



**REQUEST FOR PROPOSAL (RFP)**

**FOR**

**\$10/\$12/\$14 Million Tax-Exempt Loan**

**Date Released: September 16, 2020**

**Proposals Due: October 7, 2020  
by 12:00 p.m. PST**

**Issued By:**

**Administrative Services Dept.**

City of Los Altos  
1 North San Antonio Road  
Los Altos, CA 94022  
[LoanRFP@losaltosca.gov](mailto:LoanRFP@losaltosca.gov)

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Proposals must be submitted to the City to the email provided and by the deadline shown. Proposals received after the stated date and time will not be accepted or considered. No faxed or paper offers will be considered due to the current pandemic. No offers will be accepted or received in any other City office.

### **Links to City of Los Altos CAFR, Budget and CIP:**

#### **Comprehensive Annual Financial Reports (CAFR)**

[https://www.losaltosca.gov/sites/default/files/fileattachments/administrative\\_services/page/34881/los\\_altos\\_2019\\_cafr\\_final\\_-\\_revised\\_4-2-20.pdf](https://www.losaltosca.gov/sites/default/files/fileattachments/administrative_services/page/34881/los_altos_2019_cafr_final_-_revised_4-2-20.pdf)

#### **Budget and Capital Improvement Plan (CIP)**

[https://www.losaltosca.gov/sites/default/files/fileattachments/administrative\\_services/page/41701/adopted\\_web-copy.pdf](https://www.losaltosca.gov/sites/default/files/fileattachments/administrative_services/page/41701/adopted_web-copy.pdf)

**A. TENTATIVE SCHEDULE**

The City will make every effort to administer the proposal process in accordance with the terms and dates outlined below. However, we reserve the right to modify the proposal process and dates as deemed necessary by the City in its sole discretion.

<b>Number of contracts to be awarded</b>	1
<b>Expected Contract Duration</b>	TBD
<b>Proposals required</b>	1 electronic copy (email)
<b>Authorized Contact Person</b>	Sharif Etman, Administrative Services Director
<b>Authorized Contact Person e-mail</b>	LoanRFP@losaltosca.gov
<b>City Mailing Address</b>	City of Los Altos – City Hall N. San Antonio Road Los Altos, CA 94022
<b>RFP Released</b>	September 16, 2020
<b>Proposal Due Date and Time</b>	October 7, 2020 by 12:00 p.m. PST
<b>Tentative: Online Presentation</b>	If needed, TBD
<b>Notice of Intent to Award</b>	October 2020
<b>Approval of Contract</b>	November 2020
<b>Contract / Loan Start Date</b>	December 2020

A revised schedule will be provided once the selection of finalist(s) has been determined.

## **B. INTRODUCTION**

The City of Los Altos (“City”) is requesting electronic proposals for Tax-Exempt Loan financing in the principal amount of 10, 12, and 14 million dollars. All proposals must be received by the City, by email, **no later than 12:00 p.m. on October 7, 2020. Late proposals will not be considered.** In lieu of paper proposals, an email (with PDF attachments preferred) clearly marked **Proposal for Tax-Exempt Loan**, must be submitted.

Proposals must be responsive to City’s request. The City shall determine the most responsive and qualified financial institution providing the best service at the most reasonable cost. Cost alone shall not be the determinative factor.

The request for proposals does not obligate the City to award a contract or complete the financing, and the City reserves the right to cancel the solicitation if deemed in its best interest.

## **C. BACKGROUND**

Los Altos, incorporated as a general law city in December of 1952, is located 37 miles south of San Francisco. Los Altos is bordered by Los Altos Hills, Palo Alto, Mountain View, Sunnyvale, and Cupertino.

The City of Los Altos is seven square miles with seven distinct commercial areas and is home to approximately 32,000 people. The city incorporated to preserve the rural atmosphere and small town feel and to prevent annexation from neighboring cities. The commercial districts are bustling neighborhood retail areas, characterized by tree-lined streets and a village atmosphere. Los Altos has successfully maintained spacious lot sizes for single-family homes and established policies for commercial development.

The City of Los Altos operates as a Council-Manager form of government. Council Members are elected at-large to four-year terms and are responsible for determining City policies and service standards. The City Council in turn appoints the City Manager, to oversee the daily operation of the city organization.

Los Altos presently has seven administrative departments with approximately 136 full-time employees. These departments include Executive, Administrative Services, Engineering Services, Maintenance Services, Community Development, Recreation, and Public Safety. Fire services are provided by contract with the Santa Clara County Fire Department and library services are currently provided by contract with the County of Santa Clara.

The City’s fiscal year begins on July 1 and ends on June 30. For Fiscal Year 2020/21, the City of Los Altos has a total operating and capital budget of approximately \$43 million. While City operations generate revenue from various public services such as licensing, permitting, and building activity, the four primary sources of revenue for the General Fund (in order of significance) are from property tax, sales tax, transient occupancy tax, and franchise fees. See the City website [www.cityofLosAltos.org](http://www.cityofLosAltos.org) for the most recent City Operating and Capital Improvement Program Budget and Comprehensive Annual Financial Report.

**D. PURPOSE**

The City shall accept and review proposals from qualified Bidders and select the financing that provides the lowest overall borrowing cost and meets the financing requirements of the City. The City is seeking proposals for a Non-Bank Qualified, tax-exempt fixed rate loan based upon the financing structure outlined later in this proposal.

The primary purpose of the proposed Loan is to provide funding, along with other financial resources available to the City, to fund the Project. The Project includes the facilities required for the City to build and complete the Los Altos Community Center and other related facilities and expenditures.

**E. STRUCTURE OF FINANCING**

- Principal Amount: \$10M / \$12M / \$14M
- Settlement Date: TBD
- Interest Rates: Tax-exempt Fixed Rate
- Prepayment: The City requests the ability to prepay the Loan without penalty in whole or in part at any time. Other prepayment terms may be considered but must not exceed two years from initial start of loan.
- Draw Down: 12 months not to exceed 18 months
- Final Maturity: 20 years (include other options if desired)
- Interest Payments Dates: Semi-annually preferred
- Interest Compounding: None
- Interest Day Count Method: Please specify in proposal
- Principal Payment Dates: Annually
- Debt Service Structure: Please refer to section below

**F. LOAN PROVISIONS**

The City's preference is not to include capital adequacy or yield maintenance provisions within the Loan. Should the Bidder require any provisions whatsoever that would create the ability for the Lender to increase the rate on the Loan to the City, please explicitly describe the required provisions.

**G. TAX-EXEMPT OBLIGATION**

The City will agree to take such actions as may be required by Treasury regulations in order to maintain the tax-exempt status of the Loan.

## **H. IMPORTANT INFORMATION**

- (1) Proposals will be evaluated based on cost and the structure that best meets the financing requirements of the City. The award will be to the Bidder(s) whose response best complies with the requirements set forth in this RFP and whose proposal(s), in the opinion of the City and its Financial Commission is in the City's best interest, taking into consideration all aspects of the Bidder's response. The proposal(s) shall include:
  - a. The legal name of the Bidder and the primary contact person(s) at the Bidder (include address, telephone number, and e-mail address).
  - b. Fixed Interest Rates for the full term of the Loan for 10M, 12M and 14M dollars principal amount. The Bidder shall give a stated time in which the proposed rate will be held as well as the index in which the rate shall be calculated should the stated time elapse.
  - c. Describe prepayment terms or state if no prepayment penalties.
  - d. Describe in detail all fees and expenses which the City will be responsible to pay to the Bidder, including its legal counsel. The amounts stated in the proposal shall represent the maximum amounts payable to the Bidder and its Counsel or other advisors or service providers by the City. All fees and expenses in excess of those stated in the proposal shall be the sole responsibility of the Bidder and will not be paid or reimbursed by the City.
  - e. A listing of all conditions, representations, covenants (affirmative and negative), terms or restrictions, other than those specified in this RFP, which would be a condition to your commitment to provide the loan. Please list any exceptions.
- (2) Changes to this RFP may be made by and at the sole discretion of the City.
- (3) The City will not accept proposals with reserve requirements or other restrictions to revenues or requirements to maintain minimum balances in any bank account as a condition for the Loan.
- (4) The City reserves the right, in its sole discretion, to accept or reject any and all proposals, to waive any irregularities or informalities in any proposal or in the bidding, and to accept or reject any items or combination of items. Further, the City has the right to reject any proposal not meeting the requirements of this RFP. Moreover, if the City rejects all proposals, the City reserves the right to negotiate with any of the Bidders or any other entity to secure some or all of the intended financing. The City reserves the right at any time, including after the opening and review of the proposals, to ask Bidders questions and seek clarification and additional information regarding the proposals submitted. The City is not obligated to accept the lowest cost proposal. The award is subject to approval by City Council and contingent upon execution of a loan, resolution, and other closing documents acceptable to the City. The City reserves the right, for any reason, to rescind any award prior to the execution of a Loan(s) and resolution without liability to the City. Cost of the submittal is considered an operational cost of the proposal and shall not be passed on to or borne by the City.
- (5) Proposals must be submitted by email by the proposal due date and time.
- (6) The Bidder is required to conduct its own investigation and evaluation of the creditworthiness of the Loan(s). The City has provided a link to its website ( [www.losaltosca.gov](http://www.losaltosca.gov) ) which has information

regarding the City and its financial statements. Additional financial information will be provided upon request by the Bidder and is NOT in any way intended to relieve the Bidder of its responsibility to investigate all relevant or material facts in reaching a credit decision with respect to the loan.

- (7) All requests for clarification or additional information must be directed to the email [LoanRFP@losaltosca.gov](mailto:LoanRFP@losaltosca.gov).
- (8) Federal, State, City and local laws, ordinances, rules, and regulations that in any manner affect the items covered herein apply. Lack of knowledge by the Bidder will in no way be a cause for relief from responsibility.
- (9) No successful Bidder may assign any portion of the contractual agreement between the parties without prior written authorization by the City.
- (10) The Bidder, in submission of its proposal, warrants to the City that it will comply with all applicable federal, state, and local laws, regulations and orders in providing the financing and any related services under the proposed documents.
- (11) Public Records Law. In accordance with the California Public Records Act, all Bidders should be aware that this Request for Proposals and Proposals submitted in response thereto are made in the public domain and are subject to disclosure, except to the extent expressly exempted or made confidential under the Public Records Act. The Proposal submitted by you may contain information, which is designated “confidential” or “exempt” from disclosure under the Public Records Act and other applicable laws. If your Proposal contains such information, you are required to advise the City with the applicable law making those provisions exempt or confidential from disclosure. A generic notation that information is “exempt” or “confidential” will not suffice. Failure to provide a detailed explanation and justification including statutory cites and specific reference to your Proposal detailing what provisions, if any, you believe are exempt from disclosure, may result in your Proposal or any portion thereof, being subject to disclosure in accordance with California Statutes. If the City determines that the cited provisions of law are inapplicable or otherwise do not justify exemption or confidentiality, the City shall have the right to release such information and records for public inspection and copy in accordance with the Public Records Act. By submitting a proposal, the Bidder holds the City and its officers, officers, employees, attorneys, and agents harmless concerning the disclosure of information contained within the proposal.

## **I. SUBMISSION REQUIREMENTS**

The Bidders shall be responsible for preparing an effective, clear, and concise proposal. Proposals must contain the following information:

- A. Cover Page: One printed page maximum. It should include the name of the proposing Bidders and required contact information.
- B. Table of Contents: One printed page maximum. It should include a table of contents that makes it easier to locate information in the Proposal.
- C. Executive Summary of Your Proposal: Two printed pages maximum. Provide a brief summary describing the Bidders's ability to provide the financing requested, a history of the Bidder's background and experience providing financing, the qualifications of the Bidder's personnel to be assigned to this project, any subcontractor, sub banks, and/or suppliers and a brief history of their background and experience, and any other information called for by this request for proposal which the Bidder deems relevant, including restating any exceptions to this request for proposal. This summary should be brief and concise to apprise the reader of the financing offered and the experience and qualifications of the Bidder, staff, subcontractors, and/or suppliers.
- D. Questionnaire/Response to Scope of Services: Bidder shall provide responses and information to fully satisfy each item in the Questionnaire (Section J). Each question item should be presented before the Bidder's response.



## **I. QUESTIONNAIRE**

### **1. Company and General Information**

- a. Name and address and phone number of proposed Bidder. (Section H)
- b. Letter of transmittal signed by an individual authorized to bind the Bidders, stating that the Bidders has read and will comply with all terms and conditions of the RFP.
- c. General information about the primary contact who would be able to answer the questions about the proposal. Include name, title, telephone number and email address of the individual.

### **2. Qualifications and Experience of the Bidder**

- a. Describe your history and organizational structure. Include the size of the financial institution, location of offices, years in business, organizational chart, name(s) of owner(s) and principal parties, and number and position titles of staff.
- b. What is the primary business of the parent company?
- c. Which office(s) of your organization will have primary responsibility for managing the Loan?
- d. Describe the qualifications of staff proposed for the assignment, position(s) in the Bidder, and types and amount of equivalent experience. Be sure to include any municipal agencies they have worked with in the past three years and their level of involvement.
- e. What is Bidder's experience providing tax-exempt loans? Identify similar loans and/or services performed by your financial institution in the last three years.
- f. Comment on other areas that may make you different from your competitors.

**3. Rate schedule**

- a. Please clearly create a rate and amortization schedule for a \$10M, \$12M, and \$14M loan over a 20-year period
- b. Include three separate tables

**4. Fees, Up-front costs and Closing costs**

**Please clearly have a portion in the RFP marked “Fees.”**

- a. Provide your fees for the proposed Loan. Fee quotes should be detailed by loan amount.
- b. Outline billing and payment expectations, including timing and method of payment.
- c. Describe any remaining fees or costs not already detailed above.
- d. Present a specific “not to exceed” fixed fee including any associated fees (i.e., printing costs, escrow, attendance at meetings, travel).

**5. References**

Provide a list of the public agencies for which the Bidder has conducted a tax-exempt loan or similar loan within the past three years. The Respondent should provide a list of at least three municipal agencies and provide the name, address, and telephone number of the agency, the time period for loan.

**6. Implementation Schedule**

Include an implementation schedule and note key milestones and timelines for deliverables. Identify any assumptions used in developing the schedule.

## **K. EVALUATION OF PROPOSALS**

A committee of City staff and Financial Commissioners will be responsible for the bid evaluations. This team, in accordance with the criteria listed below, will evaluate all proposals received as specified. The City team members, in applying the major criteria to the proposals, may consider additional criteria beyond those listed. During the evaluation period, the team may elect to interview some or all the proposing Bidders. The final selection will be the Bidder which, in the City's opinion, is the most responsive and responsible, meets the City's requirements in providing this service, and is in the City's best interest. The City maintains the sole and exclusive right to evaluate the merits of the proposals received. Bidders will be objectively evaluated based on their responses to the questionnaire outlined in the RFP. The written proposal should clearly demonstrate how the Bidder could best satisfy the requirements of City. Proposals will be evaluated generally on the following criteria:

- a. Proper submission of proposal.
- b. Thoroughness and understanding of the tasks to be completed.
- c. Background and experience of the financial institution.
- d. Staff expertise and experience
- e. Time required to accomplish the requested service(s).
- f. Responsiveness to requirements of the loan.
- g. Recent municipal lending experience
- h. Costs.
- i. Reference checks.

Proposals must be responsive to City's request. The City shall determine the most responsive and qualified financial institution providing the best service at the most reasonable cost. Cost alone shall not be the determinative factor.

## **L. SELECTION PROCESS**

Each of the proposals received will be evaluated and determined if it meets the stated requirements. Failure to meet these requirements will be a cause for eliminating the Bidder from further consideration. The City shall not be liable in any way for any cost incurred by any party in the preparation of its proposal in response to this RFP. The City reserves the right to reject any and all proposals, to waive any technicalities, informalities and irregularities, to accept or reject all of part of proposals, and to be the sole judge of the suitability of the proposals offered.

In addition to evaluating written proposals, oral interviews or online presentations may be requested that would allow for a formal presentation by the Bidder in a format to be specified by the City.

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## **M. ADDITIONAL INFORMATION**

All responses to this RFP will become the property of the City of Los Altos.

The RFP does not commit the City to award a contract or to pay any costs incurred in the preparation of the Bidder's proposal. The City reserves the right to modify or cancel this RFP in part or in its entirety and to accept or reject any or all of proposals received if they do not meet the minimum requirements of this RFP. The City also reserves the right to negotiate with the selected Bidder to revise the scope of services if necessary, including modifying the services requested, to more closely match City needs.