of 2024. Also, UM mentions an additional potential energy project but with no estimate or timeline in Q7. Further, the University of Maine at Augusta (UMA) mentions a potential \$500 thousand for ESPC in FY25 or FY26 in the response to Q7. No other energy projects were mentioned by the campuses at this time. With regard to other equipment, please see Q7.

Q2: Section 1.2.1.1 of the RFP indicates there is a Master Agreement attached as Appendix D. It is noted that there is no Master Agreement attached. Should such an Agreement have been attached? Appendix D is a Reference Form.

A2:

The University will agree to use the awarded vendor's preferred financing agreement with mutually agreed upon terms and conditions. The RFP should not have referenced a University Master Agreement.

Q3: Appendix F requests that respondents attach a sample financing agreement. Please confirm that the lender should provide a sample financing agreement.

A3:

In reviewing your question, we noted that we overlooked referencing Appendix F in the Table of Contents; however, yes, please provide a sample financing agreement.

Q4: Is the University willing to name the lender as loss payee on casualty insurance?

A4:

The University is working to provide an answer to this question and will post in a future Addendum as soon as possible.

Q5: Please clarify Appendix F, Additional Legal Requirements #2. Will the University permit fixture filings on equipment financed under an energy performance contract?

A5:

The University is willing to permit fixture filings on equipment financed under an energy performance contract with advanced notice and the University's written approval.

Q6: What is the length of the Master Lease agreement?

A6:

We anticipate the Agreement being in place for 5 years with the possibility of 5 additional years of extensions.

Q7: Are there any specific projects identified? If so, please provide location details/scope of work/approximate dollar amount.

A7:

UM has an approved project for an Energy Services Performance Contract (ESPC) for their Orono campus for up to \$2.3 million. The University of Maine System (UMS) intends to fund project costs with operating funds until all project funds are nearly spent and then seek financing to reimburse the operating fund. We estimate that financing will occur around October 2024 based on UM's projected cash flows.

In addition to the ESPC financing need for this coming fall, UM indicates that they are in the early stages of actively exploring additional ESPC projects. They estimate that the work and associated financing will be in calendar year 2025 or 2026. They do not have an estimate of the potential financing need. Depending on the funding need and financing costs and/or if the need is too significant for banks to finance, UMS could potentially issue revenue bonds for such projects.

UMA has a few items that they may want to finance in the coming years:

- \$75,000 annually for vehicle replacements. They plan to replace one vehicle on each of their two campuses each year.
- \$500,000 estimated for ESPC. They are considering additional charging stations and solar panels on both the Augusta and Bangor Campuses; FY25 or FY26.
- \$750,000 recording studio on the Augusta Campus; FY25 or FY26.

The University of Southern Maine (USM) does not have any specific projects planned where they anticipate using this financing. In the next year or two they may finance another vehicle purchase but they do not have a solid plan right now.

Q8: Can you provide an approximate number of schedules per year??

A8:

Please see the response to Q11.

Q9: Can you confirm the total annual dollar amount we'd need to have available for the program?

A9:

Needs vary every year and we are unable to provide a certain anticipated financing dollar amount; however we know that UM will need up to \$2.3 million in calendar year 2024 as referenced in our response to Q1 & Q7. The spreadsheet referenced in our response to Q11 provides our history of borrowing under our current Master Lease Agreement & ESCO addendum in case it is helpful.

Q10: Can pricing be renewed every 6-months or annually throughout the term of the Master Lease program?

A10:

We prefer clarity in pricing (e.g., pricing off an index) so that we are able to understand where rates are pricing when we anticipate financing. Keeping pricing the same for as long as possible would help with clarity/budgeting but we will consider all responses.

Q11: Are you able to provide a listing of historical fundings with details such as deal size, term, equipment, rate, prepay activity if any, etc.

A11:

Please see RFP 2024-062 Attachment A containing a summary of the lease schedules associated with our current master agreement.

Q12: Can you share who the incumbent lessor is?

A12:

Banc of America Public Capital Corp

Q13: Can you share the names of any ESCO's UMS has previously done projects with?

A13:

Honeywell International Inc., a Delaware Corp, having an office in Westbrook, ME – financing anticipated in the fall of 2024 for up to \$2.3 million

Trane U.S. Inc, of Westbrook, ME - related financing contract entered into November 2022 for the University of Maine at Farmington for \$11 million

Trane U.S. Inc, of Westbrook, ME – related financing contract entered into May 2020 for the University of Southern Maine - \$805 thousand