DebtBook

GASB 87 Compliant Lease and GASB 96 Subscription Based Information Technology Arrangements Compliant Accounting Software

Request #2001056

Issue Date: May 28, 2021

Created by:

Tom Wiese

DebtBook

Vice President, Sales

Prepared for:

Webb County, TX

1110 Washington St.

Laredo, TX 78040

Table of Contents

Cover Letter

Webb County,

At DebtBook, our mission is to make great debt and lease management easy. We're building software to empower you to drive your organization to new heights.

As we will demonstrate throughout this response, DebtBook has been developing a custom debt and lease management solution for government finance for over two years - we're doing it in collaboration with government finance teams around the Country to make sure our industry gets the tools we deserve.

While our company will not be able to demonstrate the 10 - 20 years of use in the marketplace, nor the 1000+ corporate clients our competitors serve, we know this is the key factor which is causing more than 20 new government finance teams to choose DebtBook every month - we offer the latest technology, a compelling vision for consolidated debt, lease (GASB 87) and IT contract (GASB 96) management software, an unmatched implementation experience and a government first focus.

Our product roadmap provides full functionality well in advance of the 6/30/22 requirements while also allowing the County to help shape our product to benefit local governments around the Country. We will also do all of this at substantially lower cost than our competition - our way of giving significant value back to the County for collaborating with us on this project.

We fully understand the requirements within the Quote Request and we are pleased to make this proposal to the County and are eager for the opportunity to collaborate together. This Proposal is firm for a period of 90 days and the . Please do not hesitate to reach out should you have additional questions.

Sincerely,

Tom Wiese

Tom Wiese
Vice President, Sales
Fifth Asset, Inc d/b/a DebtBook

tom.wiese@debtbook.com
(817) 307-1181
1920 Abbott St, Ste 303
Charlotte, NC 28203

Introduction & Company Profile

DebtBook is a cloud-based Debt and Lease Management software company out of Charlotte, North Carolina. Having originally started as a debt management solution for municipalities DebtBook quickly added an accounting services team and lease management to ensure municipalities had a one stop shop to manage the GASB 87 standard and any subsequent standards such as GASB 96. With the GASB 87 standard reclassifying Operating and Capital Leases into three buckets "Debt", "Lease", and "Other", DebtBook believes it is well positioned to help municipalities, higher education, special purposed districts and more manage their obligations.

Since its founding in 2019, DebtBook has seen tremendous growth with 160 clients across 24 states relying on DebtBook to manage their Debt and Lease obligations. DebtBook attributes this growth largely to the founding team's industry experience and willingness to listen to the market and make the necessary adjustments.

At DebtBook, we're on a mission to make great debt and lease management easy. We have the team, expertise, financial backing and customer buy-in to make that happen.

DebtBook has quickly grown beyond the initial four team members and now employs 25 people while actively searching to add more team members throughout the company including within the Client Operations, Business Development, and Product Development Teams.

Below, DebtBook has provided a brief highlight of its founding team members in addition to individuals who have been extremely important to the application's development and ensuring DebtBook's offering meets industry standards and requirements.

Tyler Traudt
Co- Founder and CEO

Tyler has spent his entire career helping governments and non-profits finance projects. As both an investment banker and financial advisor, he gained firsthand experience with the challenges faced by finance teams as they plan for, execute and manage their debt.

Erik Pelletier
Co-Founder and Head of Product

Joining DebtBook after spending five years as the Chief Digital Officer and VP of Product at MIT, Erik has spent his career developing easy to use software for both businesses and consumers.

Josh Kohn
Co-Founder and Head of Client Operations

Josh joined DebtBook in May 2020 as the Head of Client Operations, having previously worked at Passport Labs where he provided client focused technology solutions for municipalities across the country. Josh brings additional industry and operational expertise from his three years working at JP Morgan in Public Finance Investment Banking after serving six years as an Officer in the United States Army.

Kasey Harris
Head of Accounting Services

Kasey leads DebtBook's Accounting Services team with her more than 18 years of accounting experience. Most recently, Kasey served as an Assurance Manager for CliftonLarsonAllen in Charlotte, NC. Since her transition to DebtBook Kasey has worked side by side with Erik Pelletier and the development team to ensure DebtBook's application meets GASB standards (including GASB 87) and is properly recording General Ledger Numbers and journal entries. Kasey is a Certified Public Accountant.

Marty Feinstein
Analytics Director

Marty has spent over 30 years in public finance, most recently at Citigroup where he became a director and headed the Finance Structuring Group. His experience developing programs and financial models to solve complex financial problems for the firm's bankers and customers is a tremendous asset for the DebtBook team.

DebtBook continues to grow with the addition of five (5) new Texas clients within the last 45 days. In total, 14 of DebtBook's 160 clients are Texas clients and DebtBook is currently negotiating a significant amount of contracts throughout the state.

14

Total Texas Clients

DebtBook Clients within Texas	
McAllen, TX	Killeen, TX
Aransas Pass, TX	La Marque, TX
Cleburne, TX	Lancaster, TX
Conroe, TX	Nueces County, TX
Corinth, TX	Pearland, TX
Frisco, TX	Sealy, TX
Grapevine, TX	Sulphur Springs, TX

Brief Overview of DebtBook's Services

DebtBook is the **only consolidated debt and lease (GASB 87) management platform for governments**, non-profits and their professionals. We offer finance teams more time, productivity, collaboration and confidence while not only offering a solution for GASB 87 but ongoing GASB requirements like GASB 96 as well.

Key features and benefits of the product include:

Debt & Lease Management in One Location

DebtBook is the only consolidated Debt & Lease Management software available for municipalities, non-profits, and higher education. Using DebtBook's software County staff are able to switch between the County's Debt Management profile and Lease Management profile with the click of a button.

Type, Fund, Purpose, and Project

Track all obligations by the type of debt, the fund responsible for payment, the purpose of the issuance, the project funded by the issuance, or the department responsible for payment.

Effortlessly transition views to fit the work you need to get done without the pain of manipulating excel spreadsheet formulas.

The days of tracking down multiple spreadsheets, sharing those spreadsheets with third parties, and having to manage multiple logins are no longer needed.

Sharing

Great debt management involves numerous contributors: staff, advisors, lawyers, bankers, accountants and consultants are all involved.

Unlimited sharing with your team and professionals means everyone has access to accurate up-to-date information.

Excel Compatible

Modernize your workflow without disrupting it.

All data and analysis is easily exported into pre-formatted excel documents for use in your existing models.
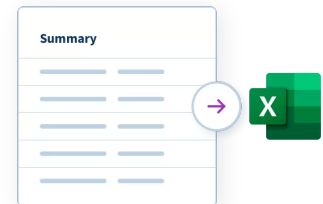
Security

Cybercriminals attack governments and non-profits with ransomware, our cloud-based platform ensures your staff has 24/7 access to critical debt information.

Year End Audit Notes

Accurate, updated and designed to meet GFOA Excellence in Financial Reporting standards.

Succession Planning

Ensure continuity within your organization and improve succession planning.

Document Organization

Every lease organized by issue and accessible from anywhere. Store your documents in one place, not all over the place.

Anytime Access

Access debt and lease information and documentation in meetings, at home or during board meetings from anywhere at anytime.

Accounting Software Requirements

#	Accounting Requirement	DebtBook Response
A.	Software shall have Government-wide and Fund-based Accounting and Reporting for both the lessee and lessor, and for both governmental and business-type funds.	Confirmed. DebtBook's application allows the County to account for and report, for both the lessee and lessor, on a Type, Fund, Purpose, and any other organization the County is interested in. This reporting can be found on DebtBook's Profile Summary screen by simply clicking the quick link buttons or via drop down selection. Furthermore, the County is able to export any of the screens of the application into a hardcoded and pre-formatted Excel worksheet.
B.	Software shall be able to calculate the right of use asset and lease liability as lessee and lease receivable and deferred inflow as lessor.	Confirmed. Upon landing on the individual or aggregate lease view, users will see the full lease schedule and have the ability to adjust the lease schedule as of a particular date. To see the lease liability (as a lessee) or the deferred inflow of resources (as a lessor) the user can select a pop out that will show these characteristics, in addition to others, next to the lease schedule.
C.	Software shall have audit trail of individuals making changes.	Confirmed. Every change made within the application is recorded and logged. In a majority of instances these changes are made available to be viewed by staff using the application. For example, when a payment is marked as "Confirmed" the payment activity is logged and stored alongside the payment details in a summary format.
D.	Software shall have amortization table generation. Software must be able to handle payment schedules that change over time, free rent, lease incentives, payments in advance, in arrears, middle of month, monthly, quarterly, annually. Must be able to generate these amortizations for lease agreements that do not provide amortization information.	Confirmed. DebtBook's application creates a lease amortization table for each and every lease and debt obligation within the application. These amortization schedules can be viewed on an annual, quarterly, monthly, or actual basis from any point in time (ie. previous fiscal year). Additionally, DebtBook's onboarding team and application can handle a stated interest rate, implicit interest rate, and/or help with the calculation of an incremental borrowing rate which would be used to create an associated amortization table.
E.	Software shall be able to report in excel the journal entries required for entire life cycles of leases; commencement, interim, modification, impairment, extension and termination, and lease modification. County does not intend to interface journal entries directly from the software into County's General Ledger.	Confirmed. DebtBook's app provides the relevant Liability and Asset General Ledger codes while also associating the codes with the corresponding Fund and Purpose. This logical division of leases allows DebtBook to offer full reporting along with note disclosures with just a few clicks.
F.	Software shall have reports to use for GASB 87 lease disclosures and GASB 96 SBITA disclosures in the financial statement footnotes. Leases in governmental and business-type funds must be reported separately per GASB 87 and GASB 96.	Confirmed. Application users are able to see reports for GASB 87 disclosures and GASB 96 disclosures including the separation of governmental and business-type funds.

#	Accounting Requirement	DebtBook Response
G.	Software shall export and import lease data through a mechanism such as MS Excel.	Confirmed (Modified). Users are able to export any detailed screen within DebtBook's application. This export will result in a pre-formatted and hardcoded Excel workbook. At this time, DebtBook does not allow for the importing of information but the County's dedicated Client Success Representative can help with any bulk entry of information in the same way that DebtBook's onboarding team will upload all of the leases and underlying information into the application as part of the onboarding process.
H.	Software shall have the ability to upload signed copy of leases and other documentation.	Confirmed. There are numerous locations within the application that will allow County staff and supplemental support teams (Accountants, Auditors, Financial Advisors, etc.) to access uploaded documents. Specifically, at the end of each individual lease amortization table there is a quick summary of details associated with the lease as well as a link to the underlying lease. Additionally, each lease has its own summary page which also contains a link to uploaded documentation.
I.	Software shall have alert notifications for lease deadlines and renewals.	Confirmed. DebtBook's application has built in pre-scheduled email notifications. Using this feature any individual with access to the application can sign up to receive notifications based on their personal preferences. The DebtBook application allows the users to choose what information they would like to receiving alert notifications for and the time period prior to the event that they would like to get the notification. This action can easily be completed using the "Notifications" section within the individual users' account.
J.	Software shall have the ability to allocate Master Service Agreement-type leases to multiple funds and to both governmental and business-type funds.	Confirmed. The DebtBook application allows for a significant amount of reporting configurations including the allocation of Master Service Agreement-type leases to one or many funds in addition to both governmental and business-type funds.

Scope of Work

#	Scope of Work Requirement	DebtBook Response
A.	The Contractor shall provide an off the shelf software tool to provide GASB 87 and GASB 96 accounting and reporting.	Confirmed. DebtBook's application is an off the shelf software solution that allows for unique configurations based on the wants and needs of individual clients. No County or City is alike and therefore DebtBook believes no DebtBook profile should be alike. There are multiple options to mirror naming conventions and reporting organization that is being used today by the County.

#	Scope of Work Requirement	DebtBook Response
B.	Software shall have updates to accommodate new Lease and SBITA accounting or reporting requirements including changes in generally accepted accounting principles, Governmental Accounting Standards Board standards and Government Finance Officers Association requirements whenever such changes occur.	Confirmed. The only way DebtBook is successful is if DebtBook's software is compliant with industry standards and has the ability to make life easier for our clients. As such, DebtBook is constantly monitoring new standards and making adjustments to the application to ensure continued compliance. While DebtBook has in house CPA's DebtBook has also brought in the assistance of third party accounting firms as a secondary check to DebtBook's interpretation of new rules and regulations.
C.	Implementation of GASB 87 will be effective with the County's financial statements dated September 30, 2022. These financial statements will include reporting and restating of beginning balances as of October 1, 2021. Accordingly, the Contractor shall provide implementation of lease accounting software initially with all then-current leases to be completed by September 30, 2021, or within 60 days thereafter, and final implementation to be completed by September 30, 2022, or within 60 days thereafter. The initial implementation work shall be started as early as possible.	Confirmed. DebtBook is particularly proud of the implementation process we have created and our ability to execute a seamless transition for all 160 of our clients. Within the "Onboarding/Implementation Process" below we have highlighted some of the comments made by our clients with regard to the implementation process. DebtBook recognizes the County's timelines and agrees to be compliant.
D.	Implementation of GASB 96 will be effective with the County's financial statements dated September 30, 2023. These financial statements will include reporting and restating of beginning balances as of October 1, 2022. Accordingly, the Contractor shall provide implementation of SBITA accounting software initially with all then-current SBITAs to be completed by September 30, 2022, or within 60 days thereafter, and final implementation to be completed by September 30, 2023, or within 60 days thereafter. The initial implementation work shall be started as early as possible.	Confirmed. Similar to the question above, DebtBook recognizes the County's timelines and agrees to be compliant.
E.	The Contractor shall train no less than four County users on how to use the software.	Confirmed. As part of DebtBook's onboarding process there will be dedicated time for training County staff. Should the County need supplemental training the County's dedicated Client Operations Representative will schedule additional time with anyone that needs training. DebtBook firmly believes the best way to maximize the effectiveness of the DebtBook application is to fully understand how it works. Whether the County has a question or would like to make a request... we encourage you to reach out!

#	Scope of Work Requirement	DebtBook Response
F.	During the implementation periods, the Contractor shall provide a detailed user manual that covers all functions necessary to comply with GASB 87 and GASB 96 including entering and modifying leases and SBITAs and creating and generating reports.	Confirmed. Within the application, users will be able to access the DebtBook Customer Support Center. This Center can be found in the bottom right corner of the application and is available all day, every day. This repository of information provides step by step guidance including short videos on how each of the features within the application work. Additionally, County staff will be included on the release notes distribution which routinely highlights new features within the application, how the new features can be used, and where the new features can be found. For more information on these resources see the "Onboarding/Implementation Process" section below.
G.	The Contractor shall provide maintenance and support year-round. End user and technical support shall be available at a minimum of 8:00am – 5:00pm CT. Support calls are to be handled within three hours, although calls should be handled much faster than that.	Confirmed. DebtBook offers Phone, Email, Chat, and Self Service support. Offering so many different means of support ensures the County will receive an answer in a timely manner. The County will be provided the individual phone number and email of its dedicated Client Operations Representative instead of having to go through a phone tree or be put on hold. Phone support is available from 8am - 5pm CT.

References

Our clients "LOVE" DebtBook and are willing to say so! We encourage you to reach out to each of the below references and if you need more individuals to speak with, we are more than happy to provide more happy clients. Within the below references we have included both Wake County and Johnston County because both counties were early adopters of DebtBook's platform and have continued to expand services (recently agreeing to add DebtBook's lease solution). Todd and Martha can speak to DebtBook's solution, onboarding process, willingness to listen to our clients' wants and needs, and most importantly... DebtBook's ability to deliver a high quality solution that makes the day to day life easier of municipal clients.

Org Name	Durham, NC	Wake County, NC	Charleston County, SC	Johnston County, NC
Org Address	314 N Mangum Street Durham, NC 27701	301 S. McDowell Street Suite 2900 Raleigh, NC 27601	101 Meeting Street Charleston, SC 29401	207 E. Johnston Street Smithfield, NC 27577
Name	Emily Desiderio	Todd Taylor	Mack Gile	Martha Lasater
Title	Treasury Manager	Debt Manager	Budget Director	Debt Manager
Email	emily.desiderio@durhamnc.gov	todd.taylor@wakegov.com	mgile@charlestoncounty.org	martha.lasater@johnstonnc.com
Phone	(919) 580-4511 x18238	(919) 856-6164	(843) 958-4641	(917) 989-5105
# of Years	2020 - Present	2020 - Present	Onboarding	2020 - Present

Local Governments all over the Country are switching from old systems and excel spreadsheets to DebtBook, **43 local governments have signed contracts with DebtBook in March and April of 2021 alone**. Given our easy to use interface, low cost white-glove on-boarding, consolidated debt and lease (GASB 87) offering, and scaled pricing structure, we're delivering value to the largest and smallest issuers throughout the Country. From Memphis, TN, Raleigh, NC, Jacksonville, FL (finalizing contract), Frisco, TX, and Wake County, NC to Plymouth, MA, Bridgewater, MA, Montebello, CA, and Garden City, KS, DebtBook is changing the way local governments large and small think about debt and lease management.

But, no need to take our word for it, here are just a few of their reactions to DebtBook:
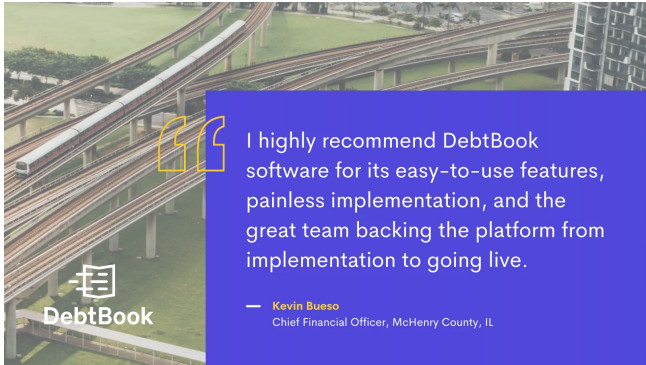

We chose DebtBook to centralize bond record-keeping in one place and to have more capability to report out on our debt portfolio.

— **Greg Verret**
UNC Charlotte, Director of Treasury Services

Best onboarding I've experienced working in local government. The attention to our needs and creative solutions by the DebtBook team really made us feel like we made the right decision.

— **Jake Weavil**
Assistant Financial Director, Albemarle, NC

By far one of the easiest implementations in my 25-year career! DebtBook was outstanding with their assistance in making implementation seamless and as simple as possible!

— **Aileen Staples**
Chief Financial Officer, Town of Wake Forest, NC

DebtBook

DebtBook is the first debt management software that I have seen in almost 30 years in public finance that is really geared to the many needs of the issuer.

So happy that they reached out to us!

— **Martha Lasater**
Debt Manager, Johnston County, NC

DebtBook

I highly recommend DebtBook software for its easy-to-use features, painless implementation, and the great team backing the platform from implementation to going live.

— **Kevin Bueso**
Chief Financial Officer, McHenry County, IL

DebtBook

We've been looking for something like DebtBook for a while. Once we saw it, we were convinced it would be a great fit. Implementation was super easy and the software is extremely user-friendly.

— **Bryan Cahen**
Director of Budget, City of Weston, FL

DebtBook

REFERENCES

GASB 87 Compliant Lease and GASB 96 Subscription Based Information Technology Arrangements Compliant Accounting Software

Current Client Reference 1	
Organization name: City of Durham, NC	Contact and title: Emily Desiderio - Treasury Manager
Address: 314 N Mangum Street Durham, NC 27701	Phone number: (919) 580-4511 x18238 Email Address: emily.desiderio@durhamnc.gov
Effective date of contract: July 7, 2020	Value of Contract: $25,000/year
Description of products/services provided: Debt and Lease Management Software	

Current Client Reference 2	
Organization name: Wake County, NC	Contact and title: Todd Taylor - Debt Manager
Address: 301 S. McDowell Street STE 2900 Raleigh, NC 27601	Phone number: (919) 856-6164 Email Address: todd.taylor@wakegov.com
Effective date of contract: June 30, 2020	Value of Contract: $7,500/year
Description of products/services provided: Debt and Lease Management Software	

Current Client Reference 3	
Organization name: Charleston County, SC	Contact and title: Mack Gile - Budget Director
Address: 101 Meeting Street Charleston, SC 29401	Phone number: (843) 958-4641 Email Address: mgile@charlestoncounty.org
Effective date of contract: March 1, 2021	Value of Contract: $12,500/year
Description of products/services provided: Debt and Lease Management Software	

Former Client Reference 1	
Organization name:	Contact and title:
Address:	Phone number: Email Address:
Effective date of contract:	Value of Contract:
Description of products/services provided:	

Former Client Reference 2	
Organization name:	Contact and title:
Address:	Phone number: Email Address:
Effective date of contract:	Value of Contract:
Description of products/services provided:	

Former Client Reference 3	
Organization name:	Contact and title:
Address:	Phone number: Email Address:
Effective date of contract:	Value of Contract:
Description of products/services provided:	

DebtBook has never lost a client and therefore cannot provide any Former Client References. However, if the County is interested in speaking with additional current client references, DebtBook is happy to provide additional names and contact information or facilitate a conversation.

Key Personnel

Below, DebtBook has highlighted the key contacts associated with the completion of this procurement as well as the support staff that will be involved with onboarding the County and getting the County compliant with the GASB 87 and GASB 96 standards.

Procurement Key Contacts

Procurement Contact	Implementation Contact	Certified Accountant

Tom Wiese
- Head of Sales
- E: tom.wiese@debtbook.com
- P: (817) 307-1181

Josh Kohn
- Head of Client Operations
- E: josh.kohn@debtbook.com
- P: (706) 905-5637

Kasey Harris
- Head of Accounting Services
- E: kasey.harris@debtbook.com

Implementation & Ongoing Support Team

Team

Josh kohn
Head of Client Ops

Gio Mantovani
Client Ops Manager

Brendan Mannion
Client Ops Manager

Client Operations Team's Core Responsibilities

Implementation
- Get Clients up and running fast
- Aggregate Client profile documentation
- Provide initial data upload and validation
- Provide initial setup and training for new Clients

Client Success
- Primary Client contact
- Responsible for holistic Client satisfaction
- Tracks outstanding request from Clients
- Provides voice of the Client internally to the rest of organization

User Support
- Provide timely and complete data updates upon request
- Provide comprehensive training and answers to new and existing users
- Documents requests for new functionality
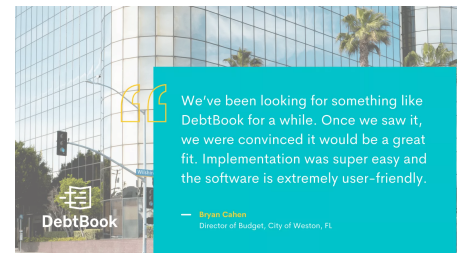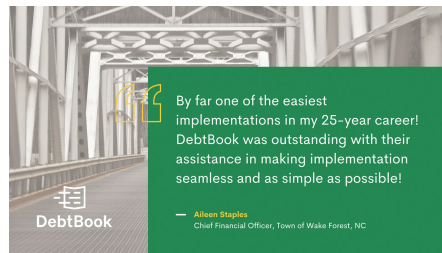- Continuously publishes new user guides

Josh is a Co-Founder and the Head of Client Operations at DebtBook. After six years of operational planning and management experience as a U.S. Army Officer, Josh worked at JPMorgan in Public Finance Investment Banking serving government entities in the southeast and midwest. In 2018 Josh joined Passport Labs, inc. as a Product Manager leading development of their Transit and Mobility Enforcement practice. Josh joined DebtBook leveraging his operational, financial and technology experience to provide a world class debt and lease management experience for our Clients.

Gio is a Client Operations Manager at DebtBook. After spending over 6 years in the US Army, he worked with Prudential as a Project Manager implementing the IFRS16/ASC842 lease accounting policy. His Client Success experience includes as a Director of Client Experience with JLL before joining Cisco Systems as a Client Success Program Manager. Gio graduated from Pace University with a Bachelor's degree in Business Management and has an MBA from Saint Peter's University, where he is currently completing a masters in accounting.

Brendan is a Client Operations Manager at DebtBook. He has ten years of experience working in Citigroup's Public Finance Division where he worked with a variety of municipal issuers across a variety of sectors including utility and infrastructure, transportation, higher education and state and local government primarily in the Mid-Atlantic Region.

Onboarding/Implementation Process

One of the largest challenges associated with becoming GASB 87 and GASB 96 compliant is tied to the data analysis and entry that will eventually be aggregated in the form of a year end financial report. Therefore, DebtBook wanted to take a little additional time expanding upon its implementation process and everything it does to ensure a smooth and painless implementation. The below quotes highlight some of the commentary DebtBook has received specific to its implementation process.

Best onboarding I've experienced working in local government. The attention to our needs and creative solutions by the DebtBook team really made us feel like we made the right decision.

— Jake Weavil
Assistant Financial Director, Albemarle, NC

By far one of the easiest implementations in my 25-year career! DebtBook was outstanding with their assistance in making implementation seamless and as simple as possible!

— Aileen Staples
Chief Financial Officer, Town of Wake Forest, NC

We've been looking for something like DebtBook for a while. Once we saw it, we were convinced it would be a great fit. Implementation was super easy and the software is extremely user-friendly.

— Bryan Cahen
Director of Budget, City of Weston, FL

Steps & Responsibilities During Implementation - The DebtBook onboarding process takes place via 4 primary steps:
1. The County is asked to gather and load all of its relevant obligations into a Box.com link.
2. DebtBook's team will analyze each of the leases provided by the County with a focus on determining important details (termination clauses, purchase options, residual value, end date, etc.).
3. DebtBook loads the relevant details into the DebtBook application.
4. DebtBook will host weekly calls with the County to get confirmation that the proper assumptions were made and the uploaded information is correct.

While DebtBook has intentionally made the process of onboarding and ongoing maintenance of the application as simple as possible there are a few areas where the County will be asked to contribute. These areas have been highlighted below.

Gathering of Leases - Before DebtBook can dig through each of the relevant leases, DebtBook needs to know what leases the County believes are relevant to the GASB 87 standard and needs to have the leases loaded into a Box.com link. This simple drag and drop functionality is designed to be a singular location for all leases to be stored so that DebtBook can begin the evaluation process.
• **Required Help** - Gather all relevant leases and load them into a Box.com link provided by DebtBook.

Confirmation of Lease Info - As part of DebtBook's onboarding process the County's leases will be put through a CPA led review process. During this process the DebtBook team will collect relevant information from each and every lease including highlighting the relevant information. The implementation team will then upload the various leases and their associated information into the DebtBook application with the highlighted lease included as a link within each individual lease setup.
• **Required Help** - Once the leases have been uploaded into DebtBook's application, DebtBook will host a series of call during which the County and/or the County's supplemental help (Auditors, Financial Advisors, Accountants, etc.) will answer specific

questions (such as - Is the County reasonably certain it will execute a cancellation clause) and confirm the details associated with each lease.

Product Feedback - DebtBook's application has been built based on the feedback from current and prospective clients. This feedback helps DebtBook aggregate and prioritize product features and functionality. Therefore, if there is ever a time when the County would like to see different functionality we would love to hear the request and will likely ask a few more questions around why the feature is important and how it would be used by the County.

- **Requested Help** - Provide feedback at any time the application isn't functioning as desired or if there are new features/functionality the County would like to see. We can't guarantee we will build every request but we want to understand what is of interest to the County.

DebtBook does not require any specific equipment (besides a modern web browser) nor does DebtBook need access to any on premise technology. On average, the review and confirmation process will take approximately 5 hours of call time and can be completed in as short or as long of a timeframe as the County would like. Call time will take place via video conferencing with 0 on-site time required.
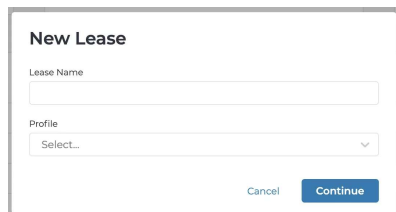
1
Call per Week

Implementation Timeline - DebtBook's Client Operations Team ("Client Ops") will lead the County through the implementation process. We do not rely on external business partners for implementation or user support however the County is welcome welcome to invite any external professionals (Accountant, Municipal Advisor, Lawyer) who it believes would like to be included in onboarding.

4 - 5
Weeks (Approx. Onboarding Time)

The Client Ops team will host one (1) 45 minute call a week for approximately 4-5 weeks. After implementation Client Ops is always available through Intercom, Support@DebtBook.com, and your assigned Client Ops Manager. Additionally, the DebtBook support center is available 24/7 with articles designed to help you get the most out of the DebtBook platform.

Continued Training - DebtBook provides a variety of training throughout the implementation process including personalize training from the County's dedicated Client Operation Manager. Beyond implementation, DebtBook offers self service instructional videos and descriptions natively within the application. Finally, at any time during the County's contract with DebtBook, the County will have the direct phone number and email of the County's dedicated Client Operations Representative to ask questions and/or request further training.

New Lease

Lease Name

Profile

Select...

Cancel   Continue

Adding Additional Leases - The lease onboarding experience is designed to assist the County with the uploading and classifying of leases (based on GASB 87 standards). However, DebtBook knows that a one-time upload of leases isn't sufficient for the ongoing management of a County's leases. Therefore, DebtBook has added self-service tooling that will enable County staff to manage the implementation of individual leases without the need for DebtBook's involvement.

Furthermore, DebtBook's "New Lease" functionality will walk County staff through a logic based decision tree that will reduce the likelihood of mistakes being made during the future upload of leases. As users enter lease details they will be provided drop downs and new information will appear or disappear depending on the original selections made.

Implementation & Ongoing Support - The Client Operation Team exists to answer any questions the County may have and guarantee the best possible DebtBook experience for the County and its various professional partners. Additionally, the DebtBook Support Center is available 24/7 with helpful articles to help you get more out of the DebtBook Platform.

In addition to the County's dedicated Client Ops Representative, the County will also have access to DebtBook's In-App support, self-service tooling, maintenance & release notes, and ongoing education. Below, DebtBook has provided further clarity on these topics.
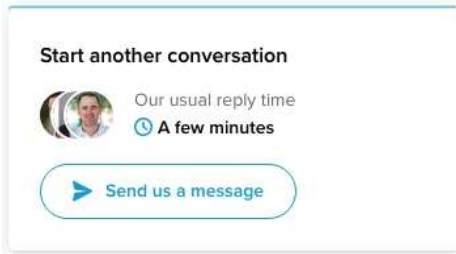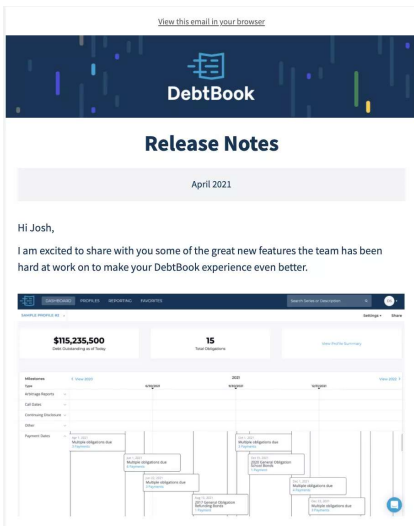

"Send a Message" - When a user selects the "Send us a Message" button (seen in the image to the left) it will open up a chat window and allow the County or any other staff the ability to engage directly with DebtBook's Client Ops staff. The County can use this chat for everything from simple functional questions to more complex setup questions.

"Find Your Answer Now" - This conspicuous search function provides you access to DebtBook's library of resources including administrative items such as why two factor authentication is important to more role specific information such as what an embedded lease is and why it is important. This resource has information added to it on a weekly basis.
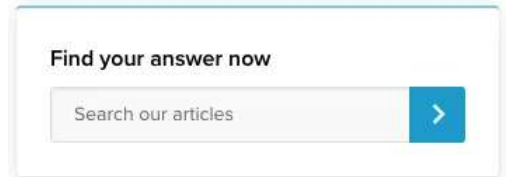
Self Service Tooling - The lease onboarding experience is designed to assist the County with the uploading and classifying of leases (based on GASB 87 standards). However, DebtBook knows that a one-time upload of leases isn't sufficient for the ongoing management of a County's leases. Therefore, DebtBook has added self-service tooling that will enable County staff to manage the implementation of individual leases without the need for DebtBook's involvement.

Furthermore, DebtBook's "New Lease" functionality will walk County staff through a logic based decision tree that will reduce the likelihood of mistakes being made during the future upload of leases. As users enter lease details they will be provided drop downs and new information will appear or disappear depending on the original selections made.

Maintenance & Release Notes - DebtBook believes its work in providing valuable software to municipalities will never be complete. As such, we are continually encouraging feedback from current client and prospective clients that can be used to improve our solution and simplify work for municipal employees. While we cannot guarantee every piece of feedback will directly result in a change to the application we still want to encourage the conversation. When there is a new feature that becomes available within the application, the DebtBook Client Ops team will communicate the new releases to all

clients though thorough emails announcing and explaining the new features. These will also be documented in the DebtBook Support Center which is available 24/7. Note, if you're not an active user, the Support Center will not display all articles.

Ongoing Education - DebtBook is dedicated to providing resources and

information that help our clients and others throughout the industry stay informed and educated. Information such as "What is an embedded lease?" and "Planning and Preparing for GASB 87: A Step-by-Step Guide" are included on DebtBook's blog to provide need to know information that is directly relevant to our client's day to day operations. Below, is a sample of DebtBook's two most recent blog posts geared towards leases.

What is an embedded lease?

By Kasey Harris
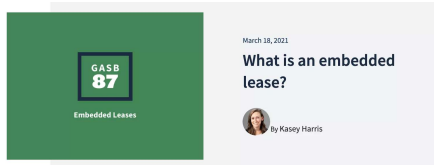
What is an embedded lease?

Not all contracts that are considered leases under GASB Statement No. 87 "Leases" (GASB 87) will include the words "lease" or "rent" to help clearly identify them as leases. Some contracts will contain the right to use an underlying asset as part of a larger agreement. This right-of-use within a contract is called an embedded lease. There are several questions that can help with identifying whether or not there is an embedded lease in a contract.

1. Does the contract talk about a physical asset that you *do not own* (even if it doesn't list one specifically)?
2. Do you obtain all of the benefits from the asset for a period of time?
3. Do you get to determine the way the asset gets used?
4. Is money or other fair value exchanged as part of the contract?

If the answer to these questions is Yes, you have an embedded lease that has to be accounted for using GASB 87 requirements. The best way to understand embedded lease contracts is through some examples:

Example 1: A County enters into a Data Hosting Agreement for the sensitive data collected by the County's Department of Social Services. The contract is for 60 months with a monthly payment of $5,000. The hosting services include website access, data storage and application updates. The contract states that the

Planning and Preparing for GASB 87
A Step-by-Step Guide

By Kasey Harris

Are you ready for GASB 87?

If the answer to that question is "no," not to worry. The Governmental Accounting Standards Board ("GASB") postponed the effective date of GASB 87 to reporting periods starting after June 15, 2021, meaning entities with a June 30, 2021 fiscal year-end will be the first to implement for their fiscal year 2022.

GASB 87 requires Leases to be reported on the face of the financial statements and eliminates the classification of operating and capital leases. It means more work to be done for finance teams that are already understaffed throughout the country.

We've assembled this guide to break down the preparation process into bite-sized pieces for you and your team.

Step One: Creating Your Implementation Roadmap

Step Two: Collecting and Organizing Leases

Step Three: Extracting the Data

Step Four: Crafting the Initial Schedules

Step Five: Launching the Internal Review Process

Step Six: Understanding the Importance of Journal Entries

Why DebtBook

Yes, DebtBook's application is one of the newer applications in the market but DebtBook has proven that its flexible solution featuring consolidated lease and debt management paired with a white glove onboarding experience can't be beat. We are happy to provide any of our current clients as a reference to discuss the application, the onboarding experience, the support, and any other aspect the County may be interested. Many of the features that make DebtBook different are:

- Consolidated Lease & Debt Management in One Application
- White Glove Onboarding Experience
- Centralized Information for Easy Sharing
- Self Service Tooling
- 4 Different Means of Support
    - Email
    - Phone
    - "Send a Message"
    - "Find Your Answer"

In the end, DebtBook is eager to earn the County's business and prove to the County that DebtBook is the best option in the market.

DebtBook's Core Competencies, Differentiators, and Best Practices

Core Competencies

DebtBook is proud to say that it has built an application that can beat the best applications in Debt Management as well as the best applications in Lease Management. However, with DebtBook being the only organization able to offer both Debt AND Lease Management... DebtBook's solution is unmatched in the market.

DebtBook's all-in-one solution combines both Debt and Leases.

- <u>Debt Management</u> - DebtBook started as a Debt Management solution that was built by industry professionals for industry professionals. In other words, DebtBook's founding team took its experience in working with municipal and non-profit clients and combined it with ongoing client conversations to build a solution that eliminates errors while streamlining efficiencies. Whether a client is interested in seeing their Debt split by Type, Fund, Purpose, or Project or creating Year End Reporting Notes that meet GFOA Certificate of Achievement in Financial Reporting standards... DebtBook has created a solution that can do it all.

- <u>Lease Management</u> - With the introduction of the GASB 87 standard it made sense for DebtBook to move into helping municipalities and non-profits manage their leases. While GASB 87 is focused on the reclassification of Operating and Capital Leases we also know that GASB 96 is next and will be focusing on IT leases. As such, DebtBook's ability to show forward looking lease schedules, deferred inflow of resources, custom charts, in addition to high level summaries of both the Lessee and the Lessor side of leases makes DebtBook's solution a truly unique offering in the market.

Additionally, DebtBook will never see its application as "complete". This is important because it is within DebtBook's ethos to ensure we are constantly seeking feedback and making the necessary adjustments. We even go so far as to seek feedback throughout the duration of our relationship with each of our clients through our onboarding survey, which is distributed at the end of onboarding, or during our routine check-in calls where we make sure the product is still providing value.

Differentiators

Besides being the only provider to offer a consolidated Debt and Lease Management Software, DebtBook has differentiated itself in how it manages its clients and through the functionality it offers. Below, DebtBook has highlighted some of these key differentiators.

White Glove Onboarding - If we are not removing headaches we are doing something wrong. We are continually hearing from our clients how easy we have made the onboarding experience. Specifically, we take a process that many organizations have been hesitant to address (loading Debt and Leases into an application) and we do 90% of the work. The only ask of the County is going to be answering questions that a particular lease can't answer and confirming the details DebtBook has loaded into the application. This White Glove onboarding experience has truly become a differentiator for DebtBook.

Sharing of Information - One of the benefits of a cloud hosted environment is that it can be accessed from anywhere. Whether County staff is attending a County Council meeting or working from home... all of the information they need is available. Additionally, DebtBook understands the wide variety of individuals that are involved with the day to day operations including accountants, lawyers, financial advisors, and more. DebtBook's application encourages sharing access and maintaining a level of control over the information and data available. The County will maintain full control of their data through the use of role based access controls which will allow the County to assign read-only access to particular individuals and "Admin" access to other individuals.

Flexible Solution - DebtBook understands that the needs of a County with a population of 5,000 and a finance department of two people is vastly different than the needs of a County with a population of multiple millions and a finance department staffed by 50 people. As such, DebtBook has build a solution that meets the needs of organizations of all sizes. This can be seen in DebtBook functionality that on the surface may seem subtle but has a profound impact at the time of need. For example, on each page of DebtBook's application, staff members are able to export all of the details into a pre-formatted Excel spreadsheet. If a manager or County Council member were to ask about very specific leases, this functionality allows County staff to aggregate the leases and provide a report in minutes without sacrificing on details such as the forward looking lease schedules, deferred inflow of resources, underlying asset, lease asset, and more. This example of time savings serves both small and large municipalities alike.

Best Practices

End of Year Audit Notes - DebtBook has specifically designed its application to allow for quick and simple reporting. The reporting is so simple that the County is able to export its End of Year Financial Reporting Notes with just a few clicks of a mouse. DebtBook is able to do this by strategically re-using previously completed details to ensure all reporting meets the new GASB 87 standard. In essence, DebtBook limits the use of free-entry forms (in lieu of drop down selections) as a means of eliminating potential mistakes and because the underlying structure allows for accurate reporting.

Simple Implementation w/Lease Confirmation - As part of DebtBook's onboarding process the County's leases will be put through a CPA led review process. During this process the DebtBook team will collect and note all relevant information from each and every lease. The implementation team will then upload the various leases and their associated information into the DebtBook application with the highlighted lease included as a link within each individual lease setup. Based on the GASB 87 standard there will be some questions where DebtBook will need the County's guidance (such as - Is the County reasonably certain it will execute a cancellation clause?).

Once all the information has been loaded into DebtBook's application, DebtBook will host review calls where discussions will take place around these questions/assumption/anything of interest. The lease will remain in an "Unverified" mode until the County confirms the accuracy of the included information. This process is intentionally designed to reduce the burden on the County by only requiring the County to answer a few questions and confirm the information that has been entered.

Furthermore, DebtBook's application is designed to eliminate input errors through the use of a logic based decision tree. Using this type of input methodology the subsequent questions will vary based on the initial answer. For example, if a lease was previously presented as a Capital Lease the individual making the input will be asked to enter additional details such as the value of the

underlying asset, accumulated depreciation, and liability amount whereas if the lease was not previously presented as a Capital Lease then the individual completing the inputs would not be able to enter any additional information.

Information Sharing - Your staff, advisors, lawyers, banks, accountants and consultants all require an accurate lease profile to do their job well. DebtBook enables permission levels within the app to be set for internal County staff as well as external guests that you may need to collaborate with. Permissions can be set to control access to certain parts of the application as well as the ability to read or write data.

Cost of Services

Definitions

- <u>Setup/Implementation</u> **-** These charges cover DebtBook's cost of onboarding the County. These are one time charges and are not recurring.
- <u>Annual Subscription/Licenses</u> - These charges are recurring annual charges providing the County the right to unlimited access to the application, users, sharing, and support. This includes all functionality related to DebtBook's debt and lease management software.

No Per Seat License   **No Hidden Support Charges**   **No Added Fees**

Description	Year One (1)	Year Two (2)	Year Three (3)	Year Four (4)	Year Five (5)
Annual Subscription/Licenses	$25,000	$25,000	$25,000	$25,000	$25,000
Set Up/Implementation	$7,500	Not Applicable	Not Applicable	Not applicable	Not Applicable
Training	Included	Included	Included	Included	Included
Other Costs Please describe below	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Total	**$32,500**	**$25,000**	**$25,000**	**$25,000**	**$25,000**

One of DebtBook's largest value propositions is its ability to offer both Debt and Lease Management in one place. With specific regard to GASB 87 this is particularly important because of the reclassification of Capital Leases and Operating Leases into "Debt", "Lease", or "Other". Due to this requirement it is important that the County not only have a means for managing obligations that get classified as "Lease" but also those that get classified as "Debt". DebtBook has the solution the County needs. DebtBook prices its solution based on the amount of debt and lease obligations the County has outstanding, based on both the number of issues and the amount outstanding. We do this for two reasons:

1. To ensure pricing is aligned with the value provided to our clients
2. To ensure smaller organizations have access to an affordable solution

The pricing structure above is solely based on the amount of leases provided within the original publication in which the County responded they are expecting 400+ leases. Based on DebtBook's pricing structure this places the County within DebtBook's fifth pricing tier. If the County is interested in also using DebtBook to manage its Debt, DebtBook is willing to manage the Debt at no additional cost.

DEBT MANAGEMENT AT NO ADDITIONAL COST!

Below is the breakout of DebtBook's pricing Tiers based on the amount of debt & lease obligations and outstanding par value.

	Debt & Lease Obligations Outstanding (# and $)	Implementation Charge	Recurring Charges	Total First Year Cost
1	Up to 15 and $50 million	$1,500	$5,000	$6,500
2	Up to 75 or $200 million	$2,250	$7,500	$9,750
3	Up to 150 or $1 billion	$3,750	$12,500	$16,250
4	Up to 300 or $3 billion	$5,250	$17,500	$22,750
5	Up to 500 or $5 billion	$7,500	$25,000	$32,500

COUNTY OF WEBB
Pricing Form
CONTRACTS AND PROCUREMENT DEPARTMENT

GASB 87 Compliant Lease and GASB 96 Subscription Based Information Technology Arrangements Compliant Accounting Software

DATE:

June 20, 2021

Fifth Asset, Inc. d/b/a DebtBook

Tyler Traudt

PROPOSER

AUTHORIZED SIGNATURE

1. **Provide your best price for each item.**
2. **In submitting this proposal, Proposer certifies that:**

The prices in this proposal have been arrived at independently, without consultation, communication, or agreement with any other Proposer or competitor, for the purpose of restricting competition with regard to prices;

ITEM	DESCRIPTION	QTY	UNIT	UNIT PRICE	TOTAL PRICE
1	Software	1	EA	N/A	N/A
2	Implementation Services for GASB 87	1	EA	$7,500	$7,500
3	Implementation period including FY2022 CAFR	1	EA	Included	$0.00
4	Year 1 after full implementation (FY 2023)	1	EA	$25,000	$25,000
5	Year 2 after full implementation (FY 2024)	1	EA	$25,000	$25,000
6	Year 3 after full implementation (FY 2025)	1	EA	$25,000	$25,000
7	Year 4 after full implementation (FY 2026)	1	EA	$25,000	$25,000
8	Year 5 after full implementation (FY 2027)	1	EA	$25,000	$25,000
9	Additional Cost (if applicable) to incorporate current Capital Leases in this software – Implementation services	1	EA	No Added Cost	$0.00
10	Additional Cost (if applicable) to incorporate current Capital Leases in this software – Implementation period including FY 2022 CAFR	1	EA	No Added Cost	$0.00

ITEM	DESCRIPTION	QTY	UNIT	UNIT PRICE	TOTAL PRICE
11	Year 1 after full implementation (FY 2023)	1	EA	N/A	$0.00
12	Year 2 after full implementation (FY 2024)	1	EA	N/A	$0.00
13	Year 3 after full implementation (FY 2025)	1	EA	N/A	$0.00
14	Year 4 after full implementation (FY 2026)	1	EA	N/A	$0.00
15	Year 5 after full implementation (FY 2027)	1	EA	N/A	$0.00
				N/A	$0.00
16	Implementation Services for GASB 96	1	EA	N/A	$0.00
17	Implementation period including FY 2023 CAFR	1	EA	N/A	$0.00
18	Year 1 after full implementation (FY 2024)	1	EA	N/A	$0.00
19	Year 2 after full implementation (FY 2025)	1	EA	N/A	$0.00
20	Year 3 after full implementation (FY 2026)	1	EA	N/A	$0.00
21	Year 4 after full implementation (FY 2027)	1	EA	N/A	$0.00
	TOTAL				$132,500

Thank you!

We want to spend a minute to say thank you for considering our proposal and reiterate how excited we are to present our solution. We are confident that we will be able to meet the County's needs and be able to streamline processes, provide better access to documentation, and enable cross functional sharing throughout the County and its supporting organizations (accountants, lawyers, bankers, etc.).

Minimum Requirements Attachment

MINIMUM REQUIREMENTS

GASB87 Compliant Lease and GASB96 Subscription Based Information Technology Arrangements Compliant Accounting Software

1. Has your business been operating for a minimum of five years providing services similar in nature to the scope of work outlined in this solicitation?

    YES   **NO**

    Please attach documentation to show number of years in business.

2. Does your firm have any outstanding lawsuits or litigation?

    YES   **NO**

    If yes, please explain in detail on attached documentation.

3. Does your firm have any outstanding regulatory issues?

    YES   **NO**

    If yes, please explain in detail on attached documentation.

Minimum Requirements Additional Commentary

DebtBook submitted the below written question via Cesar Guerra and receive

Question:
"We would like to request that the minimum requirement of five years be reduced to 2 years. We believe a 5 year requirement eliminates any organizations that have brought unique offerings to the market, have been able to establish themselves, and are in growth mode. The two years ensures the business is sustainable without eliminating newer entrants to the market. If this is not possible will the County consider the collective experience of the individuals involved in the organization as qualification for the minimum experience? For example, if a VP or above has 10 years of experience# as a CPA the organization will be considered to have sufficient Lease Accounting experience."

Answer:
"Minimum 2 years. Preferable at least 5 years."

Based on the above exchange, DebtBook has selected that it does in fact meet the minimum requirement of having been in business for two years. DebtBook was founded on April 16th, 2019 as evidenced in the documentation to the right.

Additionally, we believe it is worth mentioning that as part of the GASB 87 requirement, municipalities are being asked to reclassify their Capital Leases and Operating Leases into "Debt", "Lease", or "Other". Historically, Capital Leases have been looked at as both a "Debt" and/or a "Lease" but the new standard adds additional guidance to ensure reporting consistency across the country. Therefore, DebtBook believes its combined experience should qualify it to meet the 5 year requirement stated in this bid. Municipalities are not required to be in compliance with the GASB 87 standard until the end of Fiscal year 2022. As such, there are no vendors in the market that have been able to provide GASB 87 standard guidance and/or services for the past five years.

Furthermore, DebtBook is unique in the market because it has created a new financial category that directly addresses the GASB 87 requirements by combining Debt Experience with Lease Experience into a single consolidated Debt & Lease Management platform. DebtBook is so unique that there are no other competitors providing both Debt and Lease management within a single consolidated application. Therefore, DebtBook is specifically built to assist with the handling of the GASB 87 reclassification of Capital Leases and Operating Leases into "Debt", "Lease", or "Other". Below, I have outlined the "similar services" that DebtBook has provided over the last 24 years.

Delaware
The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "FIFTH ASSET, INC.", FILED IN THIS OFFICE ON THE SIXTEENTH DAY OF APRIL, A.D. 2019, AT 4:13 O`CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

7376739 8100
SR# 20192884502
You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202655595
Date: 04-16-19

- **Tyler Traudt** - Tyler is DebtBook's co-founder and Chief Executive Officer and has been working with municipalities to manage their obligations (Debt & Leases) for the past 10 years. Prior to founding Debtbook two years ago, Tyler was an original member of First Tryon Advisors where he ran their training program and built excel models for the management of Debt & Leases for municipalities.

- **Kasey Harris** - Kasey has 14 years of experience and has served as a certified CPA for 7 years. Kasey runs our Accounting Services department and is responsible for ensuring the data extracted from the leases is correct and that we are providing. Kasey has been a Certified Public Accountant since July 2015.

- **Michael Juby** - Michael has 16 years of industry experience working with municipalities to help them in managing their Debt Obligations. Michael runs our Business Development department and most recently joined DebtBook at the beginning of this month after serving in a Managing director role at First Tryon Advisors. Michael served in his capacity as Managing Direct for 5 years and 5 months from January 2016 to May 2021.

- **Marty Feinstein** - Prior to joining Debtbook, Marty served as the Director and Manager of Financial Structuring at Citi for 24 years. This role was responsible for providing all financial structuring models throughout the organization to be used with the management of public obligations including Debt & Leases. Marty has been instrumental to DebtBook in ensuring DebtBook's underlying financial model and structuring are accurate and effective.