

July 14, 2011

Quotes/Bid Proposals for:

**Frontier Central School District, Erie County, New York (the “School District”)
\$1,055,113 Installment Purchase Contract (Lease/Purchase) Financing
for the Acquisition of Various School Buses**

1. Municipal Solutions, Inc., Municipal Financial Advisors, is circulating this request for written or fax bids for providing Installment Purchase Contract (Lease/Purchase) Financing on behalf of the Frontier Central School District (Moody’s Bond Rating Aa3). Responses to this Request are due no later than **Thursday, July 21, 2011 at 1:30** pm EST at the office of:

Richard A. Binner, Asst. Supt. for Business
Frontier Educational Center
Frontier Central School District
5120 Orchard Ave., Hamburg, NY 14075
Call with questions: (716) 926-1717
Fax Bid Number: (716) 627-1075

Jeffrey R. Smith, President
Municipal Solutions, Inc.
83 Myrtle St.
LeRoy, NY 14482
Call with questions: (585) 768-2136
Fax Bid Number: (585) 768-2133

2. The installment purchase contract principal amount will be approximately **\$1,055,113**.
3. The interest rate quoted will remain stable throughout the lease term and will include any and all fees or expenses associated with this financing.
4. It is intended that the interest component of the rental payment will be tax-exempt pursuant to Internal Revenue Code Section 103. The School District will designate the installment purchase contract as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3)(B)(i) of the Internal Revenue Code of 1986, as amended.
5. All bids shall remain in effect for 60 days from the day quotes are due. It is anticipated that funds will need to be available on or about September 1, 2011 and that 90% or more of the funds will be paid within 60 days of initial disbursement. All quotes should be based upon this estimated time line.
6. Each bid should be accompanied by a repayment schedule listing principal, interest and total annual payments. The interest rate should be clearly specified upon verbal or written notification of a successful bid award, the successful bidder shall be required to promptly deliver the proposed forms of the leasing documents to both the School District (address listed above) and to Bond Counsel at:

Jeffrey W. Stone, Esq.,
Hodgson Russ LLP
The Guaranty Building
140 Pearl St., Suite 100
Buffalo, New York 14202
Phone: (716) 848-1327; Fax (716) 849-0349
E-mail: jstone@hodgsonruss.com

7. Among other factors, the low bid/quote will be determined by the lowest amount indicated for a total of payments with the requirement that the quote will meet all other conditions listed herein.
8. Prior to complete delivery of all of the vehicles, it may be necessary to make partial payments to vendor(s). In this case, unexpended funds shall be held in an interest bearing escrow fund account established by the Lessor in the name of School District. Interest earnings will begin to accrue to the School District on the date of the deposit to the escrow fund. There shall not be any charge imposed on the School District for the establishment or operation of such escrow fund. All interest earnings on such escrow fund shall be applied to reduce the last scheduled payment(s) at the end of the financing term. Any unexpended funds after payment to all vendors shall be recalculated to reduce remaining payment amounts equally unless otherwise authorized by the School District.

9. The installment purchase contract financing will be in the amount of \$1,055,113 with first payment due and payable on June 15, 2012. The remaining balance of payments **will be due in substantially equal installments** on June 15th annually each fiscal year thereafter as follows:

	<u>Fiscal Year</u>	
Second Payment:	2012-2013	(Due June 15, 2013)
Third Payment:	2013-2014	(Due June 15, 2014)
Fourth Payment:	2014-2015	(Due June 15, 2015)
Fifth Payment:	2015-2016	(Due June 15, 2016)

10. There shall be a \$1 (one dollar) buyout at lease expiration, concerning all of the leased vehicles.
11. All manufacturers' warranties shall be assigned by the Lessor to the School District.
12. The Lease shall be subject to cancellation by the School District annually and shall include the following paragraphs:

“This Agreement shall be deemed executory only to the extent of the monies appropriated and available for the purpose of the Agreement, and no liability on account thereof shall be incurred by the School District beyond the amount of such monies. This Agreement is not a general obligation of the School District. Neither the full faith and credit nor the taxing power of the School District are pledged to the payment of any amount due or to become due under this Agreement. It is understood that neither this Agreement nor any representation by any public employee or officer creates any legal or moral obligation to request, appropriate or make available monies for the purpose of the Agreement.”

“Pursuant to the Commissioner of Education's Regulation 170.3 (f) (7), as a result of the withdrawal of requests for the service program which make use of the equipment under this contract, the School District may elect to cancel this contract effective as of July 1 during any year throughout the term of this contract.”

13. The sole security shall be the leased vehicles. In the event of insufficient funds are appropriated to pay this obligation, the vehicles may be sold on behalf of the Lessor entitled to receive such payments, provided that any excess proceeds from such a sale shall be paid to the School District after deduction of obligations, taxes or other expenses of the Lessor.
14. Payments by the Lessor shall be made at the direction of the Lessee and may likely require multiple payments. Payments may be required by either check or electronic wiring dependent upon equipment vendor requirements. All associated costs for these services must be included in the quote.
15. The installment purchase contract financing will be for the vehicles listed on the attached page. Please attach a payment amortization schedule with your quote.
16. Proposals will be evaluated based on total cost, ability to perform, requirements of the Lessor, experience, and on any other terms or conditions stipulated in each proposal.
17. By submitting a bid/quote, each potential Lessor is agreeing to abide by all provisions of this quote (items 1-16). No terms or conditions of the Lessor may be imposed on the School District that supersede or contradict this proposal.

18. The School District reserves the right to reject any or all bids/quotes, to waive any or all irregularities or informalities, and to make award based upon the best interests of the School District. The attached Proposal Form must be completed and included with each quote.

Quote/Bid Proposal Form:
for
Frontier Central School District, Erie County, New York

\$1,055,113 Installment Purchase Contract (Lease/Purchase) Financing
for the Acquisition of Various School Buses

Richard A. Binner, Assistant Superintendent for Business
5120 Orchard Ave., Hamburg NY 14075
Call with questions: (716) 926-1717

Fax Quote Number: School - (716) 627-1075 Municipal Solutions, Inc. – (585) 768-2133

Lessor/Agent: _____

Address: _____

Phone Number: _____ Fax Number _____

E-mail Address: _____

Contact Person: _____ Title: _____

Annual Interest Rate: _____

Annual Equal Payment
Amounts Year 1-5: _____

Total of Payments: _____

Rate Float (5 year H.15 index)

Weekly Rate 7/8/11: _____

Signature: _____ Date: _____

Note: Please attach a payment schedule with your quote.

Upon verbal or written notification of successful bid award, the successful bidder shall be required to promptly deliver the proposed forms of the leasing documents to both the School District, at the above address, and to Bond Counsel at:

Jeffrey W. Stone, Esq.,
Hodgson Russ LLP
The Guaranty Building
140 Pearl St., Suite 100
Buffalo, New York 14202
Phone: (716) 848-1327; Fax (716) 849-0349
E-mail: jstone@hodgsonruss.com

DETAILS WITH RESPECT TO VEHICLES TO BE FINANCED

Quantity	Model Year	Description	Unit Cost	Total Cost
5	2012	Thomas 66 Passenger School Bus	\$106,649.38	\$533,246.90
4	2012	Thomas 35 Passenger School Bus	102,046.53	408,186.12
1	2012	Thomas 35 Passenger Wheelchair School Bus	113,679.63	113,679.63
			TOTAL:	\$1,055,112.65

Additional information available upon request made to the School District of Municipal Solutions, Inc.