

MARYLAND STATE TREASURER'S OFFICE

**QUESTIONS AND ANSWERS
FOR IFB FOR 2021 MASTER EQUIPMENT
LEASE-PURCHASE FINANCING, IFB #MEL-04272021**

May 11, 2021

1. Can you confirm if first funding is June 16th from page 1, Section 1, or June 29 as listed on page 2, Section 1.6 Schedules of Events – “closing of first schedule”?

Answer: Closing of the first takedown is June 29, 2021. The First Amendment to the IFB has been posted to address the correction of this date.

2. What would cause the State to consider doing a schedule not on the quarterly cycle?

Answer: In the event an Agency had an immediate need, the State would consider doing an additional takedown outside the quarterly cycle.

3. Does the State anticipate funding modular buildings? What assets in D-1 (Page 39) would this consist of?

Answer: The State has not received any requests to lease a modular building, but it is possible that such a request could be made in the future.

4. Can the State provide which expected equipment maps to each expected amort schedule on page 25?

Answer: Please see answer to question number 12 of this document.

5. Are the 12- and 15-year terms for Modular Buildings only? Do all term options need to be included?

Answer: The 12- and 15-year terms are not solely for modular buildings. These lease terms are for equipment that have a useful life equal to or greater than the term of the lease. All term options must be included in the bid.

6. Can the State please provide a high-level overview of the Fare Collection System?

Answer: The Future Fare System (FFS) will make paying for transit more convenient for customers in Maryland and the surrounding areas. The core objective of this project is to implement a next-generation, multimodal fare collection system that drives customer adoption, reduces fare collection costs, increases revenue, and improves fare collection operations. Today, operators accept a wide variety of fares. FFS is designed to incorporate leading edge electronic payment technologies to provide a more efficient and secure fare collection system. Examples of equipment that may be leased for the incorporation of FFS are as follows:

- Simplified bus fareboxes
- Stand-alone validators on buses and rail

- Ticket Vending Machines at Metro subway stations and Light Rail platforms
- Bi-directional faregates (improved fare evasion deterrence)
- Fare inspection devices
- Other hardware

7. Could we have more detail provided for the \$22 million request for Fare Collection System?

Answer: Please see answer to question number 6 of this document.

8. What term does the State anticipate financing the Fare Collection System assets over?

Answer: The Future Fare System is expected to be leased over 10- and 12-year terms.

9. What assets, if any, on the list would the State anticipate financing over 15 years? 12? 10?

Answer: The State anticipates financing the Future Fare System over 10- and 12-year terms. The State could finance other large industrial equipment, modular buildings, HVAC equipment, etc. over a 15-year term, as long as the lease term does not exceed the useful life of the equipment.

10. Will an escrow account be required for funding the Toll Project before completion, or will funding occur after completion?

Answer: The State does not anticipate using an escrow account at this time.

11. In regards to the Toll project, will the state be getting a Performance Bond and what is expected construction time

Answer: MDOT will be securing a performance bond. Construction is expected to take 2-3 years.

12. What equipment do you expect to lease over the 3, 5, 7, 10, 12- and 15-year terms?

Answer: Please see the State’s anticipated terms for various equipment on Appendix D-1.

<u>Type of Equipment</u>	<u>Anticipated Lease Term</u>
Lab Equipment	3-10
Computer Equipment	3-5
Furniture	3-5
Security Equipment	3-5
Dietary Equipment	3-7
Future Fare System	10-12
Misc. Equipment	3-15
Production Equipment	3-5
Specialty Vehicles	3-5

The Treasurer’s Office surveyed State Agencies prior to the release of this IFB, but there is no assurance that this estimate of lease activity will reflect the actual amount of activity. The Treasurer’s Office expects that \$35 million will be sufficient to meet the State’s capital lease

financing needs through June 30, 2023. To the extent it is not, the Treasurer's Office will do a separate procurement to meet any additional needs.

13. Is the anticipation that the 3 and 5 year equipment will fund to one schedule or two? To further clarify, during the quarterly takedowns, is the anticipation to fund all respective terms to one schedule or multiple?

Answer: The State is requiring separate amortization schedules for each term and each request. Please see appendix D-2. The State anticipates that this initial takedown will have five amortization schedules initiating five leases associated with the first takedown.

14. Can we have a breakdown of term requested for each equipment type?

Answer: Please see State's answer to question number 12 of this document.

15. Can pricing be renewed annually?

Answer: No. Pricing is set at time of bid. Pursuant to IFB #MEL_04272021 Section 3.2.1 On each June 30 during the Lease Term, each of the State and the Lessee shall have the right to terminate the Master Lease by providing at least 120 days prior written notice to the other party.

16. Amount not to exceed \$35MM. Is there a floor amount?

Answer: No. Pursuant to IFB #MEL_04272021 Section 2.14 - No Guarantee of Work. No lessor is guaranteed any minimum amount of work or compensation. Please see section 3.1 of the IFB to review the State's equipment lease-purchase financings history and appendix D-2 which shows the intended first takedown summary of equipment schedules.

17. Will State allow for replacement index to Libor to be included in the proposal to avoid negotiation at the time Libor is terminated or is the intention to use the like term Swap Index or other public index?

Answer: The State will not enter into a discussion about index replacement at this time. Pursuant to IFB #MEL_04272021 Section 3.4.5 it is the intention of the State that an all-in interest rate based on the replacement index will be substantially equivalent to the all-in LIBOR-based interest rate in effect prior to its replacement. Notwithstanding the foregoing, if the parties are unable to agree to a replacement index and any related adjustments within thirty (30) days from the date of any LIBOR Termination Date (or such later date as may be agreed to by the Lessor and the Lessee) despite engaging in good faith negotiations, then the State may immediately terminate the Lease upon written notice to the Lessor.

18. Pursuant to section 28 of MLA, confirming the State can terminate this agreement at any time for convenience? Has the State ever terminated other Lease Agreements for convenience?

Answer: Section 28 of the Master Lease Agreement, as stated in the IFB #MEL_04272021, allows the Lessee to terminate if it is in its best interest; however, this clause shall not be deemed to permit termination by Lessee of any Lease Term of existing Equipment Schedules. The State has never delayed or cancelled the closing on a lease-purchase financing, with the exception of one lease closing that was delayed due to snowstorms in February of 2010.