

**THE UNIVERSITY OF ARIZONA®**

**Procurement and Contracting Services**

**Request for Proposals for a Master Lease Agreement**

Please mark all proposal submission envelopes with the following information

**Sealed RFP # L051007**

**Closing on August 20, 2009 at 2:00 PM, MST**



## **Lease Purchase Master Agreement**

The University of Arizona, a land grant institution of the State of Arizona, is ranked 23<sup>rd</sup> among all public research universities in the country by The National Science Foundation. The University was one of the original Carnegie research I institutions. In 1985, the University was elected to membership in the Association of American Universities, a prestigious group limited to North America's preeminent public and private research universities. The research programs at the University have particular strength in the life sciences, including medicine, pharmacy, nursing and agriculture, and the physical sciences, including astronomy, planetary sciences, chemistry and physics. Moreover, a large number of interdisciplinary programs are currently in place, crossing technological and intellectual boundaries to provide leading edge studies in a variety of areas. [For example, productive interdisciplinary programs in Global Change, Remote Sensing, Surface Science, Materials Science, Cancer Biology, Neuroscience, Genetics, Biotechnology, Valley Fever and Insect Science are in place and developing new insights and technologies.] The University business college (Eller College of Management) ranks 15<sup>th</sup> among public business schools by U.S. News and World Report. The college offers nationally ranked programs in Management Information Systems (4<sup>th</sup>), Entrepreneurship (5<sup>th</sup>), Supply Chain Management and Logistics (15<sup>th</sup>). U.S. News and World Report current survey also ranked the University's graduate program in Industrial Engineering at 19<sup>th</sup>, Graduate Program in Electrical Engineering at 33<sup>rd</sup> and Computer Engineering Program 44<sup>th</sup> nationally.

The University serves 37,217 students through 16 colleges offering 346 degree programs. The academic programs are supported by 2,291 faculty member and 1,271 graduate teaching and research assistants and associates. The University employed 11,935 individuals to support the campus and its' business operation. In Fiscal Year 2007-08, the University's revenues and additions totaled \$1.5 billion. The University's revenues are diverse and comprised of the following; tuition \$231.5 million (15.9%), state appropriation \$430.9 million (29.5%), state share sales tax \$28.4 million (1.9%), Federal government grants and contracts \$355 million (24.3%), state and local grants and contracts \$24 million (1.6%), other grants and contracts \$28 million (1.9%), private gifts \$136.1 million (9.3%), sales and services \$25.8 million (1.8%), auxiliary enterprises \$154.1 million (10.6%), and other revenues \$45.3 million (3.1%). FY2007-08 expenses totaled \$1.4 billion. The University of Arizona credit ratings for system revenue bonds are AA (S&P) and Aa3 (Moody's), and Certificates of Participation are AA- (S&P) and A1 (Moody's). The University's most current audited financial statements (FY 2007-2008) are available at the following link: [http://www.fso.arizona.edu/annual\\_reports/2008.pdf](http://www.fso.arizona.edu/annual_reports/2008.pdf).

### **Scope.**

The University of Arizona is seeking proposals for a master personal property lease purchase agreement, with one or more financial institutions, for both tax-exempt and taxable lease purchase financing obligations to facilitate its purchases of equipment, machines, furniture, software or vehicles and other personal property for various uses, including information technology, research, telecommunications, administration,

business and other functions necessary to support the University's operations and mission of education, research and outreach.

The Master Agreement shall contain the business terms and conditions that govern each individual lease purchase. The University is not requesting interest rates or formulas to determine interest rates at this time. Solicitations for interest rates shall be issued, to the successful financial institutions, for each individual installment purchase.

The individual lease terms for installment purchase payments shall be for purchases of a minimum of \$50,000 (in aggregate) or more. A lease purchase may include capitalizable expenses i.e., professional installation and configuration. The maturity of a lease purchase shall not exceed the useful life of the asset. Also, the University may pay a portion of the purchase price of the personal property prior to financing, in which case the interest rate would be based upon the amount to be financed rather than the purchase price. The leases shall not be used for refinancing University personal property.

The responding vendors (Lessors) may submit their own forms of master lease agreements, schedules and exhibits for the transactions contemplated herein, subject to the University's required terms & conditions, below, and satisfaction. The University reserves the right to reject any forms, or portions thereof, submitted by any vendor.

### **Coverage and Participation.**

The intended coverage of this RFP, and any Agreement resulting from this solicitation shall be for the use of all Departments at the University of Arizona. The other State Universities, Arizona State University (ASU) and Northern Arizona University (NAU), along with Pima Community College (PCC) and any other educational institution in Arizona, may access an Agreement resulting from this solicitation issued and administered by the University of Arizona.

### **Required Information.**

The responding vendors (Lessors) must respond to the following questions in specific detail:

1. Describe your firm and detail its experience in providing capital lease purchase financing.
2. Provide the following information for the firm's staff who will be directly involved in working with the University on lease purchases; their name(s), position(s), qualification(s), telephone and facsimile number(s), and e-mail address(es).
3. Furnish three (3) references with your proposal, preferably from other public higher education institutions.

4. Does your firm sell lease purchase agreements to other financial institutions? If so, what process or procedure does your firm have to ensure continuing good customer service to the existing lessee, e.g. consistent account number, billing, etc?

**Required Terms & Conditions.**

1. Lease of the Property. University will receive title to the personal property, subject to the Lessor's security interest described herein below.
2. Personal Property Vendor. University desires to maintain its credit rating. As such, Lessor agrees to pay University's obligation to the seller of the personal property within two (2) working days of the effective date of the particular lease.
3. No Indebtedness Created. The lease payments shall constitute a current expense of the University and shall not in any way be construed to be a debt of the University or the State of Arizona in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by the State or its agencies and instrumentalities; nor shall the lease constitute a pledge of the general tax revenues, funds or monies of the State or the University.
4. Title; Security Interest; Recording Documents. Legal title to the personal property shall be vested in the University on the effective date of the lease and shall continue through the lease term. Lessor shall obtain on the lease date a security interest constituting a first lien on the personal property and on replacement and repairs to the property until such time as the University's obligations with respect to the property are paid in full. Lessor may file or record any part of all of the lease or financing statements to evidence or protect Lessor's security interest in the personal property. At Lessor's request the University shall join Lessor in executing such financing statements.
5. The Property Is Personal Property. The property is and shall remain personal property and shall not be deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that the property or any part thereof may be or hereinafter become in any manner physically affixed or attached to real state or any building thereon.
6. Return of Property if the University Terminates. Upon the termination of the lease caused by the University's event of default, the right of possession and legal title to the personal property shall pass to Lessor.
7. Remedies upon Default; Return of Title to Lessor. If the University defaults, Lessor may at its option do any or all of the following:
  - a. Terminate the lease by providing written notice to the University.
  - b. Take possession of the personal property wherever situated with five (5) business days' written notice before entering the premises and on Lessor taking

possession of the personal property, legal title to the property automatically, without the execution of any other document, passes to Lessor

c. Exercise any remedies as are legally available to a secured party pursuant to Chapter 9 of the Uniform Commercial Code as in effect in the State, A.R.S. § 47-9101 , et seq.

8. Termination Due to Non-availability of Funds. Each payment obligation of the University created by the lease is conditioned upon the availability of State of Arizona appropriated funds. If funds are not appropriated or are not otherwise available for the continuance of the function performed by any portion of all of the personal property, the lease term for (a) such portion of the property, including any other portion of the property directly or indirectly involved in the performance of the function of such portion of the property, or (b) all the property, may be terminated by the University at the end of the period for which funds are available. The University shall notify Lessor at the earliest possible time which portion of the property will or may be affected by a shortage of funds. No penalty shall accrue to the University or the State of Arizona in the event this provision is exercised, and the University shall not be obligated or liable for any future payments due or for any damages as a result of termination under this paragraph. The University will use its best efforts to obtain appropriation or allocation of the necessary funds to avoid a termination under this paragraph, including the inclusion of the provision in the University's applicable budget request for each fiscal period during the lease term for adequate funds to meet the University's obligations under the lease.
9. Cancellation Due to Conflict. The University within three (3) years after the execution of the lease may cancel the lease, without penalty or further obligation, pursuant to A.R.S. §38-511, if any person significantly involved in initiating, negotiating, securing, drafting or creating the lease on behalf of the University is, at any time while the lease or any extension thereof is in effect, an employee or agent of Lessor in any capacity or a consultant to Lessor with respect to the subject matter of the lease.
10. Taxes. Because the title to the personal property shall be vested in the University, and because the property shall be used by the University for a governmental or proprietary purpose, the parties contemplate that the personal property will be exempt from all taxes assessed and levied with respect to the property. The parties further contemplate that, unless otherwise shown in the lease, all transaction privilege (sales and use) taxes applicable to the acquisition or use of the property, including any equipment or other property acquired by the University in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the property, have been paid or will be paid by the University.
11. Right to Prepay; Release. So long as the University is not in default, it shall have the right to prepay part or all of its obligation for the principal component of the lease amounts set forth according to the dates and amounts provided in the amortization schedule or prorated by Lessor to the specific date of the payment upon giving Lessor thirty (30) days' prior written notice. Any extra charges (i.e., pre-payment penalties, documentation fees, handling cost, etc.) are not allowed and Lessor shall not include such extra charges in its amortization schedule or elsewhere. A notice of pre-payment given to the Lessor may be cancelled by the University. Upon the

Lessee's exercise of its right of prepayment or having satisfied all of its monetary and other obligations hereunder, Lessor shall release its security interest in the Property.

12. Taxes and Other Charges

- a. Net, Net, Net Lease. The parties agree that the lease is a net, net, net lease. University shall pay, promptly when due and before penalty or interest accrues thereon, all taxes, assessments, whether general or special, and other governmental charges of any kind whatsoever, foreseen or unforeseen, ordinary or extraordinary, that now or may hereafter at any time during the lease term be assessed or levied against or with respect to the personal property which, if not paid, may become or be made a lien on the property. Nothing in this paragraph shall be construed to be an agreement on the part of the University to pay any taxes, assessments or other governmental charges that it is not otherwise required by law to pay.
- b. Contesting Tax Assessments/Charges. The University may, at its expense and after prior written notice to Lessor, by appropriate proceedings diligently prosecuted, contest in good faith the validity or amount of any taxes, assessments and other charges, and during the period of contest need not pay the items so contested.

13. Risk of Loss. The University, through the State of Arizona self-insurance program (A.R.S. §41-621 et seq.), shall be responsible for all risks of loss to the personal property and for loss or damage to or by the property caused by the University, its officers, employees or agents.

14. Assignment By Lessor. No right or interest in the lease shall be assigned by Lessor without prior written permission of the University's procurement officer, except the sole right to receive payment hereunder as provided in the Arizona Uniform Commercial Code ("**U.C.C.**"), A.R.S. §47-9318, which assignment shall be completed as required by the U.C.C. Such permission of procurement officer shall not be unreasonably withheld. Lessor shall not make any assignment pursuant to this section, and the University will not consent to any assignment which requires its written permission, if such an assignment will result in the issuance of certificates of participation, or similar offering, with respect to the lease payments to be made hereunder. The withholding of permission to make an assignment which would result in the issuance of certificates of participation, or similar offering, shall not be considered unreasonable. Upon receipt of written permission of procurement officer, Lessor may assign (or reassign) its right, title and interest in the lease, the personal property and all rights to receive further payments to another party (assignee), subject to the rights of the University. Lessor must provide the University's procurement officer with a duplicate original counterpart of the agreement by which the assignment or reassignment is made, disclosing the name, address, social security number or tax identification number of each such assignee. If this lease is a tax-exempt obligation, Lessor agrees not to take any action that would jeopardize the tax-exempt treatment of the interest component of the rental payments.

15. Peaceful Possession. The University, upon paying the charges due under the lease and performing all other covenants, terms, and conditions on its part to be performed hereunder, may and shall peacefully and quietly have, hold possess and enjoy the personal property for the lease term without suit, molestation or interruption.
- a. Relocate Property. The Lessee at its own risk and expense may transfer the personal property from one location within the State of Arizona to another.
16. Inspection and Audit. All books, accounts, reports, files and other records relating to the lease, pursuant to A.R.S. § 35-214, shall be subject at all reasonable times to inspection and audit by the University or the State of Arizona for five (5) years after completion of the lease. Such records shall be produced by Lessor, including its assignees, at the University's procurement office or at the Arizona Auditor General's Office within a reasonable time after a request by either.
17. All disputes under the lease that are not disposed of by mutual agreement, or the claims procedures of Arizona Board of Regents Policy 3-809(C), may be decided by recourse to an action at law or in equity, except that:
- a. The Parties agree that should a dispute arise between them concerning this Agreement and no Party seeks affirmative relief other than money damages in the amount of Fifty Thousand Dollars (\$50,000) or less, exclusive of interest, costs and attorneys' fees, the Parties shall submit the matter to arbitration pursuant to the Uniform Arbitration Act, A.R.S §12-1501 *et seq.* (the "Act"), whose rules shall govern the interpretation, enforcement, and proceedings pursuant to this section. An arbitrator selected by the Parties will hear the matter.
- b. The University will diligently proceed with the performance of the lease until final resolution of any dispute hereunder.
- c. The lease agreement shall be governed by and construed under the laws of the State of Arizona, and Pima County Arizona shall be the forum for disposition of any disputes or actions.
18. The Parties shall comply with all applicable state and federal statutes and regulations governing Equal Employment Opportunity, Non-Discrimination, and Immigration.
19. Pursuant to A.R.S. §§ 35-391.06(A) and 35-393.06(B), Lessor certifies that it does not have a "scrutinized" business operation in either Sudan or Iran, as that term is defined in ARS §§ 35-391(15) and 35-393(12) respectively.

**Term of Agreement.**

The agreement shall be for one (1) year with the option to renew for four (4) additional one (1) year periods upon mutual agreement of the parties.

## **Evaluation Criteria.**

The evaluation of each response to this Master Agreement will be based on the following:

- Ability to agree to terms with the University
- Company's philosophy or goals in relation to Customer Service
- References
- Company and Staff experience
- Quality and completeness of the response

## **The Award.**

The University intends to make multiple awards against this request. Agreements will be awarded based on our ability to negotiate satisfactory business terms and conditions with the financial institutions that respond to this request. Either party may cease negotiations at anytime the party feels negotiations have reached an impasse.

Awards shall be made to each financial institution upon successful negotiation of the business terms and conditions of the agreement with said institution. The effective date of each agreement shall be as stated in the agreement.

The University reserves the right to request financing at any time after award of any number of agreements that it feels will result in a sufficient amount of competition. Requests for financing do not have to wait until all agreements have been successfully negotiated, or rejected.

## **The Bid Process after the Master Agreements have been awarded.**

When financing is required by the University, solicitations (in the form of a Request for Bids) will be issued to all Financial Institutions with whom we have Master Agreements. Each solicitation shall require sealed bids (**sample form attached**) to be submitted by the date and time stated in the solicitation. A reasonable amount of time will be given for responses to each solicitation, and the award will be made based on the lowest responsive bid. Award of each solicitation shall be made as soon as practicable.

Financial Institutions shall be requested to submit rates that can be locked in for various lengths of time before award (e.g. 2 weeks, 4 weeks, 6 weeks, etc). The University isn't always able to control the length of time it takes to get final approvals for a lease purchase. Therefore, award will be made to the Financial Institution that has the lowest bid in the stated time period, as necessitated by the approval process. Should the University not be able to award the bid within a stated time period, the University reserves the right to award the bid to the lowest bidder whose rate is still in effect.

## **Questions, Communications and Inquiries between the University and Vendors.**

**All Vendor inquiries, questions and requests for clarification related to this RFP are to be directed via email ONLY to the attention of Edward Nasser at enasser@u.arizona.edu. Once this RFP has been sent out, Vendors **are not to contact any University Department**, other than Procurement and Contracting Services, concerning this RFP, **or risk disqualification**.**

### **Proposal Submission and Subsequent Action**

Proposals must be **delivered sealed** to:

#### **For U.S. Mail:**

The University of Arizona  
Procurement and Contracting Services  
P.O. Box 210300  
Tucson, Arizona 85721  
Attn: Edward Nasser

#### **For other methods of delivery:**

The University of Arizona  
Procurement and Contracting Services  
University Services Annex, Bldg. 300A  
220 W. 6<sup>th</sup> Street, 5<sup>th</sup> Floor  
Tucson, Arizona 85701  
Attn: Edward Nasser

**on or prior to August 20, 2009 at 2:00 PM MST.** The University shall not accept proposals received by facsimile. The University shall, at the specified closing date and time, accept all proposals that are otherwise in order. The University will allow interested parties to be present for purposes of identifying which vendors have responded. The University will make no immediate decision at such time, and **there will be no disclosure of any information contained in any proposal until after formal notice of award and execution of any contract resulting from this RFP.** When multiple solicitations have been scheduled to open at the same date and time, the University will open solicitations that have interested individuals present in sequential order by solicitation number. The University will hold unopened any proposals received after the closing date and time, and will not consider such proposals. The University reserves the right to retain or dispose of such proposals at its discretion; however, the University may return such proposals to their related vendors, but only at such vendor's request and at no cost or expense whatsoever to the University.

If only one proposal is received, Purchasing may delay the opening in order to determine why other vendors did not respond and to encourage other vendors to respond.

## Certification of Proposal (vendor to complete and return with proposal)

**Explanation.** This certification attests to the vendor's awareness and agreement to the content of this RFP and all accompanying provisions contained herein.

**Action.** Vendor is to ensure that the following certificate is duly completed and correctly executed by an authorized officer of your company.

This proposal is submitted in response to Request For Proposal # **L051007**, issued by the University of Arizona. The undersigned, as a duly authorized officer, hereby certifies that \_\_\_\_\_ (Vendor Name), located at \_\_\_\_\_ (address), agrees to be bound by the content of this proposal and agrees to comply with the terms, conditions and provisions of the referenced Request For Proposal (RFP) and any addenda thereto in the event of an award. Exceptions are to be noted as stated in the RFP. The proposal shall remain in effect for a period of ninety- (90) calendar days as of the Due Date for responses to the RFP.

The undersigned certifies that to the best of his/her knowledge: (check one)

There is no officer or employee of the University of Arizona who has, or whose relative has, a substantial interest in any Contract award subsequent to this proposal.

The names of any and all public officers or employees of the University of Arizona who have, or whose relative has, a substantial interest in any Contract award subsequent to this proposal are identified by name as part of this submittal.

The undersigned further certifies that their firm (check one)  IS **or**  IS NOT currently debarred, suspended, or proposed for debarment by any federal entity. The undersigned agrees to notify the University of any change in this status, should one occur, until such time as an award has been made under this procurement action.

The Undersigned further certifies that your business (check the appropriate areas)  does **or**  does not meet the Federal (S.B.A.) Small Business definition (FAR 19.001) and size standards (FAR 19.102)? If it does, please "CHECK" one of the following:  Big Business  Small Business  Small Disadvantaged  Small Business Women-Owned  Women-Owned Disadvantaged  Veteran owned  HUB Zone  AZ. Small  AZ. Women Owned  AZ Disadvantaged  AZ Disadvantaged Women-owned.

The undersigned further certifies that as a duly authorized officer, is authorized to negotiate in good faith on behalf of this firm for purposes of this Request For Proposal.

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ E-Mail: \_\_\_\_\_

Telephone #: \_\_\_\_\_ Facsimile #: \_\_\_\_\_ F.E.I.N.: \_\_\_\_\_

**RFP #L051007**

**Closing Date: August 20, 2009**

**Closing Time: 2:00 PM, MST**

**Sample Sealed Bid Form**

**Specific Terms**

1. Capital Cost: \$ \_\_\_\_\_
2. Lease Terms: \_\_\_\_\_ **years**
3. Proposed Interest Rate \_\_\_\_\_ %
4. The proposed interest rate is (check only): Tax Exempt \_\_\_\_ Taxable \_\_\_\_
5. For tax exempt interest rate proposal:  
  
The spread (difference) between the proposed rate and the Municipal Market Data (MMD rate is: \_\_\_\_\_ basis points  
  
For taxable interest rate proposal:  
  
The spread (difference) between the proposed rate and Federal Funds rate is:  
  
\_\_\_\_\_ basis points
6. Lease Date: \_\_\_\_\_
7. Payment: Lease payments are in accordance to the amortization schedule attached. Annual payment frequency is consistent with the University's request.
8. Lease purchase agreement identification #: \_\_\_\_\_
9. Vendor Name: \_\_\_\_\_  
  
Address: \_\_\_\_\_  
  
\_\_\_\_\_  
  
Telephone: \_\_\_\_\_  
  
Facsimile: \_\_\_\_\_
10. Invoice AGENCY  
  
Contact Name \_\_\_\_\_  
  
Address: \_\_\_\_\_  
  
\_\_\_\_\_  
  
Telephone: \_\_\_\_\_  
  
Facsimile: \_\_\_\_\_

11. Location of the Property: (to be completed by the University) \_\_\_\_\_

Executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

**LESSOR:** \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ARIZONA BOARD OF REGENTS ON BEHALF OF THE UNIVERSITY OF ARIZONA**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_