COUNTY OF FLUVANNA, VIRGINIA
Request for Proposals (RFP) #2017-04
Taxable Qualified Energy Conservation Bond (Direct Pay)
or Bank Qualified Tax-exempt Equipment Lease/Purchase Financing

ADDENDUM # 1:

Reference – Request for Proposal:	RFP #2017-04
Title of Request for Proposal:	Taxable Qualified Energy Conservation Bond (Direct Pay) or Bank Qualified Tax-exempt Equipment Lease/Purchase Financing
Issue Date:	December 15, 2016
Bid Due Date and Time:	January 6, 2017 at 2pm

The following are clarifications from questions received that supplement RFP #2017-04 Taxable Qualified Energy Conservation Bond (Direct Pay) or Bank Qualified Tax-exempt Equipment Lease/Purchase Financing:

1. Company data security policy no longer allows for confidential or prospective client information to be provided on removable media. May this requirement be waived?

    - **The County has requested responses by hand delivery or mail with one electronic copy on CD, DVD, or thumb drive. The County does not anticipate that there would be any confidential information in any response as any resulting financing will be public, and the solicitation was public (see FOIA, etc.) To the extent any offerors internal policies do not allow the offeror to provide an electronic copy, the offeror may submit two hand-delivered or two mailed responses in lieu of providing the electronic copy along with a written statement indicating why the electronic copy was not provided.**

2. Do anticipated savings cover expected 15yr Debt Service?

    - **Yes, see attached Exhibit A. In years 2018 and 2023-2032, the debt service is covered by the energy and operational savings. Based on the preliminary cash flow analysis provided by Trane, there would have to be a $445-$47,577 County contribution between years 2019-2022. This cash flow analysis was provided by Trane based on**

Financing Option #1 – Taxable Qualified Energy Conservation Bond (Direct Pay) through the Virginia Saves Green Community Program:

i. **Contract cost: $7,707,098**
ii. **Effective interest rate: 1.00%**
iii. **Term: 15 Years**

3. If available, please provide a draft copy of the anticipated ESCo Contract.

   - **A draft contract is not available at this time.**

4. What is the County's expected timeline to return to compliance with their Debt Service to General Governmental Ratio Policy?

   - **Based on the County's Governmental Fund Revenues from the CAFR (Comprehensive Annual Financial Report) for Fiscal Ending June 30, 2016 and maintaining current long term debt obligation levels, the County would come into compliance with the Debt Service Limitations Ratio in 2028.**

5. We understand that the Scope of Work and detailed cash flows are not yet available for review. Please advise of the County's primary goals for this project.

   - **See attached Exhibit A for preliminary cash flows. This project will enable the County to get a jump start on upgrading some of the aging equipment in its government and school buildings; providing for long term energy and operational cost savings; allowing for better facilities for its citizens, employees and students with upgrades to HVAC, controls, lighting, etc.**

6. What is the primary source of funds for repayment of the financing?

   - **Existing General Fund expenditure energy and operational cost savings will be the primary source for repayment. Based upon preliminary estimates, differentials in the savings and debt service costs will be covered by General Fund revenues.**

7. Our company's current data security policy prohibits the transmission of client or prospective client information via removable electronic device. Would it be permissible to submit via encrypted email instead of CD, DVD or flash drive?

   - **The County has requested responses by hand delivery or mail with one electronic copy on CD, DVD, or thumb drive. The County does not anticipate that there would be any confidential information in any response as any resulting financing will be public, and the solicitation was public (see FOIA, etc.) To the extent any offerors internal policies**

do not allow the offeror to provide an electronic copy, the offeror may submit two hand-delivered or two mailed responses in lieu of providing the electronic copy along with a written statement indicating why the electronic copy was not provided.

8. The RFP asks that the financing rate is held until February 28, 2017. Please let us know if an interest rate index is acceptable to the County?

    - **The County strongly prefers a fixed rate bid held until closing.**

9. Please provide bid results from RFP #2017-01 from September 2016.

    - **See attached Exhibit B**

***One note of additional information, the County presented the FY16 Comprehensive Annual Financial Report (CAFR) to its Board of Supervisors on 12/20/16. The new CAFR can be found on the County website at: http://fluvannacounty.org/services/finance/reports**

****Note: A signed acknowledgment of this addendum must be received at the location indicated on the RFP either prior to the bid due date and hour or attached to your bid. Signature on this addendum does not substitute for your signature on the original bid document. The original bid document must be signed.**

Very truly yours,

Cyndi Toler, Purchasing Officer
Fluvanna County, Virginia
132 Main Street
Palmyra, VA 22963
(434) 591-1930

Name of Firm: _____

BY:_____

Signature of duly authorized representative

Title:_____

Date:_____

Exhibit A

Fluvanna County Schools Cash Flow Analysis

Trane Contract Cost	**$7,707,098**		
Financed Project Cost	**$7,707,098**	Annual Utility Rate Increase	3%
Rate of Financing	1.00%	Annual Operational Savings Increase	3%
Term of Financing	15	Service and M&V Cost Increase	3%

	Construction	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Totals
Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	
Project Savings																	
Energy Savings	98,081	490,405	505,117	520,271	535,879	551,955	568,514	585,570	603,137	621,231	639,868	659,064	678,836	699,201	720,177	741,782	9,219,087
Lighting Operational Savings		17,078	17,590	18,118	18,661	19,221	19,798	20,392	21,004	21,634	22,283						195,778
Controls & HVAC Operational Savings		10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048						114,639
Lighting Rebate		**74,792**															74,792
Customer Contribution			47,577	32,329	16,623	445											
Total Project Savings	98,081	592,275	580,585	581,327	582,090	582,877	599,905	617,902	636,439	655,532	675,198	659,064	678,836	699,201	720,177	741,782	9,603,189
Net Cash Available to Fund Project		592,275	580,585	581,327	582,090	582,877	599,905	617,902	636,439	655,532	675,198	659,064	678,836	699,201	720,177	741,782	9,603,189
Project Cost																	
M&V		-	24,720	25,462	26,225	27,012	27,823	28,657	29,517	30,402	31,315	32,254	33,222	34,218	35,245	36,302	422,374
Principal		478,794	483,582	488,418	493,302	498,235	503,217	508,250	513,332	518,465	523,650	528,886	534,175	539,517	544,912	550,361	7,707,098
Interest		77,071	72,283	67,447	62,563	57,630	52,648	47,615	42,533	37,400	32,215	26,979	21,690	16,348	10,953	5,504	630,878
Total Payment		555,865	580,585	581,327	582,090	582,877	583,688	584,522	585,382	586,267	587,180	588,119	589,087	590,083	591,110	592,167	8,760,349
Total Project Cost		555,865	580,585	581,327	582,090	582,877	583,688	584,522	585,382	586,267	587,180	588,119	589,087	590,083	591,110	592,167	8,760,349
Net Annual Cash Flow	98,081	36,410	-	-	-	-	16,217	33,380	51,057	69,265	88,019	70,945	89,749	109,117	129,067	149,615	940,921
Cumulative Net Ann Cash Flow	98,081	134,491	134,491	134,491	134,491	134,491	150,708	184,088	235,145	304,410	392,428	463,373	553,122	662,239	791,306	940,921	940,921
Cumulative Net Ann Cash Flow (Less Construction Savings)		36,410	36,410	36,410	36,410	36,410	52,627	86,007	137,064	206,329	294,347	365,292	455,041	564,158	693,225	842,840	842,840

1. This proforma is not an offer to extend credit. That can be done only by a third party lender. Rates used are indicative only.
2. **Proforma is for discussion purposes only.**
3. Year 1 M&V cost is included in the Trane contract
4. This model assumes the customer is going to pay for M&V in years 2-15.
5. Construction period savings are indicated in year 0 and are estimates only, and are not guaranteed.

Exhibit B

Fluvanna County
Bank Proposals Comparison
Proceeds Requested: $8,220,184
Proposal due date 9/28/2016

	1a TD Equipment[2] 7 Yrs	1b TD Equipment[2] 7 Yrs YM Call[1]	1c TD Equipment[2] 10 Yrs	1d TD Equipment[2] 10 Yrs YM Call[1]	2a Bank of America Public Capital 7 Yrs	2b Bank of America Public Capital 10 Yrs	US Bancorp[2] 7 Yrs	US Bancorp[2] 10 Yrs	PNC 7 Yrs [2]	Pinnacle 7 Yrs	Pinnacle 10 Yrs
Interest Rate	1.44%	1.34%	1.63%	1.52%	1.51%	1.67%	1.593%	1.814%	1.73%	2.03%	2.09%
Interest Rate Mode	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
Bank Qualified	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	N/A
Acceptance Date	10/11/2016	10/11/2016	10/11/2016	10/11/2016	10/6/2016	10/6/2016	N/A	N/A		N/A	N/A
Commitment expires	10/27/2016	10/27/2016	10/27/2016	10/27/2016	10/27/2016	10/27/2016	11/16/2016	11/16/2016	11/3/2016	10/31/2016	10/31/2016
Maximum Amount of Borrowing	$8,221,627	$8,221,627	$8,221,627	$8,221,627	$8,230,000	$8,230,000	$8,230,000	$8,230,000	$8,220,184	$8,230,000	$8,230,000
Estimated Issuance Costs	$15,500	$15,500	$15,500	$15,500	$15,500	$15,500	$15,500	$15,500	$15,500	$15,500	$15,500
Bank/Escrow Fees (Maximum)	$1,000	$1,000	$1,000	$1,000	$0	$0	$0	$0	$250	$0	$0
Proceeds available for payoff and project	$8,205,127	$8,205,127	$8,205,127	$8,205,127	$8,214,500	$8,214,500	$8,214,500	$8,214,500	$8,204,434	$8,214,500	$8,214,500
First Interest Payment Date	9/1/2017	9/1/2017	9/1/2017	9/1/2017	3/1/2017	3/1/2017	9/1/2017	9/1/2017	9/1/2017	9/1/2017	9/1/2017
Final Maturity Date	9/1/2023	9/1/2023	9/1/2026	9/1/2026	9/1/2023	9/1/2026	9/1/2023	9/1/2026	9/1/2023	9/1/2023	9/1/2026
Average Fiscal Year Debt Service	$1,240,768	$1,236,088	$895,932	$890,818	$1,237,294	$892,509	$1,247,679	$904,262	$1,254,171	$1,268,731	$917,537
Total Debt Service	$8,685,377	$8,652,615	$8,959,322	$8,908,184	$8,703,812	$8,972,363	$8,733,746	$9,042,613	$8,779,197	$8,881,120	$9,175,364
True Interest Cost	1.44%	1.34%	1.63%	1.52%	1.51%	1.67%	1.59%	1.813%	1.73%	2.04%	2.09%
All-Inclusive Cost	**1.49%**	**1.39%**	**1.67%**	**1.56%**	**1.56%**	**1.71%**	**1.64%**	**1.85%**	**1.78%**	**2.09%**	**2.13%**
Escrow Account Required?	No	No	No	No	No	No	Yes	Yes	Yes	No	No
Security	Security interest in equipment. Municipal Lease Purchase, Best Efforts to include payments in budget requests. Triple Net Lease.	Security intereest in equipment. Municipal Lease Purchase, Best Efforts to include payments in budget requests. Triple Net Lease.	Security interest in equipment. Municipal Lease Purchase, Best Efforts to include payments in budget requests. Triple Net Lease.	Security interest in equipment. Municipal Lease Purchase, Best Efforts to include payments in budget requests. Triple Net Lease.	Security interest in equipment. Municipal Lease. Best efforts appropriation. Net financial lease. Security interest in existing system until completion of new system	Security interest in equipment. Municipal Lease. Best efforts appropriation. Net financial lease. Security interest in existing system until completion of new system	Security interest in equipment Master Tax-Exempt Lease/Purchase Agreement. Triple net lease.	Security interest in equipment Master Tax-Exempt Lease/Purchase Agreement. Triple net lease.	Security interest in equipment	Municipal Lease Purchase subject to annual appropriation	Municipal Lease Purchase subject to annual appropriation
Call Provision	Prepayable at 101% after 1 year	Prepayable after 1 year at the greater of 101% or Yield Maintenance Fee	Prepayable at 101% after 1 year	Prepayable after 1 year at the greater of 101% or Yield Maintenance Fee	Prepayable in whole at Par on Payment Date after 3.5 years	Prepayable in whole at Par on Payment Date after 5 years	Prepayable on any payment date at the lower of Make Whole Call or 103%	Prepayable on any payment date at the lower of Make Whole Call or 103%	Prepayable in 2 years on payment date plus 3% termination	Prepayable in whole at anytime at 100% of the remaining balance plus accrued interest	Prepayable in whole at anytime at 100% of the remaining balance plus accrued interest
Ongoing Disclosure	Not Addressed	Not Addressed	Not Addressed	Not Addressed	Not Addressed	Not Addressed	Not Addressed	Not Addressed	Not Addressed	Financials provided within 210 days of end of fiscal year	Financials provided within 210 days of end of fiscal year

[1] *w/ Yield Maintenance Fee on prepayment*
[2] *Subject to credit review*